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Year-end Report January - December 2024

- Income amounted to SEK 3,695 million (4,244)
- Operating surplus amounted to SEK 2,362 million (2,882)
- Net financial income amounted to SEK –1,288 million (–1,464)
- Profit from property management amounted to SEK 914 million (1,239)
- Changes in value of properties amounted to SEK –1,717 million (–8,476)
- Profit/loss for the period amounted to SEK –1,058 million (–7,999), corresponding to SEK –1.43 (–7.88) per ordinary share of class A and B
- Net letting amounted to SEK 61 million during the period (83)
- The value of the investment properties amounted to SEK 55,205 million (58,033)
- Net asset value (NAV) per ordinary share of class A and B amounted to SEK 15.97 (17.57)
- During the year, a total of 37 properties were transferred at an underlying property value of SEK 3.1 bn. The profit effect, including dissolved tax etc. amounted to SEK 177 million

EVENTS DURING THE FOURTH QUARTER

- During the quarter, 5 properties were transferred at an underlying property value of SEK 495 million
- An increase of SEK 425 million was made in bonds with maturity in May 2026
- Bonds with an outstanding amount of SEK 314 million, with maturity in February 2025, were redeemed
- New interest rate swaps of SEK 4.5 bn were signed

EVENTS AFTER THE END OF THE PERIOD

- Senior unsecured green bonds of SEK 1,000 million were issued under a framework of SEK 2,000 million, with a term of 3.25 years, carrying a variable interest rate of 3-month Stibor plus 425 basis points and maturity on 28 April 2028
- Bonds, with maturity in February 2025, were redeemed at maturity. Outstanding amount was then SEK 1,403 million
- In February, an agreement was signed to divest a portfolio of eight properties in Halmstad at an underlying property value of SEK 520 million

Comment by the CEO

Positive net letting and continued focus on financial stability

2024 was an eventful year for Corem. We signed a large number of new leases and although we are experiencing a slight decline in demand in the office segment, we delivered net letting for the full year of SEK 61 million. At the same time, we implemented key strategic measures to strengthen Corem's financial position using, for example, a new share issue and the amortisation of debt. The economy remains -cautious, but the interest rate cuts made to date and inflation that has stabilized at a lower level now have a gradual impact in the property sector.

Market situation and economy

The economy stagnated during the year and has not yet managed to rebound. However, inflation has decreased, as have interest rates, which have returned to 2022 levels. Accordingly, in time, there will be a decrease in the pressure on the property sector, which has been impacted for several years by higher financial expenses, combined with value decline. The improving situation provides favourable conditions for the industry going forward, but also to enable growth in the economy in general to regain momentum. My hope is that we will remember 2025 as the year in which the tenacious recession finally rebounds.

Stable end to the year

Net operating income for 2024 decreased as a natural consequence of divestments compared to the previous year. However, in a comparable portfolio, income increased by 3 per cent and net operating income by 1 per cent. Profit from property management amounted to SEK 914 million for full-year 2024.

The value changes amounted to SEK -1,244 million in the fourth quarter, which was primarily due to value adjustments related to transfers and increased yield requirements in the US due to high long-term rates of interest.

As a result of the year's interest rate reductions in conjunction with our implementation of a number of refinancing measures and interest hedges in the fourth quarter, we are now seeing how the effects of these are impacting our average rate of interest, which decreased from 5.0 per cent to 4.6 per cent during the quarter.

Positive net letting despite market challenges

In the logistics segment, there is continued healthy demand for well-located warehouse and logistics properties. However, we are seeing a somewhat more cautious office rental market, primarily in Stockholm, where the offering of vacant offices is growing and rent increases are slowing. Some companies are reviewing their premises requirements and in some cases, are also reducing their floorspace. However, the demand for attractive premises in the right locations remains strong and although we are seeing changes in the tenants' needs and priorities in some areas, we succeeded in achieving positive net letting of SEK +61 million for full-year 2024. This is a real show of strength in a somewhat challenging market and something we are very proud of. The fourth quarter was impacted by a termination of some of Ericsson's spaces in Kista, which resulted in negative net letting in the last quarter of SEK -38 million. This is a natural aspect of being a property owner; we often adapt premises to the tenants' changed requirements, but sometimes tenants choose to move out and we then work proactively in our management to find new tenants. Our primary focus is always to fill vacant space and to be able to offer flexible and sustainable solutions that meet the market's changed requirements, which is made possible through active management and close dialogue with our tenants.

Through a number of excellent lettings in the US during the year, we substantially increased the occupancy rate in both of our project properties. During the year, 19 new leases were signed, of which seven for a total of 4, 700 square metres in the fourth quarter. This entails occupancy rates of 95 per cent and 77 per cent, respectively, in the 28&7 and 1245 Broadway projects. Since the end of the year, the final spaces in 28&7 have also been let, meaning that it is fully let, which is, of course, highly satisfying.

In total, Corem signed a full 699 new leases and 160 leases were renegotiated during 2024, an impressive number that evidences our skilled organisation's effort and commitment. Among the major lettings during the year were 3,500 square metres to the Swedish Coast Guard in Gothenburg, and three large lettings in Kista in Stockholm to OHB Sweden, Mycronic and Transcom, which amount to a combined total of nearly 12, 000 square metres.

Focus on financial stability and optimisation of the balance sheet

During 2024, we continued to prioritise financial stability and to -optimise our balance sheet. A key part of this work was the directed issue of shares of Class B for slightly more than SEK 1 billion that was implemented during the summer. This strengthened our financial position and provided greater financial

flexibility. We also continued to trim the balance sheet using selective divestments and amortisation of liabilities. As recently as yesterday, we communicated that we signed an agreement to divest a portfolio of eight properties in Halmstad for a total underlying property value of SEK 520 million. By divesting properties that are no longer compatible with our long-term strategy, we are able to free up -capital and strengthen our financial flexibility. These measures are decisive in ensuring that we stand well equipped for the future and can continue to develop Corem in the best manner.

During 2024, three large bond maturities were managed totalling nearly SEK 5.5 billion that were redeemed in their entirety and, at the beginning of 2025, we also redeemed a bond with maturity in February of SEK 1.5 billion. In addition, to date we have repurchased a total of SEK 168 million in our hybrid bond, which thus has an outstanding volume of SEK 1,132 million.

As a result of increasing liquidity in the capital market, we also issued new green bonds in 2024 of a total of SEK 4 billion and, at the beginning of 2025, of a further SEK 1 billion.

Strategic priorities ahead

Corem is a smaller company now than it was a few years ago.

We have divested significant parts of our property portfolio and will continue our efforts to create the best possible conditions for the business going forward. As always, the company's focus builds primarily on a persistent letting efforts, by which we offer new and existing tenants attractive premises solutions. We develop and improve our properties to ensure that we have satisfied customers and a modern and competitive portfolio that meets future needs. Part of that is also to continuously raise our property portfolio in terms of environmental performance, and that we as a business are sustainable. We have ambitious sustainability targets as they are important in ensuring our long-term competitiveness as well as in contributing to the necessary climate adaptations we as an industry need to make. Among the year's progress within Corem is a nice increase in both environmentally certified buildings and green properties, and a new, company-wide methodology for increased climate consideration in project development. In addition, we continue to optimise the balance sheet using selective sales, amortisation of liabilities and disciplines capital allocation, all to create such great values as possible for our shareholders.

The Board proposes that the Annual General Meeting resolve on an unchanged dividend for the financial year compared with the preceding year, entailing SEK 0.10 per ordinary share of Class A and B and SEK 20.00 per ordinary share of Class D and preference share.

Outlook

We enter 2025 with a strengthened financial position and a clear strategy to address the market's challenges and opportunities and to maximise value for our shareholders. I want to extend warm thanks to our employees, tenants and shareholders for your commitment and confidence during the year. Together, we will continue to develop Corem and create long-term value.

Rutger Arnhult
CEO

Stockholm, 13 February 2025

Corem Property Group AB (publ)

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