

Year-end Report
January – December 2022

This year-end report 2022 has been prepared for the purpose of complying with the terms of Corem Kelly AB's (publ) bond and loan agreements.

On 29 March 2021, Corem Property Group AB (publ) announced a public offer to the shareholders of Klöver AB (publ). Klöver's shares were delisted from Nasdaq Stockholm in July 2021, following a declaration that the offer was unconditional. After a resolution at the Annual General Meeting on 27 April 2022 Klöver AB has been renamed Corem Kelly AB.

JANUARY–DECEMBER 2022

- Income amounted to SEK 3,467 million (3,274).
- Profit from property management amounted to SEK 1,330 million (1,245).
- Profit before tax amounted to SEK –519 million (5,194) and net profit, attributable to the parent company's shareholders, totalled SEK –227 million (3,934).
- Investments amounted to SEK 2,367 million (2,450).
- Changes in value of properties amounted to SEK –1,968 million (3,685).
- The interest coverage ratio amounted to 2.9 (2.6), leverage to 49 per cent (51) and the equity ratio to 37.5 per cent (37.2).

EVENTS DURING THE FOURTH QUARTER

- In November, a 12-year lease contract was signed at 1245 Broadway, New York, with WonderView Studios for approximately 770 sq.m. of office space. Moving-in is planned for the summer of 2023.
- In December, contracts were signed for divesting four properties in Malmö, Burlöv, Kalmar and Nyköping for SEK 125 million. Transfers of possession took place during December, and is planned for the first quarter of 2023, respectively.
- In December, contracts were signed for divesting three properties in Partille and Norrköping for SEK 116 million. Transfers of possession took place during December, and is planned for the first quarter of 2023, respectively.
- During December, a contract was also signed for divesting four properties in Nyköping for a total underlying property value of SEK 168 million, with a planned transfer of possession during the first quarter of 2023.

The income statement items are compared with the corresponding time period last year. The balance sheet items refer to the position at the end of the period and are compared with the preceding year-end. The quarter refers to October–December and the year refers to January–December.

INCOME, EXPENSES AND PROFIT

Income amounted to SEK 936 million (842) during the fourth quarter and SEK 3,467 million (3,274) during the year. Property costs amounted to SEK 428 million (355) during the quarter and SEK 1,299 million (1,154) during the year. The operating surplus amounted to SEK 508 million (488) during the quarter and SEK 2,168 million (2,120) during the year. The operating margin amounted to 54 per cent (58) during the quarter and 63 per cent (65) during the year. Profit from property management amounted to SEK 270 million (278) during the quarter and SEK 1,330 million (1,245) during the year. Profit before tax amounted to SEK –2,780 million (2,588) during the quarter and SEK –519 million (5,194) during the year.

TAXES

During the year, deferred tax amounted to SEK 311 million (–1,179) and current tax to SEK –40 million (–44)

CASH FLOW

The cash flow from current operations amounted to SEK 1,303 million (1,034) during the year. Investment operations have affected the cash flow by a net SEK –683 million (–3,630). Financing operations have affected the cash flow by SEK –821 million (2,569). In total, the cash flow amounted to SEK –201 million (–27).

Liquid assets at the end of the year amounted to SEK 407 million, compared with SEK 555 million as of 31 December 2021. From the fourth quarter of 2022, cash and cash equivalents includes restricted cash in relation to a third party of SEK 133 million.

FINANCING

On 31 December 2022, the interest-bearing liabilities amounted to SEK 33,079 million (36,741), of which SEK 3,958 million was debt to the parent company. Accrued borrowing overheads totalled SEK 141 million, which

means that the reported interest-bearing liabilities in the balance sheet total SEK 36,897 million (36,597). Net financial items, including residential development, amounted during the quarter to SEK –205 million (–174), of which financial income accounted for SEK –1 million (8) and site leasehold expenses amounted to SEK –12 million (–14).

Corem Kelly's interest-bearing liabilities are mainly secured by mortgages in properties. Unsecured interest-bearing liabilities consist of unsecured bonds, SEK 6,250 million (8,600) at the end of the year. Corem Kelly's commercial paper programme was phased out during the year and is replaced on a group level by Corem Property Group's programme.

Derivatives effectively limit the interest rate risk. Changes in value of derivatives totalled SEK 995 million (301) during the year. As of 31 December, the value was SEK 1,216 million (220). Unrealized changes in value do not affect the cash flow; on maturity the value of the derivatives is always zero. All derivatives are classified at Level 2 according to IFRS 13. No derivatives have changed classification during the period. Corem Kelly's assessment is that there is no significant difference between the book value and the fair value of interest-bearing liabilities.

FIXED INTEREST AND TIED-UP CAPITAL¹

Year due	Fixed interest		Tied-up capital		
	Loan volume, SEKm	Contract volume, SEKm	Utilized, SEKm	Of which bonds outstanding, SEKm	Unutilized, SEKm
Floating ²	16,971	—	—	—	—
2023	—	9,740	9,067	1,550	673
2024	5,608	5,443	5,443	2,000	—
2025	4,000	10,238	9,738	2,700	500
2026	—	1,570	1,420	—	150
2027	—	341	341	—	—
Later	6,500	7,070	7,070	—	—
TOTAL	33,079	34,402	33,079	6,250	1,323

¹ External debt

² SEK 9,000 million of Floating volume is covered by interest-rate caps.

COMMERCIAL PROJECTS

As of 31 December 2022, the remaining investment volume of ongoing projects amounted to SEK 1,298 million.

As of 31 December 2022, 9 projects with an estimated investment exceeding SEK 50 million each were ongoing. These projects encompass in total 63,188 sq.m. and have a total remaining investment of SEK 964 million. The two largest ongoing projects are the construction of two high-quality office buildings in Manhattan, New York. The projects are called 1245 Broadway och 28&7. Both buildings have reached exterior completion. Letting is ongoing and interior tenant customization will continue.

COREM KELLY'S LARGEST ONGOING COMMERCIAL PROJECTS

City	Property	Description	Let area, 000 sq.m.	Project area, sq.m.	Estimated investment, SEKm	Accrued investment, SEKm	Rental value, SEKm	Completion, year/quarter
New York	1245 Broadway	New construction office	8,005	17,115	1,676	441	211	23Q4
New York	28&7	New construction office	600	9,095	892	145	100	23Q4
Stockholm	Orgelpipan 4	Redevelopment, offices	0	4,244	325	89	32	23Q4
Uppsala	Fyrislund 6:6	New construction, office/laboratory, phase 1	0	3,097	158	45	11	23Q3
Västerås	Loke 24	Refurbishment of building, tenant customization for health center	4,419	6,799	157	40	11	23Q3
Örebro	Olaus Petri 3:234	Refurbishment/extension and office premises for Trafikverket and Länsstyrelsen, phase 2	2,625	10,200	187	113	17	24Q2
Västerås	Mats 5	Refurbishment of building	3,529	3,985	131	74	8	23Q3
Norrköping	Stålet 3	New construction for Bravida	3,295	3,295	84	3	5	23Q1
Västerås	Gustavsvik	Refurbishment, office/gym premises. Updating of technology	5,358	5,358	70	15	7	23Q1
TOTAL			27,831	63,188	3,680	964	402	

PROPERTIES AND CHANGES IN VALUE

On 31 December 2022, Corem Kelly's property portfolio consisted of 306 investment properties (350) with a total lettable area of 2,255,000 sq.m. (2,477,000), a fair value of SEK 63,382 million (67,140) and a rental value of SEK 3,867 million (3,891) as well as one property which is classified as current assets.

The changes in value of Corem Kelly's investment properties totalled SEK -1,968 million (3,685) during the year January-December. The changes in value include realized changes in value of SEK -516 million (7) and unrealized changes in value of SEK -1,452 million (3,678). On average, Corem Kelly's property portfolio, as at 31 December 2022, has been valued with a yield requirement of 5.1 per cent (5.1).

Corem Kelly values 100 per cent of the property portfolio every quarter, of which 20 to 30 per cent are normally valued externally. The external valuations have been performed by Cushman & Wakefield, Newmark Newsec and Savills. Every property in the portfolio is valued externally at least once during a rolling 12-month period. All properties are classified at Level 3 in accordance with IFRS 13. See Klöver's annual report for 2021 for a detailed description of valuation principles.

PROPERTIES: FAIR VALUE

SEKm	2022 Jan-Dec	2021 Jan-Dec
Fair value, as of 1 January	67,140	57,448
Acquisitions	80	2,363
Investments	2,367	2,450
Divestments	-1,921	-603
Reclassification to shares in associated companies	-4,374	—
Reclassification of properties classified as current assets	—	1,203
Unrealized changes in value	-1,452	3,678
Currency conversion	1,542	601
Fair value at the end of the period	63,382	67,140

INCOME STATEMENT ITEMS AND INVESTMENTS PER ORGANIZATIONAL UNIT

	Income, SEKm		Property costs, SEKm		Op. surplus, SEKm		Operating margin, %		Investments, SEKm	
	2022 Jan-Dec	2021 Jan-Dec	2022 Jan-Dec	2021 Jan-Dec	2022 Jan-Dec	2021 Jan-Dec	2022 Jan-Dec	2021 Jan-Dec	2022 Jan-Dec	2021 Jan-Dec
Region Stockholm	1,785	1,709	-746	-674	1,039	1,036	58	61	967	676
Region East	764	728	-275	-250	489	478	64	66	395	377
Region West	594	605	-230	-226	364	379	61	63	293	400
International – Copenhagen	267	231	-21	-5	245	226	92	98	22	77
International – New York	57	—	-26	1	31	1	54	Neg	690	920
TOTAL	3,467	3,274	-1,299	-1,154	2,168	2,120	63	65	2,367	2,450

KEY RATIOS PER ORGANIZATIONAL UNIT

	Number of properties		Fair value, SEKm		Rental value, SEKm		Economic occupancy rate, %		Lettable area, tsqm	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Region Stockholm	111	127	30,686	34,821	2,060	2,106	86	85	1,021	1,127
Region East	98	112	9,617	10,417	793	814	91	90	628	698
Region West	86	98	8,595	9,048	672	720	88	88	479	528
International – Copenhagen	8	8	7,397	6,830	270	251	94	97	121	124
International – New York	4	5	7,087	6,024	72	—	—	—	6	0
TOTAL	306	350	63,382	67,140	3,867	3,891	88	88	2,255	2,477

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

A real estate company is exposed to various risks in its business activities. Internal regulations and policies limit exposure to different risks. Corem Kelly's significant risks and exposure and their management are described in the 2021 annual report.

DISPUTES

Corem Kelly has no ongoing disputes that can have a significant profit impact.

ACCOUNTING POLICIES

Corem Kelly prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The interim report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34, Interim Financial Statements and, in the case of the Parent Company, in accordance with the Annual Accounts Act. The accounting policies applied in this interim report are in essential parts those described in Note 1 of Klöverns annual report for 2021.

EVENTS AFTER THE END OF THE PERIOD

In January, a lease contract was signed with R/GA in New York. The tenant moved into the project property 28&7 in January 2023. The period of tenancy is five years.

In January, a contract for divestment of the property 1 kh Rudegård Ny Holte was signed at an underlying property value corresponding to SEK 106 million, which is in line with book value. Transfer of possession took place on 10 February 2023.

In February, a lease agreement was signed with Sveriges Riksbank regarding the property Orgelpipan 4, in Stockholm.

Stockholm, 21 February 2023

The Board of Directors of Corem Kelly AB (publ)

This year-end report has not been subject to a review by Corem Kelly's auditors.

Consolidated Statement of Income *Summary*

SEKm	2022 3 months Oct-Dec	2021 3 months Oct-Dec	2022 12 months Jul-Dec	2021 12 months Jan-Dec
Income	936	842	3,467	3,274
Property costs	-428	-355	-1,299	-1,154
Operating surplus	508	488	2,168	2,120
Central administration	-33	-37	-132	-160
Net financial items	-205	-173	-706	-715
Profit from property management (properties)	270	278	1,330	1,245
Income, residential development	—	64	—	190
Costs, residential development	—	-62	—	-241
Net financial items, residential development	—	-1	—	-24
Profit from residential development	—	2	—	-74
Share in earnings of associated companies	-724	0	-863	11
Changes in value, properties	-2,222	2,252	-1,968	3,685
Changes in value, derivatives	-79	52	995	301
Changes in value, other assets	-25	5	-12	29
Impairment of goodwill	0	—	-2	-2
Profit before tax	-2,780	2,588	-519	5,194
Taxes	262	-698	271	-1,224
Net profit for the period	-2,518	1,890	-248	3,970
Net profit for the period attributable to:				
The parent company's shareholders	-2,488	1,842	-227	3,934
Holdings without controlling influence	-30	48	-21	36
	-2,518	1,890	-248	3,970
Other comprehensive income, items which may later be reversed in the income statement				
Translation difference regarding foreign operations	-380	139	1,056	444
Comprehensive income for the period	-2,898	2,029	807	4,414
Comprehensive income for the period attributable to:				
The parent company's shareholders	-2,868	1,981	828	4,378
Holdings without controlling influence	-30	48	-21	36
	-2,898	2,029	807	4,414

Consolidated Balance Sheet *Summary*

SEKm	31.12.2022	31.12.2021
Assets		
Goodwill	144	146
Investment properties	63,382	67,140
Right of use assets	1,386	773
Machinery and equipment	69	68
Participation rights in associated companies	3,415	472
Financial assets at fair value through statement of income	65	98
Derivatives	1,216	251
Properties classified as current assets	206	63
Other receivables	1,050	1,289
Liquid funds	407	555
TOTAL ASSETS	71,341	70,855
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity attributable to the parent company's shareholders	26,775	26,336
Equity attributable to holdings without controlling influence	43	143
Other provisions	—	—
Deferred tax liability	4,623	4,903
Interest-bearing liabilities	36,897	36,597
Derivatives	—	31
Leasing liabilities	1,386	773
Accounts payable	226	358
Other liabilities	262	463
Accrued expenses and prepaid income	1,159	1,251
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	71,341	70,855

Change in Consolidated Shareholders' Equity *Summary*

SEKm	Shareholders' equity attributable to		Total shareholders' equity
	The parent company's shareholders	Holdings without controlling influence	
Shareholders' equity 31.12.2020	22,649	108	22,757
Dividend	-597	—	-597
Hybrid bond	-78	—	-78
Change in holding without controlling influence	-16	-2	-18
Other comprehensive income	444	—	444
Net profit for the period	3,934	36	3,970
Dividend	-329	—	-329
Hybrid bond	-87	—	-87
Change in holding without controlling influence	-4	-78	-82
Other comprehensive income	1,056	—	1,056
Net profit for the period	-227	-21	-248
Shareholders' equity 31.12.2022	26,745	43	26,788

Consolidated Cash Flow Statement

Summary

SEKm	2022 3 months Oct-Dec	2021 3 months Oct-Dec	2022 12 months Jan-Dec	2021 12 months Jan-Dec
Current operations				
Operating surplus including central administration and residential development	475	453	2,036	1,885
Adjustment for items not included in the cash flow	5	-18	22	22
Interest received	1	0	6	10
Interest paid	-182	-183	-747	-738
Income tax paid	0	—	-4	-21
Cash flow from current operations before change in working capital	298	252	1,313	1,158
Changes in working capital				
Change in properties classified as current assets	-52	-179	-143	-99
Change in operating receivables	105	-82	215	-92
Change in operating liabilities	113	360	-82	67
Total change in working capital	166	99	-10	-124
Cash flow from current operations	464	351	1,303	1,034
Investment operations				
Divestment of properties	595	34	1,782	610
Acquisition of and investment in properties	-750	-858	-2,447	-4,814
Change in financial assets	0	223	3	605
Change in other non-current assets	-7	-4	-21	-31
Cash flow from investment operations	-162	-604	-683	-3,630
Financing operations				
Change in interest-bearing liabilities	-213	480	-271	3,396
Dividend	—	-216	-381	-731
Hybrid bond	-25	-20	-87	-78
Change in holding without controlling influence	—	—	-82	-17
Cash flow from financing operations	-238	244	-821	2,569
Total cash flow	64	-9	-201	-27
Liquid funds at the beginning of the period	344	569	555	571
Exchange rate differences in liquid funds	0	-5	53	10
Liquid funds at the end of the period	407	555	407	555

Parent Company Income Statement

Summary

SEKm	2022 12 months Jan-Dec	2021 12 months Jan-Dec
Net sales	129	358
Cost of services sold	-130	-286
Gross profit	-1	72
Central administration	0	-160
Operating profit	-1	-88
Changes in value, derivatives	31	56
Net financial items	710	306
Profit before tax	739	274
Taxes	-30	-71
Net profit for the period	709	203
Other comprehensive income	—	—
Comprehensive income for the period	709	203

Parent Company Balance Sheet

Summary

SEKm	31.12.2022	31.12.2021
ASSETS		
Machinery and equipment	—	8
Participation rights in group companies	1,839	1,780
Receivables from group companies	33,581	31,093
Derivatives	1	10
Deferred tax assets	126	156
Other receivables	28	254
Liquid funds	610	1,290
Total assets	36,186	34,591
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	10,094	9,801
Interest-bearing liabilities	18,549	22,438
Derivatives	—	31
Liabilities to group companies	7,292	1,891
Accounts payable	0	11
Other liabilities	172	316
Accrued expenses and prepaid income	78	103
Total shareholders' equity and liabilities	36,186	34,591

Key ratios

	31.12.2022 3 months Oct-Dec	31.12.2021 3 months Oct-Dec	2022	2021	2020	2019	2018
Property							
Number of properties	306	350	306	350	350	343	426
Lettable area, 000 sq.m.	2,255	2,477	2,255	2,477	2,551	2,542	2,969
Rental value, SEKm	3,867	3,891	3,867	3,891	3,846	3,819	4,063
Rental value per lettable area, SEK/sq.m.	1,715	1,571	1,715	1,571	1,508	1,502	1,368
Fair value investment properties, SEKm	63,382	67,140	63,382	67,140	57,448	52,377	52,713
Yield requirement valuation, %	5,1	5,1	5,1	5,1	5,3	5,4	5,7
Operating margin, %	54	58	63	65	67	68	67
Occupancy rate, economic, %	88	88	88	88	87	90	89
Occupancy rate, area, %	80	80	80	80	79	81	81
Average lease term, years	3,7	3,5	3,7	3,5	3,5	3,6	3,5
Financial							
Equity ratio, %	37,5	37,2	37,5	37,2	36,3	34,9	31,8
Leverage, %	49	51	49	51	50	50	56
Interest coverage ratio	2,4	2,7	2,9	2,6	2,5	2,6	2,7
Interest-bearing liabilities, SEKm	33,079	36,741	33,079	36,741	33,165	31,653	33,688

Definitions

Property

CHANGES IN VALUE PROPERTIES, REALIZED

Property divestments after deduction of the properties' most recent fair value and selling expenses.

CHANGES IN VALUE PROPERTIES, UNREALIZED

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

DEVELOPMENT PORTFOLIO

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

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.

OCCUPANCY RATE, AREA-BASED

Let area in relation to total lettable area.

OCCUPANCY RATE, ECONOMIC

Contract value in relation to rental value.

OPERATING MARGIN

Operating surplus in relation to income.

PROPERTIES CLASSIFIED AS CURRENT ASSETS

Properties with ongoing production of tenant-owned apartments or which are intended for future tenant-owned production.

RENTAL VALUE

Contract value plus assessed market rent for area not rented.

YIELD REQUIREMENT, VALUATION

The required yield of property valuations on the residual value.

Financial

INTEREST COVERAGE RATIO

Profit from property management plus earnings from residential development, excluding financial costs¹ in relation to financial costs¹.

LEVERAGE³

Interest-bearing liabilities after deduction for the market value of listed shareholdings, interest-bearing assets and liquid funds, in relation to the fair value of the properties and the shares in associated companies.

EQUITY RATIO

Equity² in relation to total assets.

1) Excluding site leasehold expenses.

2) Equity attributable to the Parent Company's shareholders.

3) The definition of the key figure was changed in connection with the interim report for the period January-June 2022.

Calendar

Annual report 2022	Week 13, 2023
Interim information January - March 2022	28 April 2023
Interim report January - June 2023	14 July 2023
Interim information January - September 2023	26 October 2023

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This information is information that Corem Kelly AB is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication through the agency of the contact person set out above at 08:00 CET on 21 February 2023.

This year-end report has been published in Swedish and in English. In the event of a discrepancy between the language versions, the Swedish version shall take priority.

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