

# Year-end Report January–December 2023

**COREM KELLY AB**

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This year-end report for 2023 has been prepared for the purpose of complying with the terms of Corem Kelly AB's (publ) bond and loan agreements.

## January–December 2023

- » Income amounted to SEK 3,583 million (3,467).
- » Profit from property management amounted to SEK 1,231 million (1,330).
- » Profit before tax amounted to SEK –8,285 million (–519).

### **EVENTS DURING THE FOURTH QUARTER**

- » During the quarter, the credit rating from Scope Ratings for Corem Kelly was terminated. The parent company Corem Property Group, which includes Corem Kelly, continues to have a credit rating with Scope Ratings. Corem Property Group received an updated credit assessment from Scope Ratings. The update confirms the credit rating BBB-/negative outlook.
- » During the quarter, interest-bearing liabilities were reduced by SEK 3.2 billion.

### **SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD**

- » After the end of the period, bonds to a value of SEK 576 million have been repurchased.

# Income, expenses and profit

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 888 million (936) during the fourth quarter and SEK 3,583 million (3,467) during the year. Property costs amounted to SEK 355 million (428) during the quarter and SEK 1,199 million (1,299) during the year. The operating surplus amounted to SEK 533 million (508) during the quarter and SEK 2,384 million (2,168) during the year. The operating margin amounted to 60 per cent (54) during the quarter and 67 per cent (63) during the year. Profit from property management amounted to SEK 229 million (270) during the quarter and SEK 1,231 million (1,330) during the year. Profit before tax amounted to SEK –3,084 million (–2,780) during the quarter and SEK –8,285 million (–519) during the year.

## TAXES

During the year, deferred tax amounted to SEK 914 million (311) and current tax to SEK –39 million (–40).

## CASH FLOW

The cash flow from current operations before change in working capital amounted to SEK 736 million (1,303) during the year. Investment operations have affected the cash flow by a net SEK 5,436 million (–683). Financing operations have affected the cash flow by SEK –6,210 million (–821). In total, the cash flow amounted to SEK –39 million (–201). Liquid assets at the end of the year amounted to SEK 365 million, compared with SEK 407 million as of 31 December 2022.

# Financing

On 31 December 2023, the external interest-bearing liabilities amounted to SEK 24,986 million (33,079). In addition, there is debt to the parent company of SEK 6,229 million. Accrued borrowing overheads amounted to SEK 205 million, which means that the reported interest-bearing liabilities in the balance sheet amounts to SEK 31,010 million (36,897). Net financial items during the quarter amounted to SEK –268 million (–205), of which financial income accounted for SEK 6 million (–1) and site leasehold expenses amounted to SEK –18 million (–12).

The interest coverage ratio amounted during the year to 2.3 (2.9).

Corem Kelly's interest-bearing liabilities are mainly secured by mortgages in properties and/or shares in subsidiaries. Unsecured interest-bearing liabilities consist of unsecured bonds, SEK 4,535 million (6,250) at the end of the year.

Derivatives effectively limit the interest rate risk. The effect of larger interest rate increases is markedly limited by interest rate caps. Changes in value of derivatives totalled SEK –876 million (995) during the year. As of 31 December, the net market value of the interest derivative portfolio amounted to SEK 425 million (1,216).

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.

## FIXED INTEREST AND TIED-UP CAPITAL<sup>1</sup>

Year due	Fixed interest		Tied-up capital		
	Loan volume, SEKm	Contract volume, SEKm	Utilized, SEKm	Of which bonds outstanding, SEKm	Unutilized, SEKm
Floating <sup>1</sup>	6,552	—	—	0	—
2024	5,582	9,945	9,032	1,835 <sup>2</sup>	913
2025	4,000	10,732	10,232	2,700	500
2026	—	987	987	—	—
2027	784	341	341	—	—
2028	784	628	628	—	—
Later	7,284	3,766	3,766	—	—
<b>Total</b>	<b>24,986</b>	<b>26,399</b>	<b>24,986</b>	<b>4,535</b>	<b>1,413</b>

1) SEK 1,346 million of Floating volume is covered by interest-rate caps.

2) SEK 576 million has been repurchased after the end of the year.

# The property portfolio

## COMMERCIAL PROJECTS

As of 31 December 2023, the remaining investment volume of ongoing projects amounted to SEK 961 million. At the same time, three projects with an estimated investment exceeding SEK 50 million each were ongoing. These projects encompass in total 29,129 sq.m. and have a total remaining investment of SEK 630 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 <sup>1</sup>	New construction, office premises	9,711	17,115	1,829	376	207	24Q4
New York	28&7 <sup>1</sup>	New construction, office premises	3,208	9,279	951	192	94	24Q4
Nyköping	Furan 2	Uppbyggnad Furan	2,735	2,735	77	62	8	24Q4
<b>TOTAL</b>			<b>15,654</b>	<b>29,129</b>	<b>2,857</b>	<b>630</b>	<b>309</b>	

1) Estimated and remaining investment of projects in New York are based on the SEK/USD-rate on 31 December 2023.

## PROPERTIES AND CHANGES IN VALUE

On 31 December 2023, Corem Kelly's property portfolio consisted of 261 investment properties (306) with a total lettable area of 2,020 tsq.m. (2,255), a fair value of SEK 51,382 million (63,382) and a rental value of SEK 3,827 million (3,867).

The changes in value of Corem Kelly's investment properties totalled SEK -7,519 million (-1,968) during the period January-December. The changes in value include realized changes in value of SEK -146 million (-516) and unrealized changes in value of SEK -7,373 million (-1,452). On average, Corem Kelly's property portfolio, as at 31 December 2023, has been valued with a yield requirement of 5.8 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, Savills, Newsec, CBRE (Denmark) and Newmark (USA). As a basic rule, every property is valued externally at least once a year, but exceptions can be made for individual properties. All properties are classified at Level 3 in accordance with IFRS 13. See Corem Kelly's annual report for a detailed description of valuation principles.

## PROPERTIES: FAIR VALUE

SEKm	2023 Jan-Dec	2022 Jan-Dec
Fair value, as of 1 January	63,382	67,140
Acquisitions	—	80
Investments	1,662	2,367
Divestments	-6,237	-1,921
Reclassification to shares in associated companies	—	-4,374
Unrealized changes in value	-7,373	-1,452
Currency conversion	-51	1,542
<b>FAIR VALUE AT THE END OF THE PERIOD</b>	<b>51,382</b>	<b>63,382</b>

## INCOME STATEMENT ITEMS AND INVESTMENTS PER ORGANIZATIONAL UNIT

	Income, SEKm		Property costs, SEKm		Op. surplus, SEKm		Operating margin, %		Investments, SEKm	
	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec
Region Stockholm	1,851	1,785	-678	-746	1,173	1,039	63	58	514	967
Region East	716	764	-234	-275	482	489	67	64	149	395
Region West	636	594	-218	-230	418	364	66	61	130	293
International – Copenhagen	271	267	-34	-21	237	245	87	92	28	22
International – New York	109	57	-35	-26	74	31	68	54	841	690
<b>Total</b>	<b>3,583</b>	<b>3,467</b>	<b>-1,199</b>	<b>-1,299</b>	<b>2,384</b>	<b>2,168</b>	<b>67</b>	<b>63</b>	<b>1,662</b>	<b>2,367</b>

## KEY RATIOS PER ORGANIZATIONAL UNIT

	Number of properties		Fair value, SEKm		Rental value, SEKm		Economic occupancy rate, %		Lettable area, tsqm	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Region Stockholm	98	111	27,752	30,686	2,140	2,060	83	86	970	1,021
Region East	72	98	7,977	9,617	728	793	90	91	521	628
Region West	83	86	7,982	8,595	711	672	88	88	461	479
International – Copenhagen	5	8	2,138	7,397	118	270	82	94	56	121
International – New York <sup>1</sup>	3	4	5,533	7,087	130	72	100	—	12	6
<b>Total</b>	<b>261</b>	<b>307</b>	<b>51,382</b>	<b>63,382</b>	<b>3,827</b>	<b>3,867</b>	<b>86</b>	<b>88</b>	<b>2,020</b>	<b>2,255</b>

1) Rental value, Economic occupancy rate and Lettable area refer to active leasing contracts

## Other information

### 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 Corem Kelly's 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 Corem Kelly's annual report. Financial assets valued at fair value, which are listed on an exchange, are valued in accordance with level 1 in the fair value hierarchy, while the holding in Klöver AB, which is not listed, is valued in accordance with level 3 in the value hierarchy.

The financial reports are prepared for the purpose of complying with the terms of the company's bond and loan agreement.

Stockholm, 21 February 2024

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.

## The Consolidated Statement of Income *Summary*

SEKm	2023 3 months Oct–Dec	2022 3 months Oct–Dec	2023 12 months Jan–Dec	2022 12 months Jan–Dec
Income	888	936	3,583	3,467
Property costs	-355	-428	-1,199	-1,299
<b>Net operating income</b>	<b>533</b>	<b>508</b>	<b>2,384</b>	<b>2,168</b>
Central administration	-36	-33	-147	-132
Net financial items	-268	-205	-1,006	-706
<b>Profit from property management</b>	<b>229</b>	<b>270</b>	<b>1,231</b>	<b>1,330</b>
Share of earnings in associated companies	0	-724	-1,076	-863
Changes in value, properties	-2,578	-2,222	-7,519	-1,968
Changes in value, derivatives	-728	-79	-876	995
Changes in value, other assets	-6	-25	-4	-12
Impairment of goodwill	-1	0	-41	-2
<b>Profit before tax</b>	<b>-3,084</b>	<b>-2,780</b>	<b>-8,285</b>	<b>-519</b>
Taxes	332	262	875	271
<b>Net profit for the period</b>	<b>-2,752</b>	<b>-2,518</b>	<b>-7,410</b>	<b>-248</b>
<i>Net profit for the period attributable to:</i>				
The parent company's shareholders	-2,755	-2,488	-7,381	-227
Holdings without controlling influence	3	-30	-29	-21
	<b>-2,752</b>	<b>-2,518</b>	<b>-7,410</b>	<b>-248</b>

## Consolidated Report of Comprehensive Income *Summary*

SEKm	2023 3 months Oct–Dec	2022 3 months Oct–Dec	2023 12 months Jan–Dec	2022 12 months Jan–Dec
<b>Other comprehensive income, items which may later be reversed in the income statement</b>				
Translation difference regarding foreign operations	-615	-380	-300	1,056
<b>Comprehensive income for the period</b>	<b>-3,367</b>	<b>-2,898</b>	<b>-7,710</b>	<b>807</b>
<i>Comprehensive income for the period attributable to:</i>				
The parent company's shareholders	-3,370	-2,868	-7,681	828
Holdings without controlling influence	3	-30	-29	-21
	<b>-3,367</b>	<b>-2,898</b>	<b>-7,710</b>	<b>807</b>

## Consolidated Balance Sheet *Summary*

SEKm	2023 31 Dec	2022 31 Dec
<b>ASSETS</b>		
Goodwill	103	144
Investment properties	51,382	63,382
Right of use assets	1,188	1,386
Machinery and equipment	56	69
Participation rights in associated companies	0	3,415
Financial assets at fair value through statement of income	1,351	65
Derivatives	576	1,216
Properties classified as current assets	290	206
Other receivables	857	1,050
Liquid funds	365	407
<b>TOTAL ASSETS</b>	<b>56,168</b>	<b>71,341</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Equity attributable to the parent company's shareholders	18,598	26,745
Equity attributable to holdings without controlling influence	14	43
Deferred tax liability	3,720	4,623
Interest-bearing liabilities	31,010	36,897
Derivatives	151	—
Leasing liabilities	1,188	1,386
Accounts payable	127	226
Other liabilities	167	262
Accrued expenses and prepaid income	1,193	1,159
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>56,168</b>	<b>71,341</b>

## Change in Consolidated Shareholders' Equity *Summary*

SEKm	The parent company's shareholders	Holdings without Controlling influence	Total shareholders' equity
Shareholders' equity 31.12.2021	26,336	143	26,479
Dividend	-329	—	-329
Hybrid bond	-87	—	-87
Change in holding without controlling influence	-4	-78	-82
Other comprehensive income	1,056	—	1,056
Periodens resultat	-227	-21	-248
Shareholders' equity 31.12.2022	26,745	43	26,788
Dividend	-329	—	-329
Hybrid bond	-138	—	-138
Change in holding without controlling influence	—	-0	-0
Other comprehensive income	-300	—	-300
Net profit for the period	-7,381	-29	-7,410
Shareholders' equity 31.12.2023	18,598	14	18,612

# Consolidated Cash Flow Statement *Summary*

SEKm	2023 3 months Oct-Dec	2022 3 months Oct-Dec	2023 12 months Jan-Dec	2022 12 months Jan-Dec
<b>Current operations</b>				
Operating surplus including central administration	497	475	2,237	2,036
Adjustment for items not included in the cash flow	5	5	20	22
Interest received	47	1	61	6
Interest paid	-301	-182	-1,030	-747
Income tax paid	0	0	-2	-4
<b>Cash flow from current operations before change in working capital</b>	<b>248</b>	<b>298</b>	<b>1,286</b>	<b>1,313</b>
<b>Changes in working capital</b>				
Change in properties classified as current assets	-21	-52	-84	-143
Change in operating receivables	103	105	91	215
Change in operating liabilities	-14	113	-557	-82
<b>Total change in working capital</b>	<b>68</b>	<b>166</b>	<b>-550</b>	<b>-10</b>
<b>Cash flow from current operations</b>	<b>317</b>	<b>464</b>	<b>736</b>	<b>1,303</b>
<b>Investment operations</b>				
Divestment of properties	4,114	595	5,709	1,782
Acquisition of and investment in properties	-317	-750	-1,662	-2,447
Change in shares in associated companies	0	—	1,383	—
Change in financial assets	6	0	12	3
Change in other non-current assets	-2	-7	-6	-21
<b>Cash flow from investment operations</b>	<b>3,801</b>	<b>-162</b>	<b>5,436</b>	<b>-683</b>
<b>Financing operations</b>				
Change in interest-bearing liabilities	-4,133	-213	-5,999	-271
Change financial instruments	-73	—	-73	—
Dividend	0	—	0	-381
Hybrid bond	-40	-25	-138	-87
Change in holding without controlling influence	0	—	0	-82
<b>Cash flow from financing operations</b>	<b>-4,246</b>	<b>-238</b>	<b>-6,210</b>	<b>-821</b>
<b>Total cash flow</b>	<b>-129</b>	<b>64</b>	<b>-39</b>	<b>-201</b>
Liquid funds at the beginning of the period	499	344	407	555
Exchange rate differences in liquid funds	-5	0	-4	53
<b>Liquid funds at the end of the period</b>	<b>365</b>	<b>407</b>	<b>365</b>	<b>407</b>

## Parent Company Income Statement *Summary*

SEKm	2023 12 months Jan-Dec	2022 12 months Jan-Dec
Net sales	433	129
Cost of services sold	-433	-130
<b>Gross profit</b>	<b>0</b>	<b>-1</b>
Central administration	-1	0
<b>Operating profit</b>	<b>-1</b>	<b>-1</b>
Changes in value, derivatives	-19	31
Net financial items	-1,042	710
<b>Profit before tax</b>	<b>-1,062</b>	<b>739</b>
Taxes	-122	-30
<b>Net profit for the period</b>	<b>-1,184</b>	<b>709</b>
Other comprehensive income	—	—
<b>Comprehensive income for the period</b>	<b>-1,184</b>	<b>709</b>

## Parent Company Balance Sheet *Summary*

SEKm	31.12.2023	31.12.2022
<b>ASSETS</b>		
Participation rights in group companies	1,029	1,839
Receivables from group companies	31,742	33,581
Derivatives	0	1
Deferred tax assets	4	126
Other receivables	8	28
Liquid funds	1,134	610
<b>TOTAL ASSETS</b>	<b>33,917</b>	<b>36,186</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity	8,444	10,094
Interest-bearing liabilities	12,277	18,549
Derivatives	121	—
Liabilities to group companies	12,946	7,292
Accounts payable	0	0
Other liabilities	92	172
Accrued expenses and prepaid income	37	78
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>33,917</b>	<b>36,186</b>

# Key ratios

	2023 3 months Oct-Dec	2022 3 months Oct-Dec	2023	2022	2021
<b>Property</b>					
Number of properties	261	306	261	306	350
Lettable area, 000 sq.m.	2,020	2,255	2,020	2,255	2,477
Rental value, SEKm	3,827	3,867	3,827	3,867	3,891
Rental value per lettable area, SEK/sq.m.	1,895	1,715	1,895	1,715	1,571
Fair value investment properties, SEKm	51,382	63,382	51,382	63,382	67,140
Yield requirement valuation, %	5.8	5.1	5.8	5.1	5.1
Operating margin, %	60	54	67	63	65
Occupancy rate, economic, %	86	88	86	88	88
Occupancy rate, area, %	77	80	77	80	80
Average lease term, years	3.2	3.7	3.2	3.7	3.5
<b>Financial</b>					
Equity ratio, %	33.1	37.5	33.1	37.5	37.2
Leverage, %	46	49	46	49	51
Interest coverage ratio	1.9	2.4	2.3	2.9	2.6
Interest-bearing liabilities, SEKm	24,986	33,079	24,986	33,079	36,741

# 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 share of associated companies' profit from property management, excluding financial expenses<sup>1</sup>, divided by financial expenses<sup>1</sup>.

### **Leverage**

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

### **Equity ratio**

Equity<sup>2</sup> as a percentage of total assets

*1 Excluding site leasehold expenses and exchange rate differences*

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

# Calendar

## FINANCIAL REPORTS

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## CONTACT PERSONS:

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

This Interim report 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 persons set out above at 08:00 CET on 21 February 2024.

This interim 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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