

Half-year Report January–June 2024

COREM KELLY AB

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This half-year report for the period January-June 2024 has been prepared for the purpose of complying with the terms of Corem Kelly AB's (publ) bond and loan agreements.

January–June 2024

- » Income amounted to SEK 1,660 million (1,817).
- » Profit from property management amounted to SEK 532 million (695).
- » Profit before tax amounted to SEK 214 million (–2,800).

EVENTS DURING THE SECOND QUARTER

- » During the quarter, four separate leases were signed in the property 28&7, and one lease in the property 1245 Broadway in New York.
- » Bonds with an outstanding amount of SEK 1,259 million were redeemed in April 2024.
- » Repurchases of SEK 253 million were made in bonds maturing in February 2025.

Income, expenses and profit

Income statement items are compared with the corresponding time period last year. 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 April-June and the period refers to January-June.

INCOME, EXPENSES AND PROFIT

Income amounted to SEK 832 million (899) during the quarter. Property costs amounted to SEK 275 million (269) and the operating surplus amounted to SEK 557 million (630). The operating margin amounted to 67 per cent (70) and profit from property management amounted to SEK 304 million (351). Profit before tax amounted to SEK 292 million (–1,932).

TAXES

During the year, deferred tax amounted to SEK 19 million (83) and current tax to SEK –15 million (–15).

CASH FLOW

The cash flow from current operations before change in working capital amounted to SEK 297 million (354). Investment operations have affected the cash flow by a net SEK –209 million (256).

Financing operations have affected the cash flow by SEK –156 million (–256). In total, the cash flow amounted to SEK –277 million (–53). Liquid assets at the end of the year amounted to SEK 334 million, compared to SEK 365 million as of 31 December 2023.

Financing

On 30 June 2024, the external interest-bearing liabilities amounted to SEK 22,809 million (24,986). In addition, there is debt to the parent company of SEK 7,401 million (6,229). Accrued borrowing overheads amounted to SEK 204 million, which means that the reported interest-bearing liabilities in the balance sheet amounts to SEK 30,006 million (31,010). Net financial items during the quarter amounted to SEK –217 million (–239), of which financial income accounted for SEK 2 million (5) and site leasehold expenses amounted to SEK –16 million (–17). The interest coverage ratio amounted during the period to 2.3 multiples (2.6) and to 2.2 (2.6) in the last four quarters.

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, which amounted to SEK 2,448 million (4,535) at the end of the quarter.

To limit the interest rate risk, derivatives and interest rate caps are used. Changes in value of derivatives totalled SEK –183 million (80). As of 30 June 2024, the net market value of the interest derivative portfolio amounted to SEK 310 million (425).

Unrealized changes in value of derivatives do not affect the cash flow as the value of the derivatives at the end of the term 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

Maturity year	Fixed interest	Tied-up capital			
	Loan volume, SEKm	Contract volume, SEKm	Utilised, SEKm	Of which outstanding bonds, SEKm	Not utilised, SEKm
Variable ¹	5,455	—	—	—	—
2024	4,000	1,837	1,687	—	150
2025	4,000	15,926	15,172	2,448	754
2026	—	1,456	1,456	—	—
2027	1,286	843	843	—	—
2028	784	624	624	—	—
Later	7,284	3,027	3,027	—	—
Total	22,809	23,713	22,809	2,448	904

1) Of the floating volume, SEK 1,455 million is covered by the interest rate cap.

The property portfolio

COMMERCIAL PROJECTS

As of 30 June 2024, the remaining investment volume of ongoing projects amounted to SEK 916 million. At the same time, there were altogether three projects with an estimated investment exceeding SEK 50 million each. These projects encompass in total 29,601 sq.m. and have a total remaining investment of SEK 505 million. The two largest ongoing projects are the construction of two high-quality office buildings in Manhattan, New York. The projects are called 28&7 and 1245 Broadway. 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, sq.m.	Project area, sq.m.	Estimated investment, SEKm	Remaining investment, SEKm	Rental value, SEKm	Completion, year/quarter
New York	1245 Broadway ¹	New construction, office premises	9,945	17,575	1,933	341	218	25Q1
New York	28&7 ¹	New construction, office premises	5,957	9,291	1,005	139	96	25Q1
Nyköping	Furan 2	Construction of school	2,735	2,735	77	25	8	24Q4
TOTAL			18,637	29,601	3,015	505	322	

1) Estimated and remaining investment of projects in New York are based on the SEK/USD-rate on 30 June 2024.

PROPERTIES AND CHANGES IN VALUE

On 30 June 2024, Corem Kelly's property portfolio consisted of 251 investment properties (272) with a total lettable area of 1,981 tsq.m. (2,125), a fair value of SEK 50,368 million (61,378) and a rental value of SEK 3,879 million (4,027).

The changes in value of Corem Kelly's investment properties totalled SEK -283 million (-2,233) during the period January-June. The changes in value include realized changes in value of SEK 6 million (-15) and unrealized changes in value of SEK -289 million (-2,218). On average, Corem Kelly's property portfolio, as at 30 June 2024, has been valued with a yield requirement of 5.9 per cent (5.3).

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 and Newsec. 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

	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Total at the start of the year	51,382	63,382	63,382
Acquisitions	—	—	—
Investments	581	906	1,662
Divestments	-1,640	-1,384	-6,237
Changes in value, unrealised	-289	-2,218	-7,373
Currency conversion	334	691	-51
TOTAL AT THE END OF THE PERIOD	50,368	61,378	51,382

INCOME STATEMENT ITEMS AND INVESTMENTS PER ORGANIZATIONAL UNIT

	Income, SEKm		Property costs, SEKm		Net operating income, SEKm		Operating margin, %		Investments, SEKm	
	2024 Jan-Jun	2023 Jan-Jun	2024 Jan-Jun	2023 Jan-Jun	2024 Jan-Jun	2023 Jan-Jun	2024 Jan-Jun	2023 Jan-Jun	2024 Jan-Jun	2023 Jan-Jun
Stockholm	897	935	-352	-328	545	606	61	65	121	331
East	337	367	-112	-119	225	249	67	68	69	57
West	322	318	-101	-101	221	217	69	68	52	74
International – Copenhagen	46	146	-11	-14	35	132	76	90	23	13
International – New York	58	51	-29	-10	29	41	50	80	316	431
Total	1,660	1,817	-605	-572	1,055	1,245	64	69	581	906

KEY RATIOS PER ORGANIZATIONAL UNIT

	No. of properties		Fair value, SEKm		Rental value, SEKm		Economic occupancy rate, %		Lettable area, 000 sq.m.	
	2024 30 Jun	2023 30 Jun	2024 30 Jun	2023 30 Jun	2024 30 Jun	2023 30 Jun	2024 30 Jun	2023 30 Jun	2024 30 Jun	2023 30 Jun
Stockholm	94	101	26,976	30,103	2,163	2,171	83	85	963	1,000
East	69	77	7,946	8,168	754	747	88	94	512	537
West	81	83	8,018	8,225	735	709	87	89	454	461
International – Copenhagen	4	7	1,316	7,725	73	283	64	93	38	117
International – New York	3	4	6,112	7,157	154	117	91	100	14	10
Total	251	272	50,368	61,378	3,879	4,027	85	88	1,981	2,125

1) Rental value, Economic occupancy rate and Lettable area refer to active leasing contracts, as well as completed areas in rentable condition.

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 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.

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

The undersigned certify that this six-month report provides a fair overview of the Parent Company's and Group's business activities, financial position and profit and describes significant risks and uncertainty factors for the Parent Company and the companies belonging to the Group.

Stockholm, 12 July 2024
Corem Property Group AB (publ)

Patrik Essehorn
Chairman of the Board

Katarina Klingspor
Board member

Fredrik Rapp
Board member

Christian Roos
Board member

Christina Tillman
Board member

Magnus Ugglå
Board member

Rutger Arnhult
CEO and Board member

This half-year report has not been reviewed by the Company's auditors.

Consolidated Income Statement *Summary*

SEKm	2024 3 months Apr–Jun	2023 3 months Apr–Jun	2024 6 months Jan–Jun	2023 6 months Jan–Jun	2023/2024 Rolling 12 months Jul–Jun	2023 12 months Jan–Dec
Income	832	899	1,660	1,817	3,426	3,583
Property costs	–275	–269	–605	–572	–1,233	–1,199
Net operating income	557	630	1,055	1,245	2,193	2,384
Central administration	–36	–40	–73	–73	–146	–147
Net financial items	–217	–239	–450	–477	–979	–1,006
Profit from property management	304	351	532	695	1,068	1,231
Profit/loss, residential development	–1	—	–1	—	–1	—
Share of earnings in associated companies	0	–1,178	0	–1,075	–1	–1,076
Value changes, properties	69	–1,115	–283	–2,233	–5,570	–7,519
Value changes, derivatives	–183	80	–115	–120	–872	–876
Value changes, other assets	106	–29	83	–26	108	–4
Impairment, goodwill	–3	–41	–3	–41	–4	–41
Profit/loss before tax	292	–1,932	214	–2,800	–5,271	–8,285
Tax	4	68	–40	214	622	875
Net profit/loss for the period	296	–1,864	174	–2,586	–4,649	–7,410
<i>Net profit for the year attributable to:</i>						
Parent Company shareholders	296	–1,863	173	–2,570	–4,636	–7,381
Holdings without controlling influence	0	–1	1	–16	–13	–29
	296	–1,864	174	–2,586	–4,649	–7,410

Consolidated Report of Comprehensive Income *Summary*

SEKm	2024 3 months Apr–Jun	2023 3 months Apr–Jun	2024 6 months Jan–Jun	2023 6 months Jan–Jun	2023/2024 Rolling 12 months Jul–Jun	2023 12 months Jan–Dec
Other comprehensive income, items which may later be reversed in the income statement						
Translation difference regarding foreign operations	–35	428	249	414	–466	–300
Net comprehensive income for the period	261	–1,436	423	–2,172	–5,115	–7 710
<i>Comprehensive income for the period attributable to:</i>						
The parent company's shareholders	261	–1,435	422	–2,156	–5,102	–7 681
Holdings without controlling influence	0	–1	1	–16	–13	–29
Net comprehensive income for the period	261	–1,436	423	–2,172	–5,115	–7 710

Consolidated Balance Sheet *Summary*

SEKm	2024 30 Jun	2023 30 Jun	2023 31 Dec
ASSETS			
Goodwill	100	103	103
Investment properties	50,368	61,378	51,382
Right of use assets	1,041	1,409	1,188
Machinery and equipment	42	61	56
Participation rights in associated companies	—	2,311	0
Financial assets at fair value through statement of income	1,444	6	1,351
Derivatives	371	1,096	576
Properties classified as current assets	0	257	290
Other receivables	958	1,140	857
Liquid funds	334	438	365
TOTAL ASSETS	54,659	68,199	56,168
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to the parent company's shareholders	18,621	24,202	18,598
Equity attributable to holdings without controlling influence	0	27	14
Deferred tax liability	3,687	4,405	3,720
Interest-bearing liabilities	30,006	36,551	31,010
Derivatives	61	—	151
Leasing liabilities	1,041	1,409	1,188
Accounts payable	18	62	127
Other liabilities	394	428	167
Accrued expenses and prepaid income	831	1,115	1,193
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	54,659	68,199	56,168

Change in Consolidated Shareholders' Equity *Summary*

SEKm	The parent company's shareholders	Holdings without controlling influence	Total
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
Dividend	-329	—	-329
Hybrid bond	-81	—	-81
Change in holding without controlling influence	11	-15	-4
Other comprehensive income	248	—	248
Net profit for the period	174	0	174
Shareholders' equity 30.06.2024	18,621	0	18,621

Consolidated Cash Flow Statement *Summary*

SEKm	2024 3 months Apr–Jun	2023 3 months Apr–Jun	2024 6 months Jan–Jun	2023 6 months Jan–Jun	2023 12 months Jan–Dec
Current operations					
Operating surplus including central administration	521	590	981	1,172	2,237
Adjustment for items not included in the cash flow	5	5	9	10	20
Interest received	33	5	63	5	61
Interest paid	–261	–244	–544	–463	–1,030
Income tax paid	0	–2	0	–2	–2
Cash flow from current operations before change in working capital	297	354	509	723	1,286
Changes in working capital					
Change in properties classified as current assets	16	–24	–2	–50	–84
Change in operating receivables	–80	–33	–197	–187	91
Change in operating liabilities	–129	–350	–188	–284	–557
Total change in working capital	–209	–407	–387	–521	–550
Cash flow from current operations	88	–53	123	202	736
Investment operations					
Divestment of properties	102	699	1,626	1,369	5,709
Acquisition of and investment in properties	–330	–467	–581	–906	–1,662
Change in shares in associated companies	0	6	0	30	1,383
Change in financial assets	0	2	–1	3	12
Change in other non-current assets	19	16	19	–2	–6
Cash flow from investment operations	–209	256	1,063	494	5,436
Financing operations					
Change in interest-bearing liabilities	–114	–225	–1,140	–614	–5,999
Change financial instruments	0	0	0	0	–73
Hybrid bond	–41	–31	–81	–59	–138
Change in holding without controlling influence	0	0	–4	0	0
Cash flow from financing operations	–156	–256	–1,225	–673	–6,210
Cash flow for the period	–277	–53	–40	23	–39
Liquid funds at the beginning of the period	610	483	365	407	407
Exchange rate differences in liquid funds	1	8	9	8	–4
Liquid funds at the end of the period	334	438	334	438	365

Parent Company Income Statement *Summary*

SEKm	2024 6 months Jan-Jun	2023 6 months Jan-Jun	2023 12 months Jan-Dec
Net sales	208	217	433
Cost of services sold	-208	-217	-433
Gross profit	0	0	0
Central administration	0	0	-1
Operating profit	0	0	-1
Changes in value, derivatives	55	—	-19
Net financial items	213	393	-1,042
Profit/loss before tax	268	393	-1,062
Taxes	-11	-75	-122
Net profit/loss for the period	257	318	-1,184
Other comprehensive income	—	—	—
Comprehensive income for the period	257	318	-1,184

Parent Company Balance Sheet *Summary*

SEKm	2024 30 Jun	2023 30 Jun	2023 31 Dec
ASSETS			
Participation rights in group companies	1,029	1,838	1,029
Receivables from group companies	32,815	35,738	31,742
Derivatives	0	0	0
Deferred tax assets	—	52	4
Other receivables	1	53	8
Liquid funds	286	232	1,134
Total assets	34,131	37,914	33,917
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	8,291	10,026	8,444
Deferred tax liability	8	—	—
Interest-bearing liabilities	11,246	15,334	12,277
Derivatives	65	—	121
Liabilities to group companies	14,258	11,745	12,946
Other liabilities	250	729	92
Accrued expenses and prepaid income	13	80	37
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	34,131	37,914	33,917

Key ratios

	2024 3 months Apr–Jun	2023 3 months Apr–Jun	2024 6 months Jan–Jun	2023 6 months Jan–Jun	2023/2024 Rolling 12 months Jul–Jun	2023 12 months Jan–Dec
PROPERTY						
Number of properties	251	272	251	272	251	261
Lettable area, 000 sq.m.	1,981	2,125	1,981	2,125	1,981	2,020
Rental value, SEKm	3,879	4,027	3,879	4,027	3,879	3,827
Rental value per lettable area, SEK/sq.m.	1,958	1,896	1,958	1,896	1,958	1,895
Fair value investment properties, SEKm	50,368	61,378	50,368	61,378	50,369	51,382
Yield requirement valuation, %	5.9	5.3	5.9	5.3	5.9	5.8
Operating margin, %	67	70	64	69	64	67
Occupancy rate, economic, %	85	88	85	88	85	86
Occupancy rate, area, %	75	79	75	79	75	77
Average lease term, years	3.1	3.7	3.1	3.7	3.1	3.2
FINANCIAL						
Equity ratio, %	34	35	34	35	34	33
Leverage, %	43	47	43	47	43	46
Interest coverage ratio	2.5	2.6	2.3	2.6	2.2	2.3
Interest-bearing liabilities, SEKm	22,809	30,727	22,809	30,727	22,809	24,986

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 expenses¹, divided by financial expenses¹.

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

Equity² 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

Interim information January–September 2024	24 October 2024
Year-end report 2024	13 February 2025

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 report is information that Corem Kelly AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act (2007:528). This information was submitted for publication through the agency of the contact persons set out above at 08:00 CEST on 12 July 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.

COREM KELLY AB
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Corem Kelly AB (publ).

Reg.No. 556482–5833 • Registered office: Stockholm • www.kelly.corem.se • info@corem.se