

Corem Property Group AB

Kingdom of Sweden, Real Estate

Rating composition

Business risk profile		
Industry risk profile	BB	BBB-
Competitive position	BBB-	
Financial risk profile		
Credit metrics	BB	BB
Capex coverage	BB+	
Liquidity	+/-0 notches	
Standalone credit assessment		
Supplementary rating drivers		
Financial policy	+/-0 notches	+/-0 notches
Governance & structure	+/-0 notches	
Parent/government support	+/-0 notches	
Peer context	+/-0 notches	
Issuer rating		

Key metrics

	Scope estimates			
	2023	2024	2025E	2026E
Scope credit ratios*				
Scope-adjusted EBITDA interest cover	2.0x	1.9x	1.6x	1.7x
Scope-adjusted debt/EBITDA	12.9x	15.0x	14.5x	15.1x
Scope-adjusted loan/value	54%	54%	52%	51%
Scope-adjusted free operating cash flow/debt	41%	8%	13%	0%
Liquidity	134%	48%	41%	23%

Rating sensitivities

The upside scenarios for the rating and Outlook are (collectively):

- EBITDA interest cover to improve to or above 2.2x
- LTV not significantly exceeding 50%

The downside scenarios for the rating and Outlook are (individually):

- EBITDA interest cover below 1.5x on a sustained basis
- Weaker business risk profile due to i) further asset sales, which could result in lower profitability and/or ii) lower asset quality due to limited investments in the portfolio

*All credit metrics refer to Scope-adjusted figures.

Issuer

BB+

Outlook

Stable

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Related methodologies

[General Corporate Rating Methodology](#), Feb 2025
[European Real Estate Rating Methodology](#), Jun 2025

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1. Key rating drivers

Positive rating drivers	Negative rating drivers
<ul style="list-style-type: none"> Medium-sized commercial real estate company with good access to capital markets Moderate tenant diversification with top three/10 accounting for 10.6%/18% EBITDA margin of around 65% supporting cash generation Property locations in large metropolitan areas and sought-after logistics hubs, leading to good liquidity Disposal strategy to result in significant deleveraging 	<ul style="list-style-type: none"> Decreased portfolio occupancy rate, at 85% in 2025 Below-average weighted average unexpired lease term (WAULT) among Nordic peers posing reletting risk Moderate EBITDA interest cover

2. Rating Outlook

The **Stable Outlook** reflects our expectation that interest coverage will bottom out at around 1.7x by 2025, before improving. Furthermore, the Outlook reflects a broadly unchanged leverage despite further asset sales, as well as the company's continued access to external financing, which will facilitate the refinancing of maturing debt.

3. Corporate profile

Corem Property Group AB (Corem) became one of the largest property companies in Sweden after acquiring Klövern AB in an all-share merger in June 2021. The company has a balanced portfolio with SEK 51bn (as per Q3 2025) of properties under management in office space and logistics, in addition to some retail exposure. The company owns and manages around 266 properties across Sweden, with some exposure to Denmark and the US (New York City). Corem is headquartered in Stockholm and listed on Nasdaq Stockholm large-cap stock exchange.

SEK 51bn of assets under management per Q3 2025

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
23 Dec 2025	Downgrade	BB+/Stable
23 Dec 2024	Affirmation	BBB-/Negative
22 Dec 2023	Affirmation	BBB-/Negative

5. Financial overview (financial data in SEK m)

	Scope estimates					
Scope credit ratios	2022	2023	2024	2025E	2026E	2027E
EBITDA interest cover	2.6x	2.0x	1.9x	1.6x	1.7x	1.9x
Debt/EBITDA	17.4x	12.9x	15.0x	14.5x	15.1x	15.3x
LoanL/value (LTV)	54%	54%	54%	52%	51%	51%
Free operating cash flow/debt	3%	41%	8%	13%	0%	0%
Liquidity	62%	134%	48%	41%	23%	76%
EBITDA						
Reported EBITDA	2,746	2,703	2,201	2,009	1,811	1,822
Other items (incl. one-offs)	-	-	-	-	-	-
EBITDA	2,746	2,703	2,201	2,009	1,811	1,822
Funds from operations (FFO)						
EBITDA	2,746	2,703	2,201	2,009	1,811	1,822
less: interest	(1,042)	(1,386)	(1,173)	(1,245)	(1,067)	(982)
less: cash tax paid	(13)	(13)	(9)	(4)	(137)	(157)
Other non-operating charges before FFO	(37)	(55)	(54)	(77)	(77)	(77)
Funds from operations	1,655	1,249	965	684	530	606
Free operating cash flow (FOCF)						
Funds from operations	1,655	1,249	965	684	529.8	606
Change in working capital	534	(600)	(120)	(206)	12	1
Non-operating cash flow	-	-	-	-	-	-
less: capital expenditures (net)	(600)	13,828	1,640	3,242	(650)	(650)
Other items	-	-	-	-	-	-
Free operating cash flow	1,589	14,477	2,485	3,719	(107)	(43)
Interest						
Net cash interest per cash flow statement	998	1,317	1,098	1,199	1,067	982
add: 50% of interest paid on hybrid debt	44	69	75	46	-	-
add: other items	-	-	-	-	-	-
Interest	1,042	1,386	1,173	1,245	1,067	982
Debt						
Reported financial (senior) debt	49,096	34,710	32,973	29,314	27,614	28,214
add: subordinated (hybrid) debt (net of equity credit)	631	631	566	-	-	-
less: cash and cash equivalents	(2,078)	(429)	(586)	(265)	(229)	(258)
Debt	47,648	34,912	32,953	29,049	27,385	27,956
Market value of total assets						
Total assets	90,862	64,850	61,785	56,078	54,135	54,593
less: cash and cash equivalents	(2,078)	(429)	(586)	(265)	(229)	(258)
Market value of total assets	88,784	64,421	61,199	55,813	53,906	54,336

6. Environmental, social and governance (ESG) profile¹

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Labour management	Management and supervision (supervisory boards and key person risk)
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate)
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity)
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests)

ESG factors:  credit-positive  credit-negative  credit-neutral

Overall, ESG considerations have no effect on the credit rating.

Corem has adopted a sustainability strategy in-line with the UN Sustainable Development Goals, setting ambitious targets: full reliance on renewable energy by 2030, climate neutrality across its value chain by 2035, and the reduction of energy consumption to a maximum of 65 kWh per square meter by 2030.

Aligned with UN development goals

As of year-end 2024, the company already sources 96% of its energy from renewable or climate-compensated sources. Corem emphasises resource efficiency through renovation and recycling initiatives and applies leading environmental certifications – such as Miljöbyggnad (Swedish Green Building Council), BREEAM and LEED – across new developments and refurbishments. From 2023 to 2024, Corem increased its share of certified buildings from 34% to 44%, with certified property values rising from SEK 19.5bn to SEK 24.5bn, through targeted investments. At the same time, Corem increased its share of green assets² from 21% to 31%, despite substantial divestments. Thereby increasing total green property values from SEK 11.4bn to SEK 16.9bn, and moving towards their goal of at least 50% by year 2030. These measures not only strengthen the portfolio's sustainability credentials but also enhance its market appeal and support profitability by sustaining gross rental levels and improving net rent ratios.

¹ These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

² According to Corem's green framework aligned with EU taxonomy regulation's energy performance parameters.

7. Business risk profile: BBB-

The business risk profile is supported by Corem's good market position and diversified property portfolio in metropolitan areas in Sweden with some international exposure in Copenhagen and New York. The profitability also remains good, but asset quality has weakened through decreased occupancy rates and lower WAULT, constraining the overall assessment.

Good overall business risk profile

Corem operates within the commercial real estate sector, which we assess as carrying moderate industry risk.

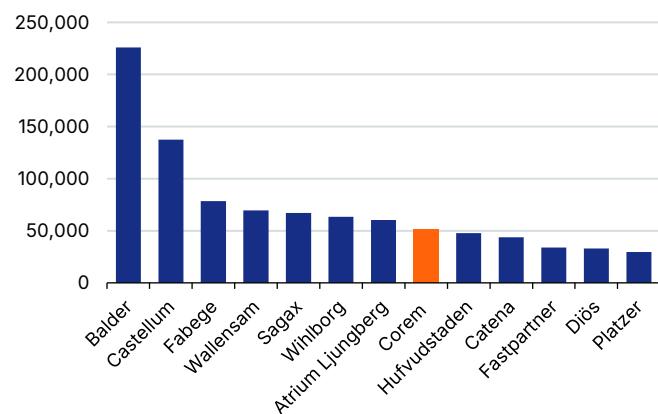
Industry risk profile: BB

The company is a medium-sized real estate company in a Swedish context, with core property values of SEK 51,407m (EUR 4.7bn) and Scope-adjusted total assets of SEK 56,196m (EUR 5.2bn) as of Q3 2025. This equates to 266 properties with a combined 2.1million sq m of total lettable area located across several metropolitan areas in Sweden in addition to Denmark (Copenhagen) and the US (New York).

Diversification remains amid ongoing divestments

In terms of diversification, the company is geographically well spread but with a larger presence in Stockholm. The property portfolio is divided into office (66% by rental income as at end-September 2025), warehouse logistics (14%) and retail/other (20%). The tenant portfolio consists of 2,900 tenants (as at end-September 2025); the top three accounts for around 10.6% of rental income and the top 10 for 18% per year-end 2024. Overall tenant quality is good, where the top 20 has an average investment grade credit quality and 16% of the total tenant portfolio are governmental counterparties such as municipalities and public authorities with very strong credit quality, highlighting the low counterparty risk.

Figure 1: Assets under management vs selected Swedish real estate peers³ (SEK m)



Sources: Scope, Corem, Company accounts

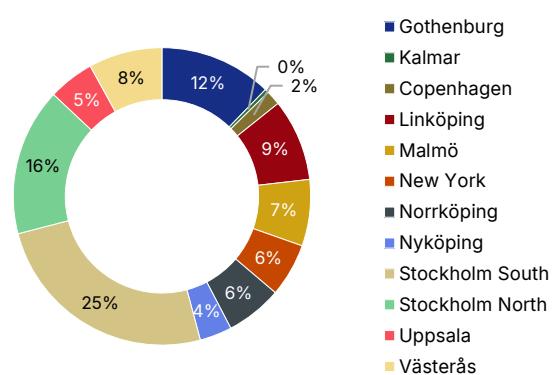
The property portfolio is concentrated in large metropolitan areas such as Stockholm, Gothenburg, Malmö, New York and Copenhagen, making up 72% (2024: 67%) of the portfolio by market value. We define these cities as 'A' locations due to their large stock of office space, high turnover rate and international importance. The increase in the proportion of 'A' locations reflects the company's divestment strategy of releasing properties in non-core, less attractive cities and regions, while retaining real estate in larger metropolitan areas. Of the remaining properties in other regions, 20% (17%) are 'B' locations and 8% are 'C' locations (16%).

Predominantly 'A' locations

Despite the continued presence in attractive locations, occupancy rates have dropped to 85% (2024: 86%) from 89% in 2022, showing a negative momentum. The decline in occupancy directly impairs cash generation capacity and can indirectly affect other key financial indicators.

Occupancy rates at 85%

Figure 2: Geographical area diversification by rental income⁴ (%)



Sources: Scope, Corem

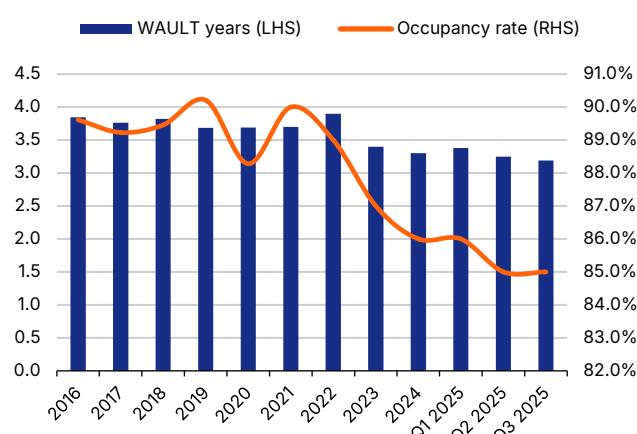
³ As reported per Q3 2025

⁴ As at end of September 2025

The WAULT has also decreased to 3.2 years per Q3 2025 (2024: 3.3) from 3.9 in 2022. This is below the Nordic average of 4.0 years. The combination of shorter leases and lower occupancy rates creates a negative momentum that compounds re-letting risks and increases uncertainty, thereby putting financial metrics under pressure, for example through declining asset valuations. A mitigating factor is Corem's de-facto average length of tenancies, which stands at 15 years. This demonstrates loyalty of the tenants, despite the shorter lease renewals periods.

Higher vacancy rates and shorter lease terms pressure the business risk profile

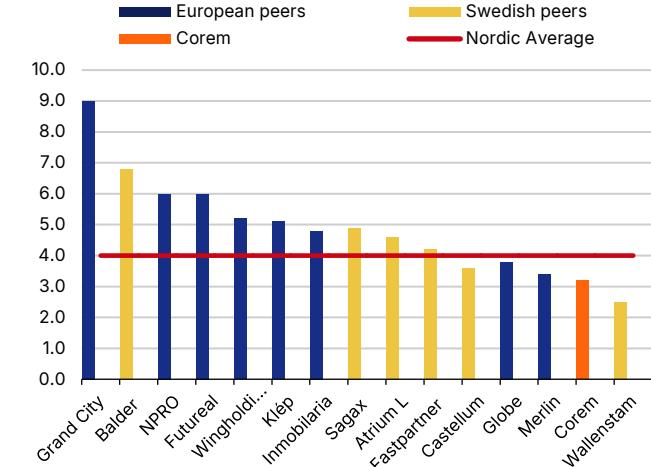
Figure 3: Corem's WAULT (years) and occupancy rate (%)



Sources: Scope, Corem

The company's profitability remains good but faces the effect of fewer income-generating assets. On a triple-net basis (excluding billed through utility costs), the EBITDA margin stood at 66% in 2024 and is expected at 65% in 2025. In addition to the last couple of years' focus on strengthening the balance sheet, Corem has also reduced its cost base, including for external costs, headcounts, and energy costs. Nevertheless, cost cuts have been offset by rising vacancy rates and lower rental income. On this basis we forecast a flat EBITDA margin of 64%-65% in 2026-2027.

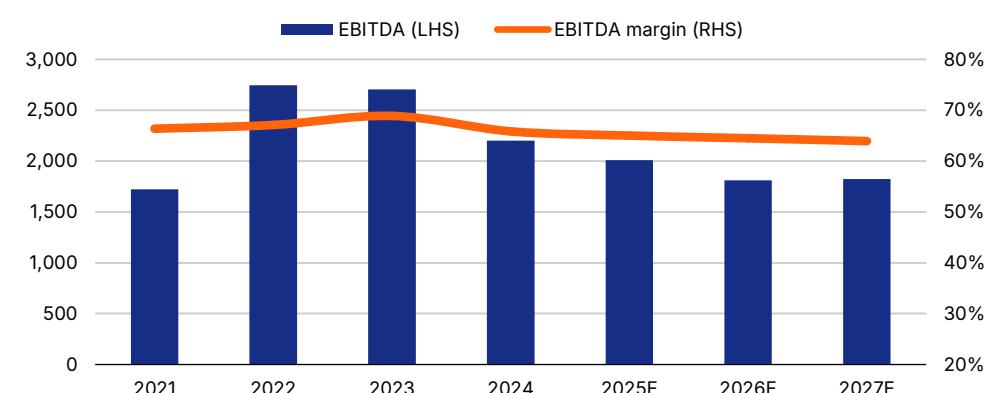
Figure 4: WAULT (years) vs selected peers⁵



Sources: Scope estimates, Corem, Company accounts

Stable profitability

Figure 5: EBITDA (SEK m) and EBITDA margin (%)



Sources: Scope estimates, Corem

⁵ WAULT as per last reported, no later than 12 months to date.

8. Financial risk profile: BB

The company's financial risk profile is constrained by a weaker interest coverage, driven by a high-cost debt structure and declining EBITDA following ongoing asset disposals. The pressure persists despite small improvements in LTV and adequate cash flow generation.

High-cost debt pressure the interest cover

In recent years, Corem has executed a series of asset disposals and repaid higher-cost debt to reinforce its balance sheet amid a challenging commercial real estate environment. This strategic shift follows the 2021 public tender offer and subsequent merger with Klövern, which temporarily left the company overleveraged and burdened by elevated interest costs. At the same time, the sector entered a downturn characterised by declining asset values, rising vacancies and shorter lease terms – factors that pressured Corem's credit metrics, cash flows and overall financial position.

Significant asset disposals and associated debt repayments of SEK 3bn in 2024 and SEK 4.5bn expected in 2025, have enabled the company to offset substantial fair value declines and stabilise its balance sheet.

Strategy to strengthen the balance sheet through asset divestments

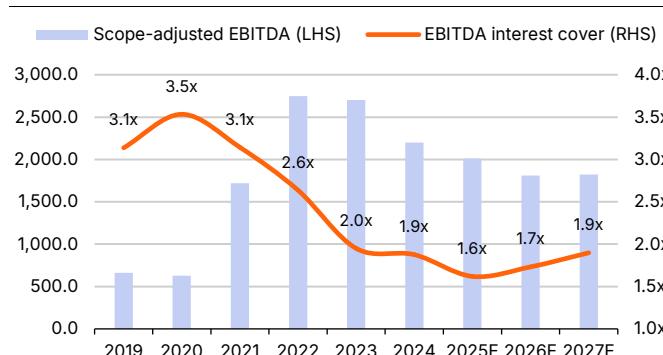
As a result, we expect leverage, as measured by LTV, to improve to around 52% by year-end 2025 from 54% in Q3 2025. This assumes around SEK 2bn in settled property transactions during Q4 2025, with all proceeds earmarked for debt reduction.

Looking ahead, we anticipate further asset sales in 2026, including a Park Avenue property in New York (signed⁶) which would generate SEK 2.3bn in net proceeds given the property's unlevered status. However, we forecast LTV will remain at around 51% during the forecast period, as limited yield migration in relation to rental income will partially offset debt repayments enabled by disposal proceeds to some extent. Leverage also remains high on a cash flow basis, with debt/EBITDA projected at around 14x-15x over 2025–2027, reflecting limited deleveraging through operating performance.

EBITDA interest coverage is projected to decline to around 1.6x by year-end 2025, down from 1.9x in 2024, before recovering to 1.7x in 2026 and 1.9x in 2027, assuming asset disposal proceeds are used for debt reduction. Historically, interest coverage averaged 2.7x (2019–2024) but has weakened over the past 18 months, driven by higher funding costs following previous refinancing. Credit spreads widened significantly during 2022–2024 (3M STIBOR + 370–425 bps), contrasting with recent tightening evidenced by the September 2025 bond issuance (SEK 650m, three-year, at 3M STIBOR + 275 bps). Concurrently, reduced rental income and EBITDA from property disposals have further pressured interest coverage. The lower interest cover gives the company less room to absorb shocks such as rising interest rates or rental income volatility and remain reliant on refinancing at favourable terms.

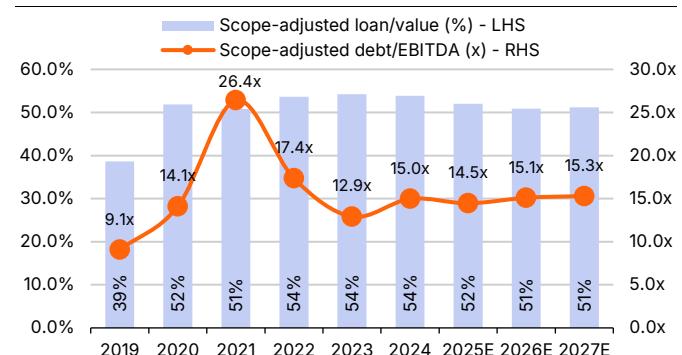
Weaker interest cover constrains the issuer rating

Figure 6: EBITDA (SEK m) and EBITDA interest cover (x)



Sources: Scope estimates, Corem

Figure 7: Debt/EBITDA (x) and loan/value (%)



Sources: Scope estimates, Corem

FOCF driven by asset disposals

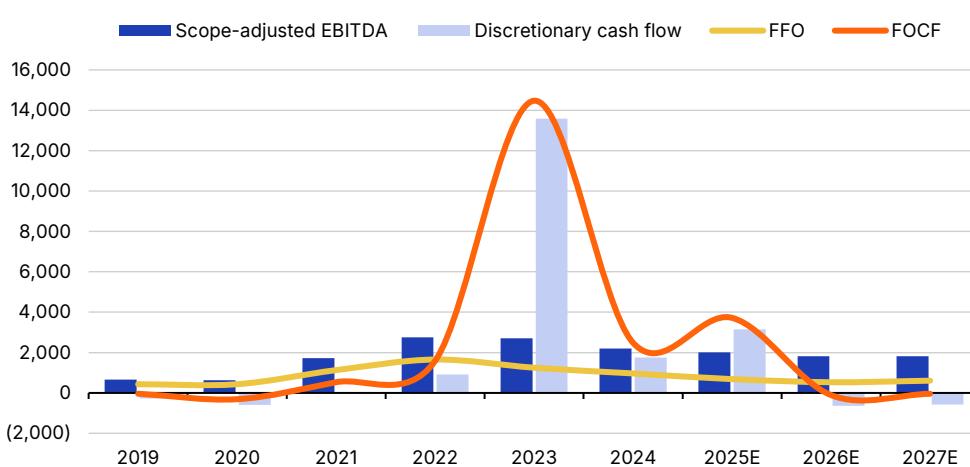
⁶ Transaction subject to certain non-disclosed conditions

FFO is expected to remain broadly stable at SEK 530m–680m over 2025–2027, with FOCF projected to be positive in 2025 but dip into negative territory in 2026 and 2027, primarily driven by the lack of significant asset disposals.

For capex cover, the planned sale of the Park Avenue property in New York is not included, as it was not signed on the date of the latest rating action, 23 December 2025.

Capital expenditure is concentrated on refurbishments and essential maintenance, estimated at SEK 1.3bn in 2025, declining to around SEK 0.65bn annually in 2026–2027. While FOCF remains modestly positive through the investment cycle, it is heavily influenced by disposals, and in the absence of disposals can turn close to break even, with capex largely covered by operating cash generation. Current dividend (or share-buyback) levels are expected to be maintained for 2026 and 2027.

Figure 8: EBITDA, FFO, FOCF and discretionary cash flow (SEK m)



Sources: Scope estimates, Corem

We assess Corem's liquidity position as adequate though somewhat constrained. Like other Nordic peers, Corem rely on relatively short-term funding (most common is 3–5 years). The company uses RCFs and commercial paper for short-term funding needs, while it uses secured bank debt or unsecured bonds for its long-term needs.

Adequate liquidity but stretched

As at Q3 2025, available cash sources totalling SEK 0.3bn in cash and SEK 2.6bn in committed undrawn credit lines do not fully cover upcoming cash uses. These include a negative FOCF of SEK 0.1bn forecast over the next 12 months, as well as SEK 12.4bn in short-term debt maturing within the same period.

However, Scope considers liquidity risk to be manageable in the short to medium term. The agency's view is based on the following: Firstly, the company's unencumbered property pool amounts to SEK 24.4bn in Q3 2025. These assets provide ample opportunity to increase debt on unused collateral. Secondly, in Q3 of 2025, Corem's secured LTV was 44%, enabling the company to increase debt on existing properties should access to the short-term debt market be limited. Thirdly, Scope considers it unlikely that banks will not refinance secured loans pledged in real estate with LTVs below the banks' requirements and assumes that secured debt maturities in 2026 and 2027 will be rolled over. Fourthly, maturing bonds totalling SEK 1.0bn and commercial paper totalling SEK 1.4bn are covered by the current combined cash and uncommitted portion of the SEK 2.7bn revolving credit facilities. Lastly, Corem has demonstrated continued access to diverse funding channels, including the regular issuance of commercial paper, bonds and equity, as well as robust banking relationships across a broad lender base.

Sufficient headroom under current unencumbered property pool

Table 1: Liquidity sources and uses (in SEK m)

	2024	2025E	2026E
Available cash (t-1)	429	586	265
Restricted cash (t-1) ⁷	-	(29)	(13)
Open committed credit lines (t-1)	3,763	2,600	2,600
FOCF (t)	2,485	3,719	(107)
Short-term debt (t-1)	13,830	16,908	12,382
Liquidity	48%	41%	23%

Sources: Scope estimates, Corem

9. Supplementary rating drivers: +/- 0 notches

While supplementary rating drivers have no impact on the issuer rating, we note that the company has a stated commitment to a long-term conservative financial policy, targeting an LTV that enables an investment grade rating and an interest cover of at least 2x.

⁷ A 5% haircut is applied to liquidity sources to account for the risk that liquidity could rapidly diminish during periods of rating migration or financial distress. The size of the haircut reflects the relative strength of Corem's business and financial risk profiles

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