



Fleming Properties AB

Interim report January–September 2021

THIRD QUARTER JULY–SEPTEMBER 2021

- Consolidated rental income for the period amounted to TEUR 1,791 (1,781)
- Net operating income for the period amounted to TEUR 1,515 (1,557)
- Profit for the period amounted to TEUR 2,885 (1,133)

NINE MONTHS, JANUARY–SEPTEMBER 2021

- Consolidated rental income for the period amounted to TEUR 5,384 (5,368)
- Net operating income for the period amounted to TEUR 4,512 (4,611)
- Profit for the period amounted to TEUR 5,276 (2,666)

CEO'S COMMENTS ON THE PERIOD

During the period, operations continued with no changes in direction and with the expected performance trend.

SIGNIFICANT EVENTS DURING THE PERIOD

During the period, the completed Vallilan Toimisto project was settled with the seller, which led to a purchase price adjustment which, together with reversed transfer tax, explains the positive unrealised change in value in profit or loss of TEUR 1,669. In conjunction with this, the remaining budget allocated to the project was repaid in accordance with the underlying transfer agreement.

Market conditions during the period continued to be dominated by concern regarding the spread of COVID-19. This has not impacted the company to date, and company management believes that the risk of a negative impact going forward is low.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The Group's rental guarantee for the vacant premises in Vallilan Toimisto expired on 9 October. Given the long-term secured cash flows via existing leasing agreements combined with a solid liquidity, management assesses that this has no material impact on the Group's operations.

FLEMING PROPERTIES IN BRIEF

Fleming Properties AB, corporate registration number 559207–9544, is a Swedish property company registered in June 2019 and the indirect owner of a property portfolio through subsidiaries. The portfolio comprises approximately 41,000 square metres of lettable area at a property located in Helsinki, Finland, which excluding rental guarantees was approximately 92% leased as of 30 September 2021.

The company's CEO is John Malmström and the company is administered by Pareto Business Management AB.

FINANCIAL OVERVIEW AND SELECTED PERFORMANCE INDICATORS, GROUP

<i>Unless otherwise stated all amounts are in thousand euro (TEUR).</i>	1 Jul 2021 – 30 Sep 2021	1 Jul 2020 – 30 Sep 2020	1 Jan 2021 – 30 Sep 2021	1 Jan 2020 – 30 Sep 2020
Rental income	1,791	1,781	5,384	5,368
Net operating income	1,515	1,557	4,512	4,611
Profit from property management	1,071	1,133	3,147	3,353
Profit for the period	2,885	1,133	5,276	2,666
Earnings per share, EUR	0.48	0.19	0.89	0.45
Market value of properties	132,000	130,000	132,000	130,000
No. of shares outstanding	5,950,000	5,950,000	5,950,000	5,950,000
Surplus ratio, %	84.56	87.42	83.80	85.90
Return on equity, %	20.07	7.94	11.89	6.09
Interest coverage ratio, multiple	4.82	5.06	4.79	5.03
Equity/assets ratio, %	41.74	40.29	41.74	40.29
LTV ratio, %	59.09	60.00	59.09	60.00
Net LTV ratio, %	52.24	50.92	52.24	50.92
EPRA NRV per share, EUR	10.35	9.74	10.35	9.74
Property yield, %	4.59	4.79	4.56	4.73

FINANCIAL PERFORMANCE

The Group's earnings were in line with expectations. The Group's WAULT amounts to 8.0 years by the end of the period – the long-term secured cash flows via the existing leasing agreements and a solid liquidity ensures future investments and dividend.

Property valuations

The Group recognises its investment properties at fair value in accordance with IFRS. The properties are valued twice each year by an external appraiser at the end of the second and fourth quarters. At the balance-sheet date, 30 September 2021, the properties were valued at TEUR 132,000 (131,000).

FINANCING

The Group has a loan with Deutsche Pfandbriefbank AG, with a fixed interest rate of 1.45%. The loan extends until 4 October 2024 and is free of amortisation payments. Capitalised arrangement fees for the loan amounted to TEUR 283 (376) as of 30 September 2021. Interest expenses for the period totalled TEUR 848 (852).

THE SHARE AND SHAREHOLDERS

The company had 516 (376) shareholders at the end of the period.

OTHER INFORMATION

Dividend

The Annual General Meeting held on 30 March 2021 resolved to distribute a dividend of EUR 0.70 per share, corresponding to a total of TEUR 4,165. The dividend will be distributed in four instalments on four different dates during the year. The first and third instalments will amount to EUR 0.18 per share, corresponding to TEUR 1,071. The second and fourth instalments will amount to EUR 0.17 per share, corresponding to TEUR 1,011.5.

The proposed record dates for distribution of the dividend are 1 April 2021, 30 June 2021, 30 September 2021 and 30 December 2021.

Employees

The Group had no employees during the period. The Group is administered by Pareto Business Management AB.

Related-party transactions

An internal management fee was paid between Fleming Properties AB and its subsidiary. No other related-party transactions have taken place.

Significant risks and uncertainties

The economic trend in the market and the business environment has been uncertain due to concern regarding the spread of COVID-19. For Fleming Properties AB, the changed market conditions could entail risks in the form of a decline in property values and the Group's tenant encountering liquidity problems as a result of decreased income and thus difficulties in paying rent. This could also entail difficulties in letting vacant premises in the property portfolio. The Group's rental guarantee for the vacant premises expired on 9 October 2021.

The Group's main risks include a risk of vacancies as a consequence of the tenant terminating its existing lease.

The Group is also exposed to a limited risk associated with operating and maintenance costs since the leases for the let properties stipulate that the tenant is responsible for and will defray most of the operating and maintenance costs. The Group is responsible for operating and maintenance costs related to the external areas of the buildings and to installations such as heating, cooling and ventilation. The Group is also responsible for costs related to property tax and insurance.

Assessments concerning the fair value of the investment properties are based on estimated future cash inflows and outflows, and on a discounting of these with respect to a risk-free interest rate and mark-up. Accordingly, all of these factors comprise future assessments and are uncertain.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in thousand euro, TEUR</i>	1 Jul 2021 – 30 Sep 2021	1 Jul 2020 – 30 Sep 2020	1 Jan 2021 – 30 Sep 2021	1 Jan 2020 – 30 Sep 2020
Rental income	1,791	1,781	5,384	5,368
Operating and maintenance costs	-140	-99	-467	-386
Property tax	-136	-125	-405	-371
Net operating income	1,515	1,557	4,512	4,611
Administration costs	-138	-109	-448	-332
Financial income	12	–	20	6
Financial expenses	-318	-315	-937	-932
Profit from property management	1,071	1,133	3,147	3,353
Unrealised changes in value, properties	1,669		2,669	
Profit before tax	2,740	1,133	5,816	3,353
Tax	145	–	-540	–
Profit for the period	2,885	1,133	5,276	2,666
Earnings per share, EUR	0.48	0.19	0.89	0.45
Average number of shares, thousand	5,950	5,950	5,950	5,950

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in thousand euro, TEUR</i>	30 September 2021	31 December 2020
Assets		
Investment properties	132,000	131,000
Right-of-use assets	854	854
Total non-current assets	132,854	131,854
Rental receivables	60	11
Other current receivables	955	213
Prepaid expenses and accrued income	172	86
Cash and cash equivalents	9,049	11,455
Total current assets	10,236	11,765
TOTAL ASSETS	143,090	143,619
Equity and liabilities		
Share capital	60	60
Non-restricted equity	59,661	58,531
Total equity	59,721	58,591
Borrowings	77,717	77,647
Deferred tax liabilities	1,838	1,319
Non-current lease liabilities	854	854
Total non-current liabilities	80,409	79,820
Accounts payable	312	355
Other current liabilities	2,374	4,662
Accrued expenses and deferred income	274	191
Total current liabilities	2,960	5,208
Total liabilities	83,369	85,028
TOTAL EQUITY AND LIABILITIES	143,090	143,619

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in thousand euro, TEUR</i>	1 Jul 2021 – 30 Sep 2021	1 Jul 2020 – 30 Sep 2020	1 Jan 2021 – 30 Sep 2021	1 Jan 2020 – 30 Sep 2020
Profit from property management	1,071	1,133	3,147	3,353
<i>Non-cash items</i>				
Financial items	23	25	70	71
Tax paid	–	–	-1	–
Cash flow from operating activities before changes in working capital	1,094	1,158	3,216	3,424
<i>Cash flow from changes in working capital</i>				
Decrease in other current receivables	-841	198	-877	6,385
Increase in accounts payable	204	-73	-42	-1,552
Increase in other current liabilities	-682	-895	196	-184
Cash flow from operating activities	-225	388	2,493	8,073
<i>Investing activities</i>				
Repayment of project expenses	–	–	-1,432	–
Investments in current properties	-5	-35	-372	-9,863
Cash flow from investing activities	-5	-35	-1,804	-9,863
<i>Financing activities</i>				
Dividend	-1,012	-1,012	-3,095	-2,083
Cash flow from financing activities	-1,012	-1,012	-3,095	-2,083
Cash flow for the period	-1,242	-659	-2,406	-3,873
Cash and cash equivalents at the beginning of the period	10,291	12,467	11,455	15,681
Cash and cash equivalents at the end of the period	9,049	11,808	9,049	11,808

PARENT COMPANY INCOME STATEMENT

<i>Amounts in thousand euro, TEUR</i>	1 Jul 2021 – 30 Sep 2021	1 Jul 2020 – 30 Sep 2020	1 Jan 2021 – 30 Sep 2021	1 Jan 2020 – 30 Sep 2020
Net sales	10	10	31	30
Administration costs	-59	-69	-180	-191
Operating loss	-49	-59	-149	-161
<i>Profit from financial items</i>				
Financial items	59	68	177	192
Profit after financial items	10	9	28	31
Profit before tax	10	12	28	31
Tax	–	–	–	-673
Profit for the period	10	12	28	-642

PARENT COMPANY BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	30 September 2021	31 December 2020
Assets		
Participations in subsidiaries	47,278	47,278
Non-current receivables from Group companies	7,000	7,000
Total non-current assets	54,278	54,278
Other current receivables	155	126
Prepaid expenses and accrued income	118	84
Cash and cash equivalents	1,275	1,395
Total current assets	1,548	1,605
TOTAL ASSETS	55,826	55,883
EQUITY AND LIABILITIES		
Share capital	60	60
Non-restricted equity	48,038	52,175
Equity	48,098	52,235
Accounts payable	1	10
Current liabilities to Group companies	5,611	2,600
Other current liabilities	2,083	1,012
Accrued expenses and deferred income	33	26
Total current liabilities	7,728	3,648
TOTAL EQUITY AND LIABILITIES	55,826	55,883

GENERAL INFORMATION

Fleming Properties AB, corporate registration number 559207-9544, is a public listed company registered in Sweden and domiciled in Stockholm. The address of the company's head office is Berzelii Park 9, Box 7415, SE-103 91 Stockholm. The operations of the company and its subsidiaries (the Group) encompass owning and managing properties.

ACCOUNTING POLICIES

Fleming Properties AB applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The Parent Company's financial statements have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act.

For full accounting and valuation policies applied in this interim report are the same as those described in the annual report for 2020.

The company prepares five reports each year: an annual report, a half-year report, a year-end and two interim reports.

AUDIT

This report has not been subject to review by the company's auditors.

DEFINITIONS

Earnings per share

Profit for the period divided by the number of shares outstanding

Surplus ratio

Net operating income divided by total rental income

Return on equity

Profit for the period attributable to the Parent Company's shareholders, restated as for 12 months, divided by average equity

Interest coverage ratio

Net operating income less administration costs and plus interest income divided by interest expenses

Equity/assets ratio

Equity divided by total assets

Loan-to-value (LTV) ratio

Liabilities to credit institutions divided by the market value of the properties

Net LTV ratio

Liabilities to credit institutions less cash and cash equivalents divided by the market value of the properties

NRV per share

Equity with add-back of interest-rate derivatives and deferred tax, divided by the number of shares outstanding

Property yield

Net operating income, restated as for 12 months, divided by the market value of the properties.

DECLARATION BY THE BOARD

The Board of Directors and the CEO hereby certify that this report provides a fair and accurate overview of the company's and the Group's operations, financial position and earnings, and describes the material risks and uncertainties faced by the company and the companies included in the Group.

The interim report for Fleming Properties AB was adopted by the Board on 26 November 2021.

Stockholm, 26 November 2021
Fleming Properties AB
Corporate registration number: 559207–9544

Thomas Lindström
Acting Chairman of the Board

Erica Magnergård
Board Member

Patrik von Hacht
Board member

John Malmström
CEO

INFORMATION ON MAR

The information in this interim report is of such a nature that Fleming Properties AB is legally required to disclose pursuant to the EU's Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons above, on 26 November 2021.

REPORTING CALENDAR

22 February 2022	Year-end report
29 March 2022	Annual General Meeting

FOR FURTHER INFORMATION, PLEASE CONTACT

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