



Fleming Properties AB

Interim report 1 January – 30 June 2020

SECOND QUARTER APRIL–JUNE 2020

- Consolidated rental income for the period amounted to TEUR 1,812
- Net operating income for the period totalled TEUR 1,532
- The company reported a profit for the period of TEUR 537

HALF-YEAR JANUARY–JUNE 2020

- Consolidated rental income for the period amounted to TEUR 3,587
- Net operating income for the period totalled TEUR 3,054
- The company reported a profit for the period of TEUR 1,533

CEO'S COMMENTS ON THE PERIOD

Despite the current global crisis, with an on-going pandemic, we can confirm that the operations performed according to plan for the first quarter of the year. The company's sole tenant SOK, one of Finland's biggest companies within the daily goods and service sector, has shown great resilience during the pandemic.

SIGNIFICANT EVENTS DURING THE PERIOD

Market conditions changed during the period due to the concern regarding the spread of COVID-19.

FINANCIAL OVERVIEW AND SELECTED PERFORMANCE INDICATORS, GROUP

As the company is newly formed, there are no historical comparative figures for earlier periods.

<i>Unless otherwise stated all amounts are in thousand euro (TEUR).</i>	1 Apr 2020 30 Jun 2020	1 Jan 2020 30 Jun 2020
Rental income	1,812	3,587
Net operating income	1,532	3,054
Profit from property management	1,113	2,220
Profit for the period	537	1,533
Earnings per share, EUR	0.09	0.26
Market value of properties	130,000	130,000
No. of shares outstanding	5,950,000	5,950,000
Surplus ratio, %	84.5	85.1
Return on equity, %	3.7	5.3
Interest coverage ratio, multiple	5.0	5.0
Equity/assets ratio, %	39.3	39.3
LTV ratio, %	60.0	60.0
EPRA NAV per share, EUR	9.5	9.5
Property yield, %	4.7	4.7

This has not impacted the company to date, and company management believes that the risk of a negative impact going forward is low.

The final phase of the total renovation of the Vallilan Toimisto property was completed and we are now looking forward to intensifying letting activities for the vacant premises. The Group has a rental guarantee for the vacant premises until 9 October 2021. No new leases have so far been signed.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No events of a significant character took place during the period.

FLEMING PROPERTIES IN BRIEF

Fleming Properties AB (publ), 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 was approximately 89% leased as of 30 June 2020.

The company's CEO is Robin Englén and the company is administered by Pareto Business Management AB.

FINANCIAL PERFORMANCE

The Group's earnings were in line with expectations and the scope of the Group's operations remained unchanged.

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 June 2020, the properties were valued at TEUR 130,000, which was also the value at 31 December 2019.

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 400 as of 30 June 2020. Interest expenses for the period totalled TEUR 566.

THE SHARE AND SHAREHOLDERS

The company had 361 shareholders at the end of the period.

OTHER INFORMATION

Dividend

The Annual General Meeting held on 28 April 2020 resolved to distribute a dividend of EUR 0.70 per share, corresponding to a total of TEUR 4,165. Dividend payments will be made on four occasions during the year with four part-payments. The first and third part-payments would amount to EUR 0.18 per share, corresponding to TEUR 1,071. The second and fourth part-payments would amount to EUR 0.17 per share, corresponding to TEUR 1,011.5.

The record dates for payment of the dividends have been set at 30 April 2020, 30 June 2020, 30 September 2020 and 30 December 2020.

Employees

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

Related-party transactions

A group 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 has a rental guarantee for the vacant premises until 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 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 Apr 2020 30 Jun 2020	1 Jan 2020 30 Jun 2020
Rental income	1,812	3,587
Operating and maintenance costs	-157	-287
Property tax	-123	-246
Net operating income	1,532	3,054
Administration costs	-118	-223
Financial income	6	7
Financial expenses	-307	-618
Profit from property management	1,113	2,220
Profit before tax	1,113	2,220
Tax	-576	-687
Profit for the period	537	1,533
Earnings per share, EUR	0.09	0.26
Average number of shares, thousand	5,950	5,950

CONSOLIDATED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	30 June 2020	31 December 2019
Assets		
Investment properties	130,000	130,000
Deferred tax assets	–	373
Right-of-use assets	854	854
Total non-current assets	130,854	131,227
Rental receivables	11	11
Other current receivables	441	2,018
Prepaid expenses and accrued income	112	4,722
Cash and cash equivalents	12,467	15,681
Total current assets	13,031	22,432
TOTAL ASSETS	143,885	153,659
Equity and liabilities		
Share capital	60	60
Non-restricted equity	56,426	59,058
Total equity	56,486	59,118
Borrowings	77,600	77,553
Deferred tax liabilities	311	–
Non-current liabilities	854	854
Total non-current liabilities	78,765	78,407
Accounts payable	105	1,584
Other current liabilities	7,244	13,973
Accrued expenses and deferred income	1,285	577
Total current liabilities	8,634	16,134
Total liabilities	87,399	94,541
TOTAL EQUITY AND LIABILITIES	143,885	153,659

CONSOLIDATED CASH-FLOW STATEMENT

<i>Amounts in thousand euro, TEUR</i>	1 Apr 2020 30 Jun 2020	1 Jan 2020 30 Jun 2020
Profit from property management	1,113	2,220
<i>Non-cash items</i>		
Financial items	22	46
Cash flow from operating activities before changes in working capital	1,135	2,266
<i>Cash flow from changes in working capital</i>		
Decrease in other current receivables	-275	6,187
Increase in accounts payable	-1,960	-1,479
Increase in other current liabilities	-426	711
Cash flow from operating activities	-1,526	7,685
<i>Investing activities</i>		
Investments in current properties	-3,252	-9,828
Cash flow from investing activities	-3,252	-9,828
<i>Financing activities</i>		
Dividend	-1,071	-1,071
Cash flow from financing activities	-1,071	-1,071
Cash flow for the period	-5,849	-3,214
Cash and cash equivalents at the beginning of the period	18,316	15,681
Cash and cash equivalents at the end of the period	12,467	12,467

PARENT COMPANY INCOME STATEMENT

<i>Amounts in thousand euro, TEUR</i>	1 Apr 2020 30 Jun 2020	1 Jan 2020 30 Jun 2020
Net sales	10	20
Administration costs	-64	-122
Operating loss	-54	-102
<i>Profit/loss from financial items</i>		
Financial income	66	124
Profit after financial items	12	22
Profit before tax	12	22
Tax	-673	-673
Profit for the period	661	-651

PARENT COMPANY'S CONDENSED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	30 June 2020	31 December 2019
Assets		
Participations in subsidiaries	47,278	47,278
Non-current receivables from Group companies	7,000	7,000
Deferred tax assets	–	673
Total non-current assets	54,278	54,951
Current receivables from Group companies	–	954
Other current receivables	92	56
Prepaid expenses and accrued income	96	81
Cash and cash equivalents	1,750	1,081
Total current assets	1,938	2,172
TOTAL ASSETS	56,216	57,123
EQUITY AND LIABILITIES		
Share capital	60	60
Non-restricted equity	52,146	56,962
Equity	52,206	57,022
Accounts payable	84	5
Current liabilities to Group companies	800	86
Other current liabilities	3,098	–
Accrued expenses and deferred income	28	10
Total current liabilities	4,010	101
TOTAL EQUITY AND LIABILITIES	56,216	57,123

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.

IFRS 16 Leases is applied as of 1 July 2019 and replaces IAS 17. Under the new standard, all leases are to be recognised in the balance sheet, except for leases with a term of 12 months or less or where the underlying asset is of a low value. In its capacity as lessee, Fleming Properties AB carried out a detailed review and analysis of the Group's leases, which resulted in one leasehold agreement being identified as the only lease. Fleming Properties AB recognises one leasehold agreement corresponding to TEUR 854 as an asset and as a corresponding liability item. The leasehold fee linked to this lease that was previously recognised under net operating income is now recognised under financial expenses in net financial items. The expenses for 2020 amounted to approximately TEUR 3.

The Parent Company's financial statements have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The accounting and valuation policies applied in this interim report are the same as those described on pages 12–16 of the annual report for 2019.

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

For full accounting policies, refer to the Group's annual report for 2019.

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

EPRA NAV per share

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

Interest coverage ratio

Net operating income less administration costs and plus financial 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

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 (publ) was adopted by the Board on 26 August 2020.

Stockholm, 26 August 2020
Fleming Properties AB (publ)
Corporate registration number: 559207–9544

Hanna Ekdahl
Chairman

Thomas Lindström
Board member

Erica Magnergård
Board member

Patrik von Hacht
Board member

Robin Englén
CEO

This interim report has been published in Swedish and English. In case of any discrepancy between versions, the Swedish version is to take precedence.

INFORMATION ON MAR

The information in this interim report is of such a nature that Fleming Properties AB (publ) 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 August 2020.

REPORTING CALENDAR

25 November 2020	Interim report Q3
23 February 2021	Year-end report

FOR FURTHER INFORMATION, PLEASE CONTACT

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