



Fleming Properties AB

Interim report January–September 2020

THIRD QUARTER JULY–SEPTEMBER 2020

- Consolidated rental income for the period amounted to TEUR 1,781
- Net operating income for the period totalled TEUR 1,557
- The company reported a profit for the period of TEUR 1,133

NINE MONTHS, JANUARY–SEPTEMBER 2020

- Consolidated rental income for the period amounted to TEUR 5,368
- Net operating income for the period totalled TEUR 4,611
- The company reported a profit for the period of TEUR 2,666

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 three quarters of the year.

SIGNIFICANT EVENTS DURING THE PERIOD

Market conditions changed during the period due to the 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.

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.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

In November, the first lease was signed for the vacant portion of the newly renovated Vallilan Toimisto property. The new lease encompasses 465 square metres with a term of 36 months and a total lease value, including add-on charges, of approximately TEUR 100. The tenant is Finnish media company Giggiebug Entertainment Oy.

The board appointed John Malmström as new CEO 9 November 2020. He will take over the role 1 December 2020.

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 September 2020, excluding rental guarantee.

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

FINANCIAL OVERVIEW AND SELECTED PERFORMANCE INDICATORS, GROUP

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

	Jul–Sep 2020	Jan–Sep 2020
<i>Unless otherwise stated all amounts are in thousand euro (TEUR).</i>		
Rental income	1,781	5,368
Net operating income	1,557	4,611
Profit from property management	1,133	3,353
Profit for the period	1,133	2,666
Earnings per share, EUR	0.19	0.45
Market value of properties	130,000	130,000
No. of shares outstanding	5,950,000	5,950,000
Surplus ratio, %	87.4	85.9
Return on equity, %	7.9	6.1
Interest coverage ratio, multiple	5.1	5.0
Equity/assets ratio, %	40.3	40.3
LTV ratio, %	60.0	60.0
EPRA NAV per share, EUR	9.7	9.7
Property yield, %	4.8	4.7

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 September 2020, the properties were valued at TEUR 130,000, which was also the value at 30 June 2020.

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 376 as of 30 September 2020. Interest expenses for the period totalled TEUR 852.

THE SHARE AND SHAREHOLDERS

The company had 376 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 were 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

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 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>	Jul-Sep 2020	Jan-Sep 2020
Rental income	1,781	5,368
Operating and maintenance costs	-99	-386
Property tax	-125	-371
Net operating income	1,557	4,611
Administration costs	-109	-332
Financial income	–	6
Financial expenses	-315	-932
Profit from property management	1,133	3,353
Profit before tax	1,133	3,353
Tax	–	-687
Profit for the period	1,133	2,666
Earnings per share, EUR	0.19	0.45
Average number of shares, thousand	5,950	5,950

CONSOLIDATED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	30 Sep 2020	31 Dec 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	166	2,018
Prepaid expenses and accrued income	189	4,722
Cash and cash equivalents	11,808	15,681
Total current assets	12,174	22,432
TOTAL ASSETS	143,028	153,659
Equity and liabilities		
Share capital	60	60
Non-restricted equity	57,560	59,058
Total equity	57,620	59,118
Borrowings	77,624	77,553
Deferred tax liabilities	312	–
Non-current lease liabilities	854	854
Total non-current liabilities	78,790	78,407
Accounts payable	32	1,584
Other current liabilities	6,262	13,973
Accrued expenses and deferred income	324	577
Total current liabilities	6,618	16,134
Total liabilities	85,408	94,541
TOTAL EQUITY AND LIABILITIES	143,028	153,659

CONSOLIDATED CASH-FLOW STATEMENT

<i>Amounts in thousand euro, TEUR</i>	Jul-Sep 2020	Jan-Sep 2020
Profit from property management	1,133	3,353
<i>Non-cash items</i>		
Financial items	25	71
Cash flow from operating activities before changes in working capital	1,158	3,424
<i>Cash flow from changes in working capital</i>		
Decrease in other current receivables	198	6,385
Increase in accounts payable	-73	-1,552
Increase in other current liabilities	-895	-184
Cash flow from operating activities	388	8,073
<i>Investing activities</i>		
Investments in current properties	-35	-9,863
Cash flow from investing activities	-35	-9,863
<i>Financing activities</i>		
Dividend	-1,012	-2,083
Cash flow from financing activities	-1,012	-2,083
Cash flow for the period	-659	-3,873
Cash and cash equivalents at the beginning of the period	12,467	15,681
Cash and cash equivalents at the end of the period	11,808	11,808

PARENT COMPANY INCOME STATEMENT

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

PARENT COMPANY'S CONDENSED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	30 Sep 2020	31 Dec 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	97	56
Prepaid expenses and accrued income	54	81
Cash and cash equivalents	1,504	1,081
Total current assets	1,655	2,172
TOTAL ASSETS	55,933	57,123
EQUITY AND LIABILITIES		
Share capital	60	60
Non-restricted equity	52,155	56,962
Equity	52,215	57,022
Accounts payable	4	5
Current liabilities to Group companies	1,600	86
Other current liabilities	2,083	-
Accrued expenses and deferred income	31	10
Total current liabilities	3,718	101
TOTAL EQUITY AND LIABILITIES	55,933	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 7.

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

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

EPRA NAV 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 (publ) was adopted by the Board on 25 November 2020.

Stockholm, 25 November 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

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 25 November 2020.

REPORTING CALENDAR

23 February 2021	Year-end report
30 March 2021	AGM

FOR FURTHER INFORMATION, PLEASE CONTACT

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