



Fleming Properties AB

Year-end report January – December 2020

FULL YEAR, JANUARY – DECEMBER 2020

- Consolidated rental income for the period amounted to TEUR 7,132 (1,568)
- Net operating income for the period amounted to TEUR 6,071 (1,363)
- Profit for the period amounted to TEUR 3,638 (2,091)

FOURTH QUARTER, OCTOBER – DECEMBER 2020

- Consolidated rental income for the period amounted to TEUR 1,764 (1,568)
- Net operating income for the period amounted to TEUR 1,460 (1,363)
- Profit for the period amounted to TEUR 972 (2,091)

CEO'S COMMENTS ON THE PERIOD

Despite the current global crisis, with an ongoing pandemic, the company's operations and results performed stably and according to plan in 2020. The total renovation of Vallilan Toimisto was completed and two leases were signed in the fourth quarter for the vacant premises with an annual rental value of TEUR 193 incl. supplements.

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 total renovation of the Vallilan Toimisto property was completed whereupon letting efforts intensified. In the fourth quarter two leases were signed for occupancy in 2021 with an annual rental value of TEUR 193 including add-ons. The Group has a rental guarantee for the vacant premises until 9 October 2021.

On 9 November 2020, the Board appointed John Malmström as the company's new CEO and he took over the role on 1 December 2020.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No significant events have taken place after the end of the financial year.

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 92.4 % let as of 31 December 2020, excluding the rental guarantee.

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 Oct 2020 – 31 Dec 2020	1 Oct 2019 – 31 Dec 2019	1 Jan 2020 – 31 Dec 2020	3 Jun 2019 – 31 Dec 2019
Rental income	1,764	1,568	7,132	1,568
Net operating income	1,460	1,363	6,071	1,363
Profit from property management	979	900	4,332	900
Profit for the period	972	2,091	3,638	2,091
Earnings per share, EUR	0.16	0.35	0.61	0.35
Market value of properties	131,000	130,000	131,000	130,000
No. of shares outstanding	5,950,000	5,950,000	5,950,000	5,950,000
Surplus ratio, %	82.77	86.92	85.12	86.92
Return on equity, %	6.69	15.55	6.18	15.55
Interest coverage ratio, multiple	4.03	4.62	4.45	4.62
Equity/assets ratio, %	40.80	38.47	40.80	38.47
LTV ratio, %	59.54	59.66	59.54	59.66
EPRA NRV per share, EUR	10.02	9.94	10.02	9.94
Property yield, %	4.46	4.61	4.63	4.61

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, 31 December 2020, the properties were valued at TEUR 131,000 (130,000).

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 353 as of 31 December 2020. Interest expenses for the period totalled TEUR 1,147.

THE SHARE AND SHAREHOLDERS

The company had 391 shareholders at the end of the period.

OTHER INFORMATION

Dividend

Ahead of the Annual General Meeting 2021, the Board of Directors proposes a dividend of EUR 0.7 per share, corresponding to a total of TEUR 4,165. The Board also proposes distribution of the dividend through four instalments on four different dates during the year. The first and third instalments would amount to EUR 0.18 per share, corresponding to TEUR 1,071. The second and fourth instalments would 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 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 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 Oct 2020 – 31 Dec 2020	1 Oct 2019 – 31 Dec 2019	1 Jan 2020 – 31 Dec 2020	3 Jun 2019 – 31 Dec 2019*
Rental income	1,764	1,568	7,132	1,568
Operating and maintenance costs	-126	-91	-512	-91
Property tax	-178	-114	-549	-114
Net operating income	1,460	1,363	6,071	1,363
Administration costs	-163	-158	-495	-158
Financial income	5	1	11	1
Financial expenses	-323	-306	-1,255	-306
Profit from property management	979	900	4,332	900
<i>Changes in value</i>				
Properties, unrealised	1,000	1,500	1,000	1,500
Profit before tax	1,979	2,400	5,332	2,400
Tax	-1	-9	-1	-9
Deferred tax	-1,006	-300	-1,693	-300
Profit for the period	972	2,091	3,638	2,091
Earnings per share, EUR	0.16	0.35	0.61	0.35
Average number of shares, thousand	5,950	5,950	5,950	5,950

**The company was dormant until 9 October, when the properties were acquired.*

CONSOLIDATED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	31 Dec 2020	31 Dec 2019
Assets		
Investment properties	131,000	130,000
Deferred tax assets	–	373
Right-of-use assets	854	854
Total non-current assets	131,854	131,227
Rental receivables	11	11
Other current receivables	213	2,018
Prepaid expenses and accrued income	86	4,722
Cash and cash equivalents	11,455	15,681
Total current assets	11,765	22,432
TOTAL ASSETS	143,619	153,659
Equity and liabilities		
Share capital	60	60
Non-restricted equity	58,531	59,058
Total equity	58,591	59,118
Borrowings	77,647	77,553
Deferred tax liabilities	1,319	–
Non-current lease liabilities	854	854
Total non-current liabilities	79,820	78,407
Accounts payable	355	1,584
Other current liabilities	4,662	13,973
Accrued expenses and deferred income	191	577
Total current liabilities	5,208	16,134
Total liabilities	85,028	94,541
TOTAL EQUITY AND LIABILITIES	143,619	153,659

CONSOLIDATED CASH-FLOW STATEMENT

<i>Amounts in thousand euro, TEUR</i>	1 Oct 2020 – 31 Dec 2020	1 Oct 2019 – 31 Dec 2019	1 Jan 2020 – 31 Dec 2020	3 Jun 2019 – 31 Dec 2019*
Profit from property management	979	900	4,332	900
<i>Non-cash items</i>				
Financial items	12	282	92	282
Tax paid	–	–	-9	–
Cash flow from operating activities before changes in working capital	991	1,182	4,415	1,182
<i>Cash flow from changes in working capital</i>				
Decrease in other current receivables	56	-2,010	6,441	-2,010
Increase in accounts payable	323	1,584	-1,229	1,584
Increase in other current liabilities	-432	-2,318	-616	-2,318
Cash flow from operating activities	938	-1,562	9,011	-1,562
<i>Investing activities</i>				
Acquisition of investment properties	–	-109,826	–	-109,826
Investments in current properties	-220	-6,817	-10,083	-6,817
Cash flow from investing activities	-220	-116,643	-10,083	-116,643
<i>Financing activities</i>				
Formation of company	–	–	–	-60
Impairment of share capital	–	–	–	60
New share issue	–	–	–	59,500
Issue costs	–	–	–	-3,146
Borrowings	–	77,532	–	77,532
Dividend	-1,071	–	-3,154	–
Cash flow from financing activities	-1,071	77,532	-3,154	133,886
Cash flow for the period	-353	-40,673	-4,226	15,681
Cash and cash equivalents at the beginning of the period	11,808	56,354	15,681	–
Cash and cash equivalents at the end of the period	11,455	15,681	11,455	15,681

**The company was dormant until 9 October, when the properties were acquired.*

PARENT COMPANY INCOME STATEMENT

<i>Amounts in thousand euro, TEUR</i>	1 Oct 2020 – 31 Dec 2020	1 Oct 2019 – 31 Dec 2019	1 Jan 2020 – 31 Dec 2020	3 Jun 2019 – 31 Dec 2019
Net sales	10	867	40	867
Administration costs	-54	-930	-248	-930
Operating loss	-44	-63	-208	-63
<i>Profit from financial items</i>				
Financial income	64	59	259	59
Profit after financial items	20	-4	51	-4
Profit/loss before tax	20	-4	51	-4
Tax	–		-673	
Profit/loss for the period	20	-4	-622	-4

PARENT COMPANY'S CONDENSED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	31 Dec 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	126	56
Prepaid expenses and accrued income	84	81
Cash and cash equivalents	1,395	1,081
Total current assets	1,605	2,172
TOTAL ASSETS	55,883	57,123
EQUITY AND LIABILITIES		
Share capital	60	60
Non-restricted equity	52,175	56,962
Equity	52,235	57,022
Accounts payable	10	5
Current liabilities to Group companies	2,600	86
Other current liabilities	1,012	–
Accrued expenses and deferred income	26	10
Total current liabilities	3,648	101
TOTAL EQUITY AND LIABILITIES	55,883	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.

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 in the annual report for 2020.

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 2020.

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 year-end report for Fleming Properties AB (publ) was adopted by the Board on 23 February 2021.

Stockholm, 23 February 2021
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

John Malmström
CEO

INFORMATION ON MAR

The information in this year-end 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, on 23 February 2021.

ANNUAL GENERAL MEETING

The Board intends to call the shareholders to the company's Annual General Meeting in Stockholm at 10:00 a.m. on 30 March 2021. The notice will be published on www.flemingproperties.se. The 2020 annual report will be available on the company's website at 9 March 2021 latest and includes the full accounting policies.

REPORTING CALENDAR

30 March 2021 Annual General Meeting
25 May 2021 Interim report

FOR FURTHER INFORMATION, PLEASE CONTACT

John Malmström, Chief Executive Officer
John.malmstrom@paretosec.com
+ 46 (0)8 402 53 84

Ingeborg Magnusson, IR Contact
Ingeborg.magnusson@paretosec.com
+ 46 (0)8 402 51 05

Fleming Properties AB (publ)
c/o Pareto Business Management AB
Box 7415
SE-103 91 Stockholm, Sweden

Corporate registration number: 559207–9544
www.flemingproperties.se