



Year-end report

2023

FULL YEAR, JANUARY – DECEMBER 2023

- Group revenue for the period amounted to TEUR 7,376 (6,932)
- Net operating income for the period amounted to TEUR 5,890 (5,487)
- Profit from property management for the period amounted to TEUR 4,045 (3,742)
- Profit/loss for the period was TEUR -14,763 (-2,805)

FOURTH QUARTER, OCTOBER – DECEMBER 2023

- Group revenue for the period amounted to TEUR 1,856 (1,813)
- Net operating income for the period amounted to TEUR 1,506 (1,378)
- Profit from property management for the period amounted to TEUR 1,007 (984)
- Profit/loss for the period was TEUR -12,564 (-6,679)

CEO'S COMMENTS ON THE PERIOD

Operations have proceeded according to plan and followed the expected earnings trend with the company posting an improved year-on-year profit from property management. During the period, the company has continued to focus intently on lettings and refinancing in 2024.

SIGNIFICANT EVENTS DURING THE PERIOD

Tenants have moved back to the restored areas damaged by the fire in the adjacent property in December 2021. As of September, the restoration project is complete and a final inspection has been conducted. The company has been compensated by insurance for costs related to restoring the premises and for loss of revenue.

In conjunction with the completion of the restoration, it was pleasing to welcome a new tenant to the property and, during the period, the premises have been adapted for Houston Inc.'s operations. The letting encompasses some 600 m² of office space on a five-year lease.

SOK notified the company prior to the year end of its decision to exercise one of two break options in its lease, meaning that SOK will relinquish an area of approximately 3,400 square metres and 44

parking spaces as of 31 December 2025, corresponding to 9.4% of the area and 10.0% of the parking spaces included in the lease.

The period continued to be dominated by high inflation and a sharp increase in financing costs, which applied further pressure on property sector valuations. For the company, this is reflected in a reported unrealised change in value of TEUR -14,131 (-7,176), primarily as a result of increased property yields.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The company has entered into a management services agreement with Colony Real Estate AB (publ) with the aim of reinforcing the company's local presence and strengthening the company's offering to the lettings market. The agreement involves the company adding resources, experience and know-how related to lettings, marketing, conceptualisation and property development. The agreement also includes operational property management services. The company believes that the addition of expertise and more active, local property management will make it more competitive and better equipped in the lettings market, thereby generating value for tenants and ultimately the company's shareholders.

In the beginning of January 2024, the company repaid loan principal of TEUR 5,218. The principal repayment was in line with the communicated strategy to strengthen the company's balance sheet ahead of the refinancing. Given the company's strong liquidity, this entails no liquidity challenges for the business. After the repayments in January, the company's debt amounted to TEUR 72,197.

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. The company's CEO is John Malmström and the company is administered by Pareto Business Management AB. The company's shares have been traded on Spotlight Stock Market since 14 October 2019.

FINANCIAL OVERVIEW AND SELECTED PERFORMANCE INDICATORS, GROUP

| <i>Unless otherwise stated all amounts are in thousand euro (TEUR).</i> | 1 Jan 2023 | 1 Jan 2022 | 1 Oct 2023 | 1 Oct 2022 |
|---|--------------|--------------|--------------|--------------|
| | -31 Dec 2023 | -31 Dec 2022 | -31 Dec 2023 | -31 Dec 2022 |
| Revenue | 7,376 | 6,932 | 1,856 | 1,813 |
| Net operating income | 5,890 | 5,487 | 1,506 | 1,378 |
| Profit from property management | 4,045 | 3,742 | 1,007 | 984 |
| Profit/loss for the period | -14,763 | -2,805 | -12,564 | -6,679 |
| Profit from property management per share, EUR | 0.68 | 0.63 | 0.17 | 0.17 |
| Earnings per share, EUR | neg. | neg. | neg. | neg. |
| Equity per share, EUR | 6.80 | 9.28 | 6.80 | 9.28 |
| Market value of properties | 115,300 | 129,000 | 115,300 | 129,000 |
| No. of shares outstanding | 5,950,000 | 5,950,000 | 5,950,000 | 5,950,000 |
| Surplus ratio, % | 79.85 | 79.15 | 81.17 | 75.98 |
| Return on equity, % | neg. | neg. | neg. | -45.91 |
| Interest coverage ratio, multiple | 4.50 | 4.40 | 4.13 | 4.52 |
| Equity/assets ratio, % | 32.17 | 40.02 | 32.17 | 40.02 |
| LTV ratio, % | 67.14 | 60.47 | 67.14 | 60.47 |
| Net LTV ratio, % | 59.01 | 54.43 | 59.01 | 54.43 |
| NRV per share, EUR | 7.86 | 9.55 | 7.86 | 9.55 |
| Property yield, % | 5.11 | 4.25 | 5.23 | 4.27 |
| Implicit property yield, % | 6.96 | 5.19 | 7.12 | 5.21 |

SHARE RELATED PERFORMANCE INDICATORS, SEK

| | 1 Jan 2023 –31 Dec 2023 | 1 Jan 2022 –31 Dec 2022 | 1 Oct 2023 –31 Dec 2023 | 1 Oct 2022 –31 Dec 2022 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Profit from property management per share, SEK | 7.54 | 12.96 | 1.84 | 1.84 |
| Earnings per share, SEK | neg. | neg. | neg. | neg. |
| Equity per share, SEK | 75.44 | 103.27 | 75.44 | 103.27 |
| NRV per share, SEK | 87.18 | 106.30 | 87.18 | 106.30 |
| Stock market price per balance sheet day, SEK | 29.60 | 68.50 | 29.60 | 68.50 |
| EUR/SEK per balance sheet day | 11.10 | 11.13 | 11.10 | 11.13 |

FINANCIAL PERFORMANCE

The Group's profit from property management has tracked expectations. The Group has long-term secured cash flows via the existing lease agreements with indexation clauses and future investments are ensured through solid liquidity, which will enable the company to change the capital structure to meet the changed market conditions for the coming refinancing.

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, licensed and independent valuation institute at the end of the second and fourth quarters. At the balance-sheet date, the properties were valued at TEUR 115,300 (129,000).

Leases

On 31 December 2023, the company's occupancy rate was about 92%. Of the total rental value, 96% pertains to leases signed with SOK, one of Finland's largest companies operating in several business areas, including grocery retail and the service industry. The leases with SOK extend until 31 December 2030 and include break options that permit the company to relinquish 9.4% and 15.9% of its contracted space from 31 December 2025 and 31 December 2027, respectively. Exercise of the options requires notice of not less than 24 months and SOK notified of its intent before the end of the year to exercise the former of the two options. As of the balance-sheet date, the average remaining lease term was 6.4 years. All leases contain indexation clauses that adjust one hundred per cent of the base rent pursuant to the CPI. As of 1 January 2024, a 4.8% upward adjustment was made to the rents.

Financing

The Group has an interest-only loan with Deutsche Pfandbriefbank AG that amounted to TEUR 77,415 as of 31 December 2023. The loan is subject to a fixed interest rate of 1.45% and extends until 10 July 2024. Interest expenses for the period totalled TEUR 1,193 (1,137). The year-on-year change in interest expense pertained to the accounting effects of corrected accruals and the interest expense is de facto unchanged.

The share and shareholders

The company had 781 (632) shareholders at the end of the period.

OTHER INFORMATION

Dividend

The Board of Directors proposes ahead of the 10 March 2024 Annual General Meeting that no dividend be distributed to shareholders. The proposal is based on the assessment that, over time, it is of greater value for the company to strengthen its balance sheet ahead of the refinancing.

Employees

The Group had no employees during the period. The Group is administered by Pareto Business Management AB, Colony Real Estate AB (publ) and Newsec.

Related-party transactions

Transactions between Fleming Properties AB and its subsidiaries included payments of interest on internal loans and an intra-Group management fee. Under IAS 24, Pareto Business Management AB is a related party to Fleming Properties AB through the provision of services under business management agreements. Pareto Securities AB, which is an affiliate of Pareto Business Management AB, has provided corporate advisory services to Fleming Properties AB.

Consultancy fees amounting to SEK 40,000 were also paid to the company's Chairman of the Board during the period pertaining to consultation related to the company's refinancing.

Significant risks and uncertainties

For Fleming Properties AB, the changed market conditions could entail risks in the form of a decline in property values and the Group's tenants encountering liquidity problems as a result of decreased revenue and thus difficulties in paying rent. This could also entail difficulties in letting vacant premises in the property portfolio.

Vacancy risk arises from the risk of the tenants terminating their existing leases, the risk of which is limited at present due to the long duration of the lease with SOK.

The Group is also exposed to a limited risk associated with operating and maintenance costs. The properties are let with leases stipulating 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.

The Group's ability to successfully refinance its external debt depends on the prevailing conditions in the financial markets at the time of refinancing. Accordingly, at any one specific time, the Group may not have access to funding sources at advantageous terms. The Group's ability to refinance its debt obligations may have a materially negative effect on the Group's operations.

The terms and conditions of the company's external financing include the covenants stipulating that the Group's interest coverage ratio must exceed 2.50 and that the loan-to-value (LTV) ratio may not exceed 70%. The company had met all covenants as of 31 December 2023. Please refer to Note 4 of the Annual Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| <i>Amounts in thousand euro, TEUR</i> | 1 Jan 2023 –31 Dec 2023 | 1 Jan 2022 –31 Dec 2022 | 1 Oct 2023 –31 Dec 2023 | 1 Oct 2022 –31 Dec 2022 |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Revenue | 7,376 | 6,932 | 1,856 | 1,813 |
| Operating and maintenance costs | -834 | -736 | -220 | -140 |
| Property tax | -652 | -710 | -130 | -296 |
| Net operating income | 5,890 | 5,487 | 1,506 | 1,378 |
| Administration costs | -566 | -484 | -161 | -75 |
| Financial income | 10 | 2 | 6 | 1 |
| Financial expenses | -1,288 | -1,263 | -344 | -320 |
| Profit from property management | 4,045 | 3,742 | 1,007 | 984 |
| Unrealised changes in value, properties | -14,131 | -7,176 | -8,386 | -8,385 |
| Profit/loss before tax | -10,086 | -3,434 | -7,378 | -7,400 |
| Deferred tax | -4,677 | 629 | -5,186 | 723 |
| Profit/loss for the period | -14,763 | -2,805 | -12,564 | -6,679 |
| Earnings per share, EUR | neg. | neg. | neg. | neg. |
| 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> | 31 December 2023 | 31 December 2022 |
|---------------------------------------|------------------|------------------|
| Assets | | |
| Investment properties | 115,300 | 129,000 |
| Right-of-use assets | 537 | 537 |
| Total non-current assets | 115,837 | 129,537 |
| Accounts receivable | 20 | 65 |
| Other current receivables | 388 | 479 |
| Prepaid expenses and accrued income | 139 | 94 |
| Cash and cash equivalents | 9,373 | 7,783 |
| Total current assets | 9,921 | 8,420 |
| TOTAL ASSETS | 125,758 | 137,957 |
| Equity and liabilities | | |
| Share capital | 60 | 60 |
| Non-restricted equity | 40,392 | 55,155 |
| Total equity | 40,451 | 55,215 |
| Liabilities to credit institutions | – | 77,834 |
| Deferred tax liabilities | 6,299 | 1,621 |
| Non-current lease liabilities | 537 | 537 |
| Total non-current liabilities | 6,836 | 79,992 |
| Liabilities to credit institutions | 77,343 | – |
| Accounts payable | 67 | 324 |
| Other current liabilities | 572 | 1,212 |
| Accrued expenses and deferred income | 489 | 1,214 |
| Total current liabilities | 78,471 | 2,750 |
| Total liabilities | 85,307 | 82,742 |
| TOTAL EQUITY AND LIABILITIES | 125,758 | 137,957 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| <i>Amounts in thousand euro, TEUR</i> | 1 Jan 2023 –31 Dec 2023 | 1 Jan 2022 –31 Dec 2022 | 1 Oct 2023 –31 Dec 2023 | 1 Oct 2022 –31 Dec 2022 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Profit from property management | 4,045 | 3,742 | 1,007 | 984 |
| <i>Non-cash items</i> | | | | |
| Financial items | 94 | 94 | 23 | 24 |
| Tax paid | 0 | -1 | 0 | – |
| Cash flow from operating activities before changes in working capital | 4,139 | 3,835 | 1,031 | 1,008 |
| Cash flow from changes in working capital | | | | |
| Decrease/increase in other current receivables | 89 | -345 | -214 | 793 |
| Increase/decrease in accounts payable | -257 | 320 | 11 | 149 |
| Increase/decrease in other current liabilities | -383 | 752 | 378 | 303 |
| Cash flow from operating activities | 3,588 | 4,562 | 1,206 | 2,253 |
| Investing activities | | | | |
| Received insurance recovery | 1,911 | 2,504 | 174 | 693 |
| Investments in existing investment properties | -2,312 | -4,679 | -231 | -2,078 |
| Cash flow from investing activities | -401 | -2,175 | -57 | -1,385 |
| Financing activities | | | | |
| Dividends paid | -1,012 | -4,166 | – | -1,071 |
| Principal repayments | -585 | – | -585 | – |
| Cash flow from financing activities | -1,597 | -4,166 | -585 | -1,071 |
| Cash flow for the period | 1,591 | -1,779 | 563 | -204 |
| Cash and cash equivalents at the beginning of the period | 7,783 | 9,561 | 8,810 | 7,986 |
| Cash and cash equivalents at the end of the period | 9,373 | 7,783 | 9,373 | 7,783 |

PARENT COMPANY INCOME STATEMENT

| <i>Amounts in thousand euro, TEUR</i> | 1 Jan 2023 –31 Dec 2023 | 1 Jan 2022 –31 Dec 2022 | 1 Oct 2023 –31 Dec 2023 | 1 Oct 2022 –31 Dec 2022 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Net sales | 82 | 90 | 47 | 11 |
| Administration costs | -304 | -302 | -108 | -58 |
| Operating loss | -222 | -212 | -61 | -47 |
| Impairment of participations in subsidiaries | -10,253 | 4,165 | -10,253 | – |
| Financial items | 47 | 27 | 16 | 9 |
| Profit/loss for the period | -10,428 | 3,980 | -10,296 | -38 |

PARENT COMPANY'S CONDENSED BALANCE SHEET

| <i>Amounts in thousand euro, TEUR</i> | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| ASSETS | | |
| Participations in subsidiaries | 37,025 | 47,278 |
| Non-current receivables from Group companies | 1,389 | 1,389 |
| Total non-current assets | 38,414 | 48,666 |
| Other current receivables | 50 | 51 |
| Current receivables from Group companies | 1,385 | 1,920 |
| Prepaid expenses and accrued income | 111 | 94 |
| Cash and cash equivalents | 535 | 1,299 |
| Total current assets | 2,081 | 3,363 |
| TOTAL ASSETS | 40,495 | 52,030 |
| EQUITY AND LIABILITIES | | |
| Share capital | 60 | 60 |
| Non-restricted equity | 40,391 | 50,820 |
| Equity | 40,451 | 50,879 |
| Accounts payable | 4 | 103 |
| Other current liabilities | – | 1,012 |
| Accrued expenses and deferred income | 40 | 35 |
| Total current liabilities | 44 | 1,150 |
| TOTAL EQUITY AND LIABILITIES | 40,495 | 52,030 |

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

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

Profit from property management per share

Profit from property management divided by the number of shares outstanding

Equity per share

Equity 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

Implicit property yield, %

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

Implicit value of the properties

The market value of the properties adjusted for the difference between the company's market value and reported equity adjusted for deferred tax as of the balance-sheet date

Key ratios in SEK

Converted from EUR to SEK based on cross rates from the Swedish Central Bank as per the balance-sheet date

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 27 February 2024.

Stockholm, 27 February 2024
Fleming Properties AB
Corporate registration number: 559207-9544

Thomas Lindström
Chairman

Erica Magnergård
Board member

Patrik von Hacht
Board member

Henrik Schmidt
Board member

Karl Runeberg
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, on 27 February 2024.

REPORTING CALENDAR

10 April 2024 Annual General Meeting
21 May 2024 Q1 interim report 2024

FOR FURTHER INFO, PLEASE CONTACT

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