



Fleming Properties AB

Year-end report January – December 2021

FOURTH QUARTER, OCTOBER – DECEMBER 2021

- Consolidated rental income for the period amounted to TEUR 1,606 (1,764)
- Net operating income for the period amounted to TEUR 1,293 (1,460)
- Profit for the period amounted to TEUR 2,463 (972)

FULL YEAR, JANUARY – DECEMBER 2021

- Consolidated rental income for the period amounted to TEUR 6,989 (7,132)
- Net operating income for the period amounted to TEUR 5,805 (6,071)
- Profit for the period amounted to TEUR 7,739 (3,638)

CEO'S COMMENTS ON THE PERIOD

Work arising from the fire that broke out in the neighbouring property dominated the end of the period and has led to damage caused by smoke and extinguishing the fire in parts of our property. Currently, some 5,100 square metres are affected, of which about one third is let. Investigation of the damage is ongoing and on schedule. The company's full value insurance will cover compensation for the damage and loss of income. Otherwise, operations continued unchanged and with the expected performance trend.

SIGNIFICANT EVENTS DURING THE PERIOD

On 20 December, a fire broke out at the property adjacent to Vallilan Toimisto. The fire and extinguishing efforts damaged office area of about 5,100 square metres of Vallilan Toimisto, of which some one third is let. The cost of restoring the areas and loss of income will be covered by the company's full value insurance.

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.

The Group's rental guarantee for the vacant premises at Vallilan Toimisto expired on 9 October. Given the long-term secured cash flow through existing leases combined with a strong cash position, management does not expect this to have any material impact on the Group's operations.

Market conditions during the period continued to be dominated by concern regarding the spread of COVID-19. This has not materially 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

No significant events have taken place after the end of the period.

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 was approximately 92% let as of 31 December 2021.

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

FINANCIAL PERFORMANCE

The Group's earnings have performed in line with expectations. The Group has long-term secured cash flows via the existing lease agreements and a solid liquidity ensures future investments and dividends.

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 2021, the properties were valued at TEUR 134,000 (131,000).

FINANCIAL OVERVIEW AND SELECTED PERFORMANCE INDICATORS, GROUP

<i>Unless otherwise stated all amounts are in thousand euro (TEUR).</i>	1 Oct 2021	1 Oct 2020	1 Jan 2021	1 Jan 2020
	–31 Dec 2021	–31 Dec 2020	–31 Dec 2021	–31 Dec 2020
Rental income, incl. service income	1,606	1,764	6,989	7,132
Net operating income	1,293	1,460	5,805	6,071
Profit from property management	901	979	4,048	4,332
Profit for the period	2,463	972	7,739	3,638
Earnings per share, EUR	0.41	0.16	1.30	0.61
Market value of properties	134,000	131,000	134,000	131,000
No. of shares outstanding	5,950,000	5,950,000	5,950,000	5,950,000
Surplus ratio, %	80.51	82.77	83.06	85.12
Return on equity, %	16.16	6.69	12.82	6.18
Interest coverage ratio, multiple	4.25	4.03	4.67	4.45
Equity/assets ratio, %	43.07	40.80	43.07	40.80
LTV ratio, %	58.21	59.54	58.21	59.54
Net LTV ratio, %	51.07	50.80	51.07	50.80
NRV per share, EUR	10.83	10.02	10.83	10.02
Property yield, %	3.86	4.46	4.33	4.63

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 259 (353) as of 31 December 2021. Interest expenses for the period totalled TEUR 1,134 (1,147).

THE SHARE AND SHAREHOLDERS

The company had 542 (391) shareholders at the end of the period.

OTHER INFORMATION
Dividend

Ahead of the Annual General Meeting on 29 March 2022, the Board of Directors proposes a dividend of EUR 0.70 per share, corresponding to a total of EUR 4,165,000. 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 EUR 1,071,000.

The second and fourth instalments would amount to EUR 0.17 per share, corresponding to EUR 1,011,500.

The proposed record dates for distribution of the dividend are 31 March 2022, 30 June 2022, 30 September 2022 and 30 December 2022.

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 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 2021	1 Oct 2020	1 Jan 2021	1 Jan 2020
	-31 Dec 2021	-31 Dec 2020	-31 Dec 2021	-31 Dec 2020
Rental income	1,606	1,764	6,989	7,132
Operating and maintenance costs	-175	-126	-643	-512
Property tax	-137	-178	-541	-549
Net operating income	1,293	1,460	5,805	6,071
Administration costs	-94	-163	-542	-495
Financial income	15	5	35	11
Financial expenses	-314	-323	-1,250	-1,255
Profit from property management	901	979	4,048	4,332
Unrealised changes in value, properties	1,975	1,000	4,644	1,000
Profit before tax	2,876	1,979	8,692	5,332
Tax	-413	-1,007	-952	-1,694
Profit for the period	2,463	972	7,739	3,638
Earnings per share, EUR	0.41	0.16	1.30	0.61
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 2021	31 December 2020
Assets		
Investment properties	134,000	131,000
Right-of-use assets	537	854
Total non-current assets	134,537	131,854
Rental receivables	27	11
Other current receivables	181	213
Prepaid expenses and accrued income	85	86
Cash and cash equivalents	9,561	11,455
Total current assets	9,854	11,765
TOTAL ASSETS	144,391	143,619
Equity and liabilities		
Share capital	60	60
Non-restricted equity	62,125	58,551
Total equity	62,185	58,611
Borrowings	77,741	77,647
Deferred tax liabilities	2,250	1,299
Non-current lease liabilities	537	854
Total non-current liabilities	80,528	79,800
Accounts payable	4	355
Other current liabilities	1,273	4,662
Accrued expenses and deferred income	401	191
Total current liabilities	1,678	5,208
Total liabilities	82,206	85,008
TOTAL EQUITY AND LIABILITIES	144,391	143,619

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in thousand euro, TEUR</i>	1 Oct 2021	1 Oct 2020	1 Jan 2021	1 Jan 2020
	-31 Dec 2021	-31 Dec 2020	-31 Dec 2021	-31 Dec 2020
Profit from property management	901	979	4,048	4,332
<i>Non-cash items</i>				
Financial items	23	12	94	92
Tax paid	-	-	-1	-9
Cash flow from operating activities before changes in working capital	924	991	4,141	4,415
<i>Cash flow from changes in working capital</i>				
Decrease in other current receivables	895	56	17	6,441
Increase in accounts payable	-308	323	-351	-1,229
Increase in other current liabilities	90	-432	286	-616
Cash flow from operating activities	1,601	938	4,093	9,011
<i>Investing activities</i>				
Repayment of project expenses	-	-	-1,432	-
Investments in current properties	-17	-220	-389	-10,083
Cash flow from investing activities	-17	-220	-1,821	-10,083
<i>Financing activities</i>				
Dividend	-1,071	-1,071	-4,165	-3,154
Cash flow from financing activities	-1,071	-1,071	-4,165	-3,154
Cash flow for the period	512	-353	-1,894	-4,226
Cash and cash equivalents at the beginning of the period	9,049	11,808	11,455	15,681
Cash and cash equivalents at the end of the period	9,561	11,455	9,561	11,455

PARENT COMPANY INCOME STATEMENT

<i>Amounts in thousand euro, TEUR</i>	1 Oct 2021	1 Oct 2020	1 Jan 2021	1 Jan 2020
	-31 Dec 2021	-31 Dec 2020	-31 Dec 2021	-31 Dec 2020
Net sales	10	10	41	40
Administration costs	-55	-54	-235	-248
Operating loss	-45	-44	-194	-208
<i>Profit from financial items</i>				
Financial items	3,011	64	3,188	259
Profit after financial items	2,966	20	2,994	51
Profit before tax	2,966	20	2,994	51
Tax	-	-	-	-673
Profit for the period	2,966	20	2,994	-622

PARENT COMPANY'S CONDENSED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	31 December 2021	31 December 2020
Assets		
Participations in subsidiaries	47,278	47,278
Non-current receivables from Group companies	1,388	7,000
Total non-current assets	48,666	54,278
Other current receivables	165	126
Current receivables from Group companies	1,937	-
Prepaid expenses and accrued income	85	84
Cash and cash equivalents	1,252	1,395
Total current assets	3,439	1,605
TOTAL ASSETS	52,105	55,883
EQUITY AND LIABILITIES		
Share capital	60	60
Non-restricted equity	51,004	52,175
Equity	51,064	52,235
Accounts payable	4	10
Current liabilities to Group companies	-	2,600
Other current liabilities	1,012	1,012
Accrued expenses and deferred income	25	26
Total current liabilities	1,041	3,648
TOTAL EQUITY AND LIABILITIES	52,105	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.

The full accounting and valuation policies applied in this year-end report are the same as those described in the annual report for 2021.

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

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 year-end report for Fleming Properties AB (publ) was adopted by the Board on 22 February 2022.

Stockholm, 22 February 2022
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, on 22 February 2022.

REPORTING CALENDAR

29 March 2022 Annual General Meeting
24 May 2022 Q1 interim report

FOR FURTHER INFORMATION, PLEASE CONTACT

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