



Interim report

**Q1 2024**

## PERIOD FROM JANUARY – MARCH 2024

- Group revenue for the period amounted to TEUR 1,897 (1,824)
- Net operating income for the period amounted to TEUR 1,421 (1,401)
- Profit from property management for the period amounted to TEUR 947 (975)
- Profit for the period was TEUR 773 (639)

## CEO'S COMMENTS ON THE PERIOD

Operations have proceeded according to plan and posted the expected year-on-year earnings trend.

On 25 April, the Board of Directors elected to call an Extraordinary General Meeting on 27 May 2024 with the aim of resolving on a rights issue that, on full subscription, will raise about MEUR 25 for the company. Approximately 79% of the issue has been underwritten through subscription undertakings and underwriting commitments by existing shareholders. The primary purpose is for the issue proceeds to strengthen the company's balance sheet by adapting the debt from the previous low interest-rate environment to the prevailing market conditions. The company has also obtained an approved credit decision from existing creditors concerning an extension for MEUR 52 of the company's existing bank debt, which is conditional on a final financing agreement. In addition, part of the issue proceeds is intended for property development projects and tenant adaptations, leading to improved prerequisites for success in tenant negotiations.

To further improve the company's operational conditions, resources and skills were added during the period connected to letting, property development and management through a management agreement with Colony. The agreement is intended to strengthen the company's local presence and add value to the property portfolio, which will improve the company's product for existing and potential tenants as well as generate value for tenants and, in the long term, shareholders.

## SIGNIFICANT EVENTS DURING THE PERIOD

During the period, the company completed repayments of approximately TEUR 5,218. The repayments are related to an agreement with the company's creditors.

## FINANCIAL OVERVIEW AND SELECTED PERFORMANCE INDICATORS, GROUP

|   | 1 Jan 2024   | 1 Jan 2023   |
|---|--------------|--------------|
|   | -31 Mar 2024 | -31 Mar 2023 |
| <i>Unless otherwise stated all amounts are in thousand euro (TEUR).</i> |              |              |
| Revenue   | 1,897        | 1,824        |
| Net operating income  | 1,421        | 1,401        |
| Profit from property management   | 947          | 975          |
| Profit for the period   | 773          | 639          |
| Profit from property management per share, EUR                          | 0.16         | 0.16         |
| Earnings per share, EUR   | 0.13         | 0.11         |
| Equity per share, EUR   | 6.93         | 9.39         |
| Market value of properties  | 115,300      | 129,000      |
| No. of shares outstanding   | 5,950,000    | 5,950,000    |
| Surplus ratio, %  | 74.90        | 76.80        |
| Return on equity, %   | 7.57         | 4.60         |
| Interest coverage ratio, multiple                                       | 4.62         | 4.56         |
| Equity/assets ratio, %  | 33.87        | 40.67        |
| LTV ratio, %  | 62.62        | 60.47        |
| Net LTV ratio, %  | 57.90        | 54.82        |
| NRV per share, EUR  | 8.00         | 9.68         |
| Property yield, %   | 4.93         | 4.34         |
| Implicit property yield, %  | 7.84         | 5.54         |

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The Board of Directors elected to call an Extraordinary General Meeting to resolve on a rights issue during the period. For more information on this, refer to the company's website.

## 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 and Colony Real Estate AB (publ). The company's shares have been traded on Spotlight Stock Market since 14 October 2019.

## 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. A fully subscribed and completed new share issue in accordance with the Board of Directors' proposal would allow the company's capital structure to be adapted to prevailing market conditions while improving the company's operational conditions. By complementing the property management organisation with Colony, the operational risk in the form of vacancies is assessed to be mitigated while the likelihood of creating shareholder value through successful negotiations with existing and potential tenants is assessed to increase.

## 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).



## SHARE RELATED PERFORMANCE INDICATORS, SEK

|  | 1 Jan 2024<br>–31 Mar 2024 | 1 Jan 2023<br>–31 Mar 2023 |
|--|----------------------------|----------------------------|
| Profit from property management per share, SEK | 1.84                       | 1.85                       |
| Earnings per share, SEK                        | 1.50                       | 1.24                       |
| Equity per share, SEK                          | 79.85                      | 105.85                     |
| NRV per share, SEK                             | 92.23                      | 109.15                     |
| Stock market price per balance sheet day, SEK  | 13.50                      | 56.50                      |
| EUR/SEK per balance sheet day                  | 11.53                      | 11.28                      |

### 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 6.1 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 that amounted to TEUR 72,197 (78,000) as of 31 March 2024 with Deutsche Pfandbriefbank AG that is subject to a fixed interest rate of 1.45%. The loan extends until 10 July 2024. Interest expenses for the period totalled TEUR 269 (282).

### The share and shareholders

The company had 703 (781) shareholders at the end of the period.

## OTHER INFORMATION

### Dividend

The Annual General Meeting on 10 April 2024 resolved that retained earnings are to be carried forward in accordance with the Board of Directors' proposal.

### Extraordinary General Meeting to propose rights issue

The Board of Directors has elected to call an Extraordinary General Meeting to resolve on the proposed rights issue. More information on the proposal and the notice to the meeting can be found on the company's website. The meeting will be held on Monday 27 May 2024 at 9:00 a.m. in Baker McKenzie Advokatbyrå's premises on Vasagatan 7 in Stockholm, Sweden.

### 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 and Colony Real Estate AB (publ) are related parties 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 17,500 were also paid to the 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. On the date of publication of this interim report, an agreement is in place with an existing creditor for an extension of MEUR 52 of existing bank debt. The extension is conditional on the final loan agreement and requires a completed new share issue in accordance with Board of Directors' proposal, which can be found in its entirety in the Board of Directors' notice to the Extraordinary General Meeting on 27 May 2024. The new share issue is conditional on the resolution of the Meeting, whereby an approval of the Board of Directors' proposal would mean that the Group can successfully refinance parts of the existing debt obligation at the same time as the Group's capital structure can be adapted to the prevailing interest-rate climate, thereby enabling the development of the Group. Failure of the Meeting to approve the share issue would have a significant negative impact on the Group's ability to refinance its debt obligation.

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 March 2024. In January 2024, the company also entered into an agreement with a creditor that meant that the abovementioned covenant requirement connected to the company's interest coverage ratio is not applicable for the remaining term of the existing loan agreement that expires on 10 July 2024. Please refer to Note 4 of the 2023 Annual Report.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| <i>Amounts in thousand euro, TEUR</i>   | 1 Jan 2024<br>–31 Mar 2024 | 1 Jan 2023<br>–31 Mar 2023 |
|---|----------------------------|----------------------------|
| Revenue                                 | 1,897                      | 1,824                      |
| Operating and maintenance costs         | -284                       | -252                       |
| Property tax                            | -192                       | -171                       |
| <b>Net operating income</b>             | <b>1,421</b>               | <b>1,401</b>               |
| Administration costs                    | -179                       | -115                       |
| Financial income                        | 0                          | 3                          |
| Financial expenses                      | -295                       | -314                       |
| <b>Profit from property management</b>  | <b>947</b>                 | <b>975</b>                 |
| Unrealised changes in value, properties | -82                        | -186                       |
| <b>Profit before tax</b>                | <b>865</b>                 | <b>789</b>                 |
| Deferred tax                            | -92                        | -150                       |
| <b>Profit for the period</b>            | <b>773</b>                 | <b>639</b>                 |
| Earnings per share, EUR                 | 0.13                       | 0.11                       |
| Average number of shares, thousand      | 5,950                      | 5,950                      |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| <i>Amounts in thousand euro, TEUR</i> | 31 March 2024  | 31 December 2023 |
|---------------------------------------|----------------|------------------|
| <b>Assets</b>                         |                |                  |
| Investment properties                 | 115,300        | 115,300          |
| Right-of-use assets                   | 537            | 537              |
| <b>Total non-current assets</b>       | <b>115,837</b> | <b>115,837</b>   |
| Accounts receivable                   | 20             | 20               |
| Other current receivables             | 327            | 388              |
| Prepaid expenses and accrued income   | 95             | 139              |
| Cash and cash equivalents             | 5,436          | 9,373            |
| <b>Total current assets</b>           | <b>5,878</b>   | <b>9,921</b>     |
| <b>TOTAL ASSETS</b>                   | <b>121,715</b> | <b>125,758</b>   |
| <b>Equity and liabilities</b>         |                |                  |
| Share capital                         | 60             | 60               |
| Non-restricted equity                 | 41,165         | 40,392           |
| <b>Total equity</b>                   | <b>41,225</b>  | <b>40,451</b>    |
| Deferred tax liabilities              | 6,391          | 6,299            |
| Non-current lease liabilities         | 537            | 537              |
| <b>Total non-current liabilities</b>  | <b>6,928</b>   | <b>6,836</b>     |
| Liabilities to credit institutions    | 72,148         | 77,343           |
| Accounts payable                      | 132            | 67               |
| Other current liabilities             | 592            | 572              |
| Accrued expenses and deferred income  | 690            | 489              |
| <b>Total current liabilities</b>      | <b>73,562</b>  | <b>78,471</b>    |
| <b>Total liabilities</b>              | <b>80,490</b>  | <b>85,307</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>121,715</b> | <b>125,758</b>   |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| <i>Amounts in thousand euro, TEUR</i>        | Share capital | Other<br>contributed<br>capital | Retained<br>earnings<br>including profit<br>for the period | Total equity   |
|--|---------------|---------------------------------|--|----------------|
| <b>Equity, opening balance on 2023-01-01</b> | <b>60</b>     | <b>56,967</b>                   | <b>-1,812</b>  | <b>55,215</b>  |
| <b>Comprehensive income</b>                  |               |                                 |  |                |
| Profit/loss for the period                   | -             | -                               | -14,763  | -14,763        |
| <b>Total comprehensive income</b>            | <b>-</b>      | <b>-</b>                        | <b>-14,763</b>   | <b>-14,763</b> |
| <b>Equity, closing balance on 2023-12-31</b> | <b>60</b>     | <b>56,967</b>                   | <b>-16,575</b>   | <b>40,451</b>  |
| <b>Equity, opening balance on 2024-01-01</b> | <b>60</b>     | <b>56,967</b>                   | <b>-16,575</b>   | <b>40,451</b>  |
| <b>Comprehensive income</b>                  |               |                                 |  |                |
| Profit/loss for the period                   | -             | -                               | 773  | 773            |
| <b>Total comprehensive income</b>            | <b>-</b>      | <b>-</b>                        | <b>773</b>   | <b>773</b>     |
| <b>Equity, closing balance on 2024-03-31</b> | <b>60</b>     | <b>56,967</b>                   | <b>-15,802</b>   | <b>41,225</b>  |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| <i>Amounts in thousand euro, TEUR</i>  | 1 Jan 2024<br>–31 Mar 2024 | 1 Jan 2023<br>31 Mar 2023 |
|--|----------------------------|---------------------------|
| Profit from property management  | 947                        | 975                       |
| <i>Non-cash items</i>  |                            |                           |
| Financial items  | 22                         | 23                        |
| Tax paid   | –                          | –                         |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>969</b>                 | <b>998</b>                |
| <b>Cash flow from changes in working capital</b>                             |                            |                           |
| Decrease/increase in other current receivables                               | 106                        | 119                       |
| Increase/decrease in accounts payable  | 65                         | -316                      |
| Increase/decrease in other current liabilities                               | 223                        | -111                      |
| <b>Cash flow from operating activities</b>                                   | <b>1,363</b>               | <b>690</b>                |
| <b>Investing activities</b>  |                            |                           |
| Received insurance recovery  | –                          | 467                       |
| Investments in existing investment properties                                | -82                        | -653                      |
| <b>Cash flow from investing activities</b>                                   | <b>-82</b>                 | <b>-186</b>               |
| <b>Financing activities</b>  |                            |                           |
| Dividends paid   | –                          | -1,012                    |
| Principal repayments   | -5,218                     | –                         |
| <b>Cash flow from financing activities</b>                                   | <b>-5,218</b>              | <b>-1,012</b>             |
| <b>Cash flow for the period</b>  | <b>-3,937</b>              | <b>-508</b>               |
| <b>Cash and cash equivalents at the beginning of the period</b>              | <b>9,373</b>               | <b>7,783</b>              |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>5,436</b>               | <b>7,275</b>              |

## PARENT COMPANY INCOME STATEMENT

| <i>Amounts in thousand euro, TEUR</i> | 1 Jan 2024<br>–31 Mar 2024 | 1 Jan 2023<br>–31 Mar 2023 |
|---------------------------------------|----------------------------|----------------------------|
| Net sales                             | 13                         | 12                         |
| Administration costs                  | -94                        | -63                        |
| <b>Operating loss</b>                 | <b>-81</b>                 | <b>-51</b>                 |
| Financial items                       | 10                         | 9                          |
| <b>Profit for the period</b>          | <b>71</b>                  | <b>-42</b>                 |

## PARENT COMPANY'S CONDENSED BALANCE SHEET

| <i>Amounts in thousand euro, TEUR</i>        | 31 March 2024 | 31 December 2023 |
|--|---------------|------------------|
| <b>ASSETS</b>                                |               |                  |
| Participations in subsidiaries               | 37,025        | 37,025           |
| Non-current receivables from Group companies | 1,389         | 1,389            |
| <b>Total non-current assets</b>              | <b>38,414</b> | <b>38,414</b>    |
| Other current receivables                    | 32            | 50               |
| Current receivables from Group companies     | 1,397         | 1,385            |
| Prepaid expenses and accrued income          | 77            | 111              |
| Cash and bank balances                       | 531           | 535              |
| <b>Total current assets</b>                  | <b>2,037</b>  | <b>2,081</b>     |
| <b>TOTAL ASSETS</b>                          | <b>40,451</b> | <b>40,495</b>    |
| <b>EQUITY AND LIABILITIES</b>                |               |                  |
| Share capital                                | 60            | 60               |
| Non-restricted equity                        | 40,321        | 40,391           |
| <b>Equity</b>                                | <b>40,381</b> | <b>40,451</b>    |
| Accounts payable                             | 38            | 4                |
| Accrued expenses and deferred income         | 32            | 40               |
| <b>Total current liabilities</b>             | <b>70</b>     | <b>44</b>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>          | <b>40,451</b> | <b>40,495</b>    |



## 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 interim report for Fleming Properties AB (publ) was adopted by the Board on 21 May 2024.

Stockholm, 21 May 2024  
Fleming Properties AB  
Corporate registration number: 559207-9544

Thomas Lindström  
*Chairman*

Erica Magnergård  
*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 above, on 21 May 2024.

## REPORTING CALENDAR

|                |                               |
|----------------|-------------------------------|
| 27 May 2024    | Extraordinary General Meeting |
| 27 August 2024 | Q2 interim report 2024        |

## FOR FURTHER INFO, PLEASE CONTACT

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