



Half-year report

Q2 2024

HALF-YEAR JANUARY–JUNE 2024

- Group revenue for the period amounted to TEUR 3,816 (3,618)
- Net operating income for the period amounted to TEUR 2,976 (2,831)
- Profit from property management for the period amounted to TEUR 2,032 (1,950)
- Profit/loss for the period was TEUR -2,058 (-3,028)

SECOND QUARTER APRIL–JUNE 2024

- Group revenue for the period amounted to TEUR 1,918 (1,794)
- Net operating income for the period amounted to TEUR 1,555 (1,430)
- Profit from property management for the period amounted to TEUR 1,085 (975)
- Profit/loss for the period was TEUR -2,830 (-3,667)

CEO'S COMMENTS ON THE PERIOD

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

During the period, the company was pleased to sign a 15-year lease and a long-term partnership agreement with Ole Fit. The lease is for about 910 square metres at Vallilan Tomisto with a square metre rent that exceeds the portfolio's average rent level. The letting is in line with the company's strategic efforts to strengthen the property's service offering and to increase the attraction of the premises for existing and potential tenants. The letting enables us to offer training and exercise at the property, in addition to providing a cost-efficient reception service for other tenants, a service that we have noted is in-demand in previous lettings processes. In addition, the letting comprises a good start for our partnership with Colony and underlines how the company's investment in additional lettings resources and a raised local presence has paid off.

The company announced and completed a new share issue during the period that was oversubscribed and raised proceeds of about MEUR 25 for the company. While the primary purpose was 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 proceeds are also intended for value creating property development projects and tenant adaptations, leading to improved prerequisites for

success in tenant negotiations with potential and existing tenants. Debt levels have since been adjusted via the extension agreement concluded during the period. The agreement includes an extension for MEUR 52 of the existing bank borrowings and entered force shortly after the end of June.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

On 10 July 2024, the company repaid principal on its bank borrowings down to MEUR 52, thereafter triggering the refinancing agreement. In conjunction with the above, the interest rate was fixed at 5.57% in accordance with the valid swap rate on the refinancing date.

The board has appointed Thomas Lindström as the new CEO on August 27, 2024. He will take up the role on September 1, 2024. In connection with this change, Henrik Schmidt has been appointed acting chairman of the board until the upcoming annual general meeting.

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. The new share issue completed in the period has enabled adaptation of the company's capital structure to prevailing market conditions while concurrently 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.

FINANCIAL OVERVIEW AND SELECTED PERFORMANCE INDICATORS, GROUP

<i>Unless otherwise stated all amounts are in thousand euro (TEUR).</i>	1 Jan 2024 –30 Jun 2024	1 Jan 2023 –30 Jun 2023	1 Apr 2024 –30 Jun 2024	1 Apr 2023 –30 Jun 2023
Revenue	3,816	3,618	1,918	1,794
Net operating income	2,976	2,831	1,555	1,430
Profit from property management	2,032	1,950	1,085	975
Profit/loss for the period	-2,058	-3,028	-2,830	-3,667
Profit from property management per share, EUR	0.34	0.33	0.18	0.16
Earnings per share, EUR	neg.	neg.	neg.	neg.
Equity per share, EUR	10.57	8.77	10.57	8.77
Market value of properties	110,600	123,600	110,600	123,600
No. of shares outstanding	5,950,000	5,950,000	5,950,000	5,950,000
Surplus ratio, %	78.00	78.24	81.60	79.71
Return on equity, %	neg.	neg.	neg.	neg.
Interest coverage ratio, multiple	4.96	4.54	4.20	4.52
Equity/assets ratio, %	43.85	39.22	43.85	39.22
LTV ratio, %	64.75	63.11	64.75	63.11
Net LTV ratio, %	36.11	56.09	36.11	56.09
NRV per share, EUR	11.49	8.92	11.49	8.92
NRV per share and paid-up share, EUR	1.04	–	1.04	–
Property yield, %	5.38	4.58	5.62	4.63
Implicit property yield, %	8.57	6.73	8.96	6.80

SHARE RELATED PERFORMANCE INDICATORS, SEK

	1 Jan 2024 –30 Jun 2024	1 Jan 2023 –30 Jun 2023	1 Apr 2024 –30 Jun 2024	1 Apr 2023 –30 Jun 2023
Profit from property management per share, SEK	3.88	3.86	2.07	1.60
Earnings per share, SEK	-3.93	neg.	-5.40	4.07
Equity per share, SEK	120.08	103.42	120.08	109.84
NRV per share, SEK	130.47	105.18	130.47	114.48
NRV per share and paid-up share, SEK	11.86	–	11.86	–
Stock market price per balance sheet day, SEK	5.20	40.80	5.20	97.50
EUR/SEK per balance sheet day	11.36	11.79	11.36	10.68

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 110,600 (123,600).

Leases

On 30 June 2024, 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 6.3 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

As of the balance-sheet date, the Group has an interest-only loan that amounted to TEUR 71,612 (78,000) on 30 June 2024 with Deutsche Pfandbriefbank AG that is subject to a fixed interest rate of 1.45%. The loan extended until 10 July 2024. Interest expenses for the period totalled TEUR 530 (569). During the period, the Group entered an extension agreement for TEUR 52,000 of the original bank loan with Deutsche Pfandbriefbank AG. The agreement entered force on 10 July 2024 and extends until 11 January 2027. The loan is interest only and subject to a fixed interest rate of 5.57%.

The share and shareholders

The company had 674 (703) shareholders at the end of the period.

OTHER INFORMATION

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 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 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, the Group has just entered a new refinancing agreement that extends until January 2027. In conjunction with said agreement, the debt has been paid down from about MEUR 72 to MEUR 52, whereupon the capital structure was adjusted to the prevailing interest rate conditions.

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 30 June 2024. Please refer to Note 4 of the 2023 Annual Report.

The updated covenants pursuant to the extension agreement contracted in the period apply for future periods. The agreement includes the covenants stipulating that the Group's interest coverage ratio (calculated using forward-looking quarterly data) must exceed a multiple of 1.50 and that the loan-to-value (LTV) ratio may not exceed 60%. The terms and conditions also stipulate that in the event the interest coverage ratio exceeds a multiple of 1.75, this will trigger restrictions on the distribution of dividends and annual principal repayments of 2.0%. Moreover, should the LTV ratio exceed 50% or 55%, these events would trigger respective annual principal repayments of 1.0% and 2.0%.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in thousand euro, TEUR</i>	1 Jan 2024 –30 Jun 2024	1 Jan 2023 –30 Jun 2023	1 Apr 2024 –30 Jun 2024	1 Apr 2023 –30 Jun 2023
Revenue	3,816	3,618	1,918	1,794
Operating and maintenance costs	-470	-440	-185	-188
Property tax	-370	-347	-178	-176
Net operating income	2,976	2,831	1,555	1,430
Administration costs	-349	-251	-170	-136
Financial income	2	3	2	0
Financial expenses	-597	-633	-302	-319
Profit from property management	2,032	1,950	1,085	975
Unrealised changes in value, properties	-4,641	-5,714	-4,559	-5,528
Profit before tax	-2,609	-3,764	-3,474	-4,553
Deferred tax	551	736	644	886
Profit for the period	-2,058	-3,028	-2,830	-3,667
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>	30 June 2024	31 December 2023
Assets		
Investment properties	110,600	115,300
Deferred tax assets	302	–
Right-of-use assets	537	537
Total non-current assets	111,439	115,837
Accounts receivable	20	20
Other current receivables	204	388
Prepaid expenses and accrued income	86	139
Cash and cash equivalents	31,671	9,373
Total current assets	31,981	9,921
TOTAL ASSETS	143,420	125,758
Equity and liabilities		
Share capital	60	60
Non-restricted equity	24,500	–
Non-restricted equity	38,334	40,392
Total equity	62,894	40,451
Deferred tax liabilities	5,747	6,299
Non-current lease liabilities	537	537
Total non-current liabilities	6,284	6,836
Liabilities to credit institutions	71,587	77,343
Accounts payable	50	67
Other current liabilities	440	572
Accrued expenses and deferred income	2,165	489
Total current liabilities	74,242	78,471
Total liabilities	80,526	85,307
TOTAL EQUITY AND LIABILITIES	143,420	125,758

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in thousand euro, TEUR</i>	Share capital	Other contributed capital	Retained earnings incl. profit for the period	Total equity
Equity, opening balance on 1 Jan 2023	60	56,967	-1,812	55,215
Comprehensive income				
Profit/loss for the period	–	–	-14,763	-14,763
Total comprehensive income	–	–	-14,763	-14,763
Equity, closing balance on 31 Dec 2023	60	56,967	-16,575	40,451
Equity, opening balance on 1 Jan 2024	60	56,967	-16,575	40,451
Comprehensive income				
Profit/loss for the period	–	–	-2,058	-2,058
Total comprehensive income	–	–	-2,058	-2,058
New share issue	–	25,666	–	25,666
Issue costs	–	-1,468	–	-1,468
Deferred tax, issue costs	–	302	–	302
Total transactions with shareholders	–	24,500	–	24,500
Equity, closing balance on 30 Jun 2024	60	81,467	-18,633	62,894

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in thousand euro, TEUR</i>	1 Jan 2024 –30 Jun 2024	1 Jan 2023 –30 Jun 2023	1 Apr 2024 –30 Jun 2024	1 Apr 2023 –30 Jun 2023
Profit from property management	2,032	1,950	1,085	975
<i>Non-cash items</i>				
Financial items	47	47	25	23
Tax paid	–	–	–	–
Cash flow from operating activities before changes in working capital	2,079	1,997	1,110	998
Cash flow from changes in working capital				
Decrease/increase in other current receivables	239	399	132	279
Increase/decrease in accounts payable	-17	202	-82	519
Increase/decrease in other current liabilities	1,543	-388	1,321	-277
Cash flow from operating activities	3,844	2,210	2,481	1,520
Investing activities				
Received insurance recovery	144	1,209	144	742
Investments in existing investment properties	-85	-1,523	-2	-870
Cash flow from investing activities	59	-314	140	-128
Financing activities				
New share issue	25,666	–	25,666	–
Issue costs	-1,468	–	-1,468	–
Principal repayments on liabilities to credit institutions	-5,804	–	-585	–
Dividends paid	–	-1,012	–	–
Cash flow from financing activities	18,394	-1,012	23,613	–
Cash flow for the period	22,297	884	26,234	1,391
Cash and cash equivalents at the beginning of the period	9,374	7,783	5,437	7,276
Cash and cash equivalents at the end of the period	31,671	8,667	31,671	8,667

PARENT COMPANY INCOME STATEMENT

<i>Amounts in thousand euro, TEUR</i>	1 Jan 2024 –30 Jun 2024	1 Jan 2023 –30 Jun 2023	1 Apr 2024 –30 Jun 2024	1 Apr 2023 –30 Jun 2023
Net sales	25	24	12	12
Administration costs	-196	-134	-102	-71
Operating loss	-171	-111	-90	-59
Financial items	8	14	-2	5
Profit/loss for the period	-163	-96	-92	-54

PARENT COMPANY'S CONDENSED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	30 June 2024	31 December 2023
ASSETS		
Participations in subsidiaries	37,025	37,025
Deferred tax assets	302	–
Non-current receivables from Group companies	1,389	1 3899
Total non-current assets	38,716	38,414
Other current receivables	55	50
Current receivables from Group companies	1,409	1,385
Prepaid expenses and accrued income	92	111
Cash and bank balances	25,957	535
Total current assets	27,513	2,081
TOTAL ASSETS	66,229	40,495
EQUITY AND LIABILITIES		
Share capital	60	60
Non-restricted equity	24,500	
Non-restricted equity	40,228	40,391
Equity	64,788	40,451
Accounts payable	18	4
Accrued expenses and deferred income	1,423	40
Total current liabilities	1,441	44
TOTAL EQUITY AND LIABILITIES	66,229	40,495

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: 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

NRV per share and paid-up share

Equity with add-back of interest-rate derivatives and deferred tax, divided by the number of shares outstanding and paid-up shares (subscribed for and paid-up shares)

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 capitalisation (shares and paid-up shares) 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 half-year report for Fleming Properties AB (publ) was adopted by the Board on 27 August 2024.

Stockholm, 27 August 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 half-year 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 27 August 2024.

REPORTING CALENDAR

26 November 2024 Q3 interim report 2024
25 February 2025 Year-end report 2024
9 April 2025 Annual General Meeting

FOR FURTHER INFO, PLEASE CONTACT

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