



## **Fleming Properties AB**

**Interim report 1 January 2020 – 31 March 2020**

### 1 JANUARY 2020 – 31 MARCH 2020

- Consolidated rental income for the period amounted to TEUR 1,775
- Net operating income for the period totalled TEUR 1,522
- The company reported a profit for the period of TEUR 996

### CEO'S COMMENTS ON THE PERIOD

We can confirm that the operations performed according to plan for the first quarter of the year.

### 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.

### SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The final phase of the total renovation of the Vallilan Toimisto property was completed and we are now looking forward to intensifying letting activities for the vacant premises. The Group has a rental guarantee for the vacant premises until 9 October 2021.

### 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 89% leased as of 31 March 2020.

The company's CEO is Robin Englén and the company is administered by Pareto Business Management AB.

### FINANCIAL OVERVIEW AND SELECTED PERFORMANCE INDICATORS, GROUP

As the company is newly formed, there are no historical comparative figures for earlier periods.

|   | <b>1 Jan 2020</b>  |
|---|--------------------|
|   | <b>31 Mar 2020</b> |
| <i>Unless otherwise stated all amounts are in thousand euro (TEUR).</i> |                    |
| Rental income   | 1,775              |
| Net operating income  | 1,522              |
| Profit from property management   | 1,107              |
| Profit for the period   | 996                |
| Earnings per share, EUR   | 0.17               |
| Market value of properties  | 130,000            |
| No. of shares outstanding   | 5,950,000          |
| Surplus ratio, %  | 85.7               |
| Return on equity, %   | 6.7                |
| Interest coverage ratio, multiple                                       | 5.0                |
| Equity/assets ratio, %  | 40.2               |
| LTV ratio, %  | 60.0               |
| EPRA NAV per share, EUR   | 10.1               |
| Property yield, %   | 4.7                |

### 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 were acquired on 9 October 2019. During the first quarter the company's management has determined the fair value to be equal to the fair value at the end of fourth quarter 2019. At the end of 2019, the properties in the company's portfolio had been valued by an external appraiser. The next external valuation is scheduled for 30 June 2020.

### 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 423 as of 31 March 2020. Interest expenses for the period totalled TEUR 283.

### THE SHARE AND SHAREHOLDERS

The company had 346 shareholders at the end of the period.

### OTHER INFORMATION

#### Dividend

The Annual General Meeting held on 28 April 2020 resolved to distribute a dividend of EUR 0.70 per share, corresponding to a total of TEUR 4,165. Dividend payments will be made on four occasions during the year with four part-payments. The first and third part-payments would amount to EUR 0.18 per share, corresponding to TEUR 1,071. The second and fourth part-payments would amount to EUR 0.17 per share, corresponding to TEUR 1,011.5.

The record dates for payment of the dividends was determined to be 30 April 2020, 30 June 2020, 30 September 2020 and 30 December 2020.

#### 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

Due to concerns about the spread of COVID-19, there is prevailing uncertainty in the market and macro-environment regarding economic developments. For Fleming Properties AB, changed market conditions may entail risks in the form of a decline in property value, and of the Group's tenant suffering liquidity problems as a result of reduced revenue and therefore difficulty in paying rent. It may also entail difficulties finding new tenants to the properties' vacant space. 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 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>  | <b>1 Jan 2020</b>  |
|--|--------------------|
|  | <b>31 Mar 2020</b> |
| Rental income                          | 1,775              |
| Operating and maintenance costs        | -130               |
| Property tax                           | -123               |
| <b>Net operating income</b>            | <b>1,522</b>       |
| Administration costs                   | -105               |
| Financial income                       | 1                  |
| Financial expenses                     | -311               |
| <b>Profit from property management</b> | <b>1,107</b>       |
| <b>Profit before tax</b>               | <b>1,107</b>       |
| Tax                                    | -111               |
| <b>Profit for the period</b>           | <b>996</b>         |
| Earnings per share, EUR                | 0.17               |
| Average number of shares, thousand     | 5,950              |

**CONSOLIDATED BALANCE SHEET**

| <i>Amounts in thousand euro, TEUR</i> | <b>31 March 2020</b> | <b>31 December 2019</b> |
|---------------------------------------|----------------------|-------------------------|
| <b>Assets</b>                         |                      |                         |
| Investment properties                 | 130,000              | 130,000                 |
| Deferred tax assets                   | 263                  | 373                     |
| Right-of-use assets                   | 854                  | 854                     |
| <b>Total non-current assets</b>       | <b>131,117</b>       | <b>131,227</b>          |
| Rental receivables                    | 15                   | 11                      |
| Other current receivables             | 198                  | 2,018                   |
| Prepaid expenses and accrued income   | 76                   | 4,722                   |
| Cash and cash equivalents             | 18,316               | 15,681                  |
| <b>Total current assets</b>           | <b>18,605</b>        | <b>22,432</b>           |
| <b>TOTAL ASSETS</b>                   | <b>149,722</b>       | <b>153,659</b>          |
| <b>Equity and liabilities</b>         |                      |                         |
| Share capital                         | 60                   | 60                      |
| Non-restricted equity                 | 60,055               | 59,058                  |
| <b>Total equity</b>                   | <b>60,115</b>        | <b>59,118</b>           |
| Borrowings                            | 77,577               | 77,553                  |
| Non-current liabilities               | 854                  | 854                     |
| <b>Total non-current liabilities</b>  | <b>78,431</b>        | <b>78,407</b>           |
| Accounts payable                      | 2,065                | 1,584                   |
| Other current liabilities             | 7,397                | 13,973                  |
| Accrued expenses and deferred income  | 1,714                | 577                     |
| <b>Total current liabilities</b>      | <b>11,176</b>        | <b>16,134</b>           |
| <b>Total liabilities</b>              | <b>89,607</b>        | <b>94,541</b>           |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>149,722</b>       | <b>153,659</b>          |

**CONSOLIDATED CASH-FLOW STATEMENT**

| <i>Amounts in thousand euro, TEUR</i>  | <b>1 Jan 2020 31<br/>Mar 2020</b> |
|--|-----------------------------------|
| Profit from property management  | 1,107                             |
| <i>Non-cash items</i>  |                                   |
| Financial items  | 24                                |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>1,131</b>                      |
| <br><i>Cash flow from changes in working capital</i>                         |                                   |
| Decrease in other current receivables  | 6,462                             |
| Increase in accounts payable   | 481                               |
| Increase in other current liabilities  | 1,137                             |
| <b>Cash flow from operating activities</b>                                   | <b>9,211</b>                      |
| <br><i>Investing activities</i>  |                                   |
| Investments in current properties  | -6,576                            |
| <b>Cash flow from investing activities</b>                                   | <b>-6,576</b>                     |
| <br><b>Cash flow for the period</b>  | <b>2,635</b>                      |
| <br><b>Cash and cash equivalents at the beginning of the period</b>          | <b>15,681</b>                     |
| <br><b>Cash and cash equivalents at the end of the period</b>                | <b>18,316</b>                     |

## PARENT COMPANY INCOME STATEMENT

| <i>Amounts in thousand euro, TEUR</i>   | <b>1 Jan 2020</b>  |
|---|--------------------|
|   | <b>31 Mar 2020</b> |
| Net sales                               | 10                 |
| Administration costs                    | -58                |
| <b>Operating loss</b>                   | <b>-48</b>         |
| <i>Profit/loss from financial items</i> |                    |
| Financial income                        | 58                 |
| <b>Profit after financial items</b>     | <b>10</b>          |
| <b>Profit before tax</b>                | <b>10</b>          |
| Tax                                     | –                  |
| <b>Profit for the period</b>            | <b>10</b>          |

## PARENT COMPANY'S CONDENSED BALANCE SHEET

| <i>Amounts in thousand euro, TEUR</i>        | <b>31 March 2020</b> | <b>31 December 2019</b> |
|--|----------------------|-------------------------|
| <b>Assets</b>                                |                      |                         |
| Participations in subsidiaries               | 47,278               | 47,278                  |
| Non-current receivables from Group companies | 7,000                | 7,000                   |
| Deferred tax asset                           | 673                  | 673                     |
| <b>Total non-current assets</b>              | <b>54,951</b>        | <b>54,951</b>           |
| Current receivables from Group companies     | 964                  | 954                     |
| Other current receivables                    | 62                   | 56                      |
| Prepaid expenses and accrued income          | 107                  | 81                      |
| Cash and cash equivalents                    | 1,054                | 1,081                   |
| <b>Total current assets</b>                  | <b>2,187</b>         | <b>2,172</b>            |
| <b>TOTAL ASSETS</b>                          | <b>57,138</b>        | <b>57,123</b>           |
| <b>EQUITY AND LIABILITIES</b>                |                      |                         |
| Share capital                                | 60                   | 60                      |
| Non-restricted equity                        | 56,972               | 56,962                  |
| <b>Equity</b>                                | <b>57,032</b>        | <b>57,022</b>           |
| Accounts payable                             | 7                    | 5                       |
| Current liabilities to Group companies       | 86                   | 86                      |
| Accrued expenses and deferred income         | 13                   | 10                      |
| <b>Total current liabilities</b>             | <b>106</b>           | <b>101</b>              |
| <b>TOTAL EQUITY AND LIABILITIES</b>          | <b>57,138</b>        | <b>57,123</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 interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

IFRS 16 Leases is applied as of 1 July 2019 and replaces IAS 17. Under the new standard, all leases are to be recognised in the balance sheet, except for leases with a term of 12 months or less or where the underlying asset is of a low value. In its capacity as lessee, Fleming Properties AB carried out a detailed review and analysis of the Group's leases, which resulted in one leasehold agreement being identified as the only lease. Fleming Properties AB recognises one leasehold agreement corresponding to TEUR 854 as an asset and as a corresponding liability item. The leasehold fee linked to this lease that was previously recognised under net operating income is now recognised under financial expenses in net financial items. The expenses for 2020 amounted to approximately TEUR 3.

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 on pages 12–16 of the 2019 annual report.

The company prepares five reports each year: a six-month report, a year-end report, an annual report and two interim reports.

For full accounting policies, refer to the Group's annual report for 2019.

## AUDIT

This report has not been subject to review by the company's auditors.

## DEFINITIONS

### *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

### *EPRA NAV per share*

Equity with add-back of interest-rate derivatives and deferred tax, divided by the number of shares outstanding

### *Interest coverage ratio*

Net operating income less administration costs and plus financial income divided by interest expenses

### *Equity/assets ratio*

Adjusted equity divided by total assets

### *Loan-to-value (LTV) ratio*

Liabilities to credit institutions divided by the market value of the properties

### *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 interim report for Fleming Properties AB (publ) was adopted by the Board on 27 May 2020.

Stockholm, 27 May 2020  
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*

Robin Englén  
*CEO*

### INFORMATION ON MAR

The information in this interim 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 27 May 2020.

### REPORTING CALENDAR

|                  |                              |
|------------------|------------------------------|
| 26 August 2020   | Half-year report             |
| 25 November 2020 | Third quarter interim report |

### FOR FURTHER INFORMATION, PLEASE CONTACT

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*This interim report has been published in Swedish and English. In case of any discrepancy between versions, the Swedish version is to take precedence.*