



Fleming Properties AB

Interim report January–June 2021

SECOND QUARTER APRIL–JUNE 2021

- Consolidated rental income for the period amounted to TEUR 1,798 (1,812)
- Net operating income for the period amounted to TEUR 1,527 (1,532)
- Profit for the period amounted to TEUR 1,600 (537)

HALF-YEAR JANUARY–JUNE 2021

- Consolidated rental income for the period amounted to TEUR 3,592 (3,587)
- Net operating income for the period amounted to TEUR 2,997 (3,054)
- Profit for the period amounted to TEUR 2,392 (1,533)

CEO'S COMMENTS ON THE PERIOD

During the period, operations continued with no changes in direction and with the expected performance trend.

Market conditions during the period continued to be dominated by 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

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

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 excluding rental guarantees was approximately 92% leased as of 30 June 2021.

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

SIGNIFICANT EVENTS DURING THE PERIOD

FINANCIAL OVERVIEW AND SELECTED PERFORMANCE INDICATORS, GROUP

<i>Unless otherwise stated all amounts are in thousand euro (TEUR).</i>	1 Apr 2021 – 30 Jun 2021	1 Apr 2020 – 30 Jun 2020	1 Jan 2021 – 30 Jun 2021	1 Jan 2020 – 30 Jun 2020
Rental income	1,798	1,812	3,592	3,587
Net operating income	1,527	1,532	2,997	3,054
Profit from property management	1,033	1,113	2,076	2,220
Profit for the period	1,600	537	2,392	1,533
Earnings per share, EUR	0.27	0.09	0.40	0.26
Market value of properties	132,000	130,000	132,000	130,000
No. of shares outstanding	5,950,000	5,950,000	5,950,000	5,950,000
Surplus ratio, %	84.91	84.55	84.43	85.14
Return on equity, %	11.42	3.68	8.29	5.30
Interest coverage ratio, multiple	4.34	5.02	4.36	5.01
Equity/assets ratio, %	39.61	39.26	39.61	39.26
LTV ratio, %	59.09	60.00	59.09	60.00
EPRA NRV per share, EUR	9.89	9.55	9.89	9.55
Property yield, %	4.63	4.71	4.54	4.70

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 are valued twice each year by an external appraiser at the end of the second and fourth quarters. At the balance-sheet date, 30 June 2021, the properties were valued at TEUR 132,000 (131,000).

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 306 (400) as of 30 June 2021. Interest expenses for the period totalled TEUR 563 (566).

THE SHARE AND SHAREHOLDERS

The company had 472 (391) shareholders at the end of the period.

OTHER INFORMATION

Dividend

The Annual General Meeting held on 30 March 2021 resolved to distribute a dividend of EUR 0.70 per share, corresponding to a total of TEUR 4,165. The dividend will be distributed in four instalments on four different dates during the year. The first and third instalments will amount to EUR 0.18 per share, corresponding to TEUR 1,071. The second and fourth instalments will amount to EUR 0.17 per share, corresponding to TEUR 1,011.5.

The proposed record dates for distribution of the dividend are 1 April 2021, 30 June 2021, 30 September 2021 and 30 December 2021.

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 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 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 Apr 2021 – 30 Jun 2021	1 Apr 2020 – 30 Jun 2020	1 Jan 2021 – 30 Jun 2021	1 Jan 2020 – 30 Jun 2020
Rental income	1,798	1,812	3,592	3,587
Operating and maintenance costs	-136	-157	-327	-287
Property tax	-135	-123	-268	-246
Net operating income	1,527	1,532	2,997	3,054
Administration costs	-190	-118	-310	-223
Financial income	5	6	7	7
Financial expenses	-309	-307	-618	-618
Profit from property management	1,033	1,113	2,076	2,220
Unrealised changes in value, properties	1,000	–	1,000	–
Profit before tax	2,033	1,113	3,076	2,220
Tax	-433	-576	-684	-687
Profit for the period	1,600	537	2,392	1,533
Earnings per share, EUR	0.27	0.09	0.40	0.26
Average number of shares, thousand	5,950	5,950	5,950	5,950

CONSOLIDATED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	30 June 2021	31 December 2020
Assets		
Investment properties	132,000	131,000
Right-of-use assets	854	854
Total non-current assets	132,854	131,854
Rental receivables	22	11
Other current receivables	218	213
Prepaid expenses and accrued income	107	86
Cash and cash equivalents	10,291	11,455
Total current assets	10,638	11,765
TOTAL ASSETS	143,492	143,619
Equity and liabilities		
Share capital	60	60
Non-restricted equity	56,778	58,531
Total equity	56,838	58,591
Borrowings	77,694	77,647
Deferred tax liabilities	1,984	1,319
Non-current lease liabilities	854	854
Total non-current liabilities	80,532	79,820
Accounts payable	108	355
Other current liabilities	4,642	4,662
Accrued expenses and deferred income	1,372	191
Total current liabilities	6,122	5,208
Total liabilities	86,654	85,028
TOTAL EQUITY AND LIABILITIES	143,492	143,619

CONSOLIDATED CASH-FLOW STATEMENT

<i>Amounts in thousand euro, TEUR</i>	1 Apr 2021 – 30 Jun 2021	1 Apr 2020 – 30 Jun 2020	1 Jan 2021 – 30 Jun 2021	1 Jan 2020 – 30 Jun 2020
Profit from property management	1,033	1,113	2,076	2,220
<i>Non-cash items</i>				
Financial items	24	22	47	46
Tax paid	–	–	-1	–
Cash flow from operating activities before changes in working capital	1,057	1,135	2,122	2,266
<i>Cash flow from changes in working capital</i>				
Decrease in other current receivables	-29	-275	-37	6,187
Increase in accounts payable	-210	-1,960	-246	-1,479
Increase in other current liabilities	-906	-426	-553	711
Cash flow from operating activities	-88	-1,526	1,286	7,685
<i>Investing activities</i>				
Investments in current properties	-150	-3,252	-367	-9,828
Cash flow from investing activities	-150	-3,252	-367	-9,828
<i>Financing activities</i>				
Dividend	-1,071	-1,071	-2,083	-1,071
Cash flow from financing activities	-1,071	-1,071	-2,083	-1,071
Cash flow for the period	-1,309	-5,849	-1,164	-3,214
Cash and cash equivalents at the beginning of the period	11,600	18,316	11,455	15,681
Cash and cash equivalents at the end of the period	10,291	12,467	10,291	12,467

PARENT COMPANY INCOME STATEMENT

<i>Amounts in thousand euro, TEUR</i>	1 Apr 2021 – 30 Jun 2021	1 Apr 2020 – 30 Jun 2020	1 Jan 2021 – 30 Jun 2021	1 Jan 2020 – 30 Jun 2020
Net sales	11	10	21	20
Administration costs	-63	-64	-121	-122
Operating loss	-52	-54	-100	-102
<i>Profit from financial items</i>				
Financial income	62	66	121	124
Profit after financial items	10	12	21	22
Profit before tax	10	12	21	22
Tax	–	-673	–	-673
Profit for the period	10	-661	21	-651

PARENT COMPANY'S CONDENSED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	30 June 2021	31 December 2020
Assets		
Participations in subsidiaries	47,278	47,278
Non-current receivables from Group companies	7,000	7,000
Total non-current assets	54,278	54,278
Other current receivables	139	126
Prepaid expenses and accrued income	94	84
Cash and cash equivalents	1,405	1,395
Total current assets	1,638	1,605
TOTAL ASSETS	55,916	55,883
EQUITY AND LIABILITIES		
Share capital	60	60
Non-restricted equity	48,031	52,175
Equity	48,091	52,235
Accounts payable	88	10
Current liabilities to Group companies	4,612	2,600
Other current liabilities	3,095	1,012
Accrued expenses and deferred income	30	26
Total current liabilities	7,825	3,648
TOTAL EQUITY AND LIABILITIES	55,916	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 accounting and valuation policies applied in this interim report are the same as those described in the annual report for 2020.

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

For full accounting policies, refer to the Group's annual report for 2020.

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 financial 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

NRV per share, EUR

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 interim report for Fleming Properties AB (publ) was adopted by the Board on 24 August 2021.

Stockholm, 24 August 2021
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

John Malmström
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 above, on 24 August 2021.

REPORTING CALENDAR

26 November 2021	Q3 interim report
22 February 2022	Year-end report
29 March 2022	Annual General Meeting

FOR FURTHER INFORMATION, PLEASE CONTACT

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