



Fleming Properties AB (publ)

Year-end report: 3 June 2019–31 December 2019

3 JUNE 2019–31 DECEMBER 2019

- Consolidated rental income for the period amounted to TEUR 1,568
- Net operating income for the period totalled TEUR 1,363
- The company reported a profit for the period of TEUR 2,091

CEO'S COMMENTS ON THE PERIOD

We are very pleased to have acquired this modern office building in a central location in Helsinki. We have a strong counterparty in our anchor tenant SOK, which is one of Finland's largest companies. Given SOK's long lease and the central location of the property, we see favourable opportunities to create long-term value for both our tenant and our shareholders.

SIGNIFICANT EVENTS DURING THE PERIOD

Fleming Properties AB (publ) was formed 3 June 2019 and acquired three companies that own an office building in central Helsinki, with a lettable area of approximately 41,000 square metres on 9 October 2019.

During the financial year, the company carried out a new share issue valued at TEUR 59,500.

The company was listed on Spotlight Stock Market on 14 October 2019.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No significant events occurred 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. 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 December 2019.

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.

	3 Jun 2019– 31 Dec 2019*
<i>Unless otherwise stated all amounts are in thousand euro (TEUR).</i>	
Rental income	1,568
Net operating income	1,363
Profit from property management	900
Earnings per share, EUR	0.4
Market value of properties	130,000
No. of shares outstanding	5,950,000
Surplus ratio, %	87.0
Return on equity, %	15.4
Interest coverage ratio, multiple	4.6
Equity/assets ratio, %	38.5
LTV ratio, %	60.0
EPRA NAV per share, EUR	9.9
Property yield, %	4.6

*The company was dormant until 9 October, when the properties were acquired.

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. As of the end of the year, the properties in the company's portfolio had been valued by an external appraiser.

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 447 as of 31 December 2019. Interest expenses for the period totalled TEUR 261.

THE SHARE AND SHAREHOLDERS

The company had 300 shareholders at the end of the period.

OTHER INFORMATION

Dividend

Ahead of the Annual General Meeting 2020, the Board of Directors proposes a dividend of EUR 0.7 per share, corresponding to a total of TEUR 4,165. The Board also proposes that dividend payments 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 proposed record dates for payment of the dividends are 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

The company has engaged in transactions with Pareto Securities AB and Pareto Business Management AB ("PBM").

As of 31 December 2019, PBM, which is owned by Pareto Securities AB, had no remaining ownership share in the company or its subsidiary and was no longer assessed as comprising a related party.

An internal management fee was paid between Fleming Properties AB and its subsidiary. No other transactions have taken place.

Significant risks and uncertainties

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 lease for the properties stipulates that the tenant is responsible for and will defray all 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.

On 1 January 2019, new regulations on deducting interest expenses came into force. These new regulations entail a right to deduction of 30% of taxable EBITDA and a reduction of corporate income tax from 22% to 20.6%. The reduction in corporate income tax is being implemented in two stages, with a decrease in the first two years, 2019 and 2020, to 21.4%. The maximum interest expense that can always be deducted at Group level is TEUR 500. In Finland, similar regulation on deducting interest expenses came into force, with some differences. The right to deduction is limited to 25% of taxable EBITDA and the maximum interest expense that can always be deducted is TEUR 500 per company. The new regulations have not had any impact on the results for the period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in thousand euro, TEUR</i>	3 Jun 2019– 31 Dec 2019*
Rental income	1,568
Operating and maintenance costs	-91
Property tax	-114
Net operating income	1,363
Administration costs	-158
Financial income	1
Financial expenses	-306
Profit from property management	900
<i>Changes in value</i>	
Properties, unrealised	1,500
Profit before tax	2,400
Tax	-9
Deferred tax	-300
Profit for the period	2,091
Earnings per share, EUR	0.4
Average number of shares, thousand	5,950

**The company was dormant until 9 October, when the properties were acquired.*

CONSOLIDATED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	31 Dec 2019
Assets	
Investment properties	130,000
Deferred tax assets	373
Right-of-use assets	854
Total non-current assets	131,227
Rental receivables	11
Other current receivables	2,018
Prepaid expenses and accrued income	4,722
Cash and cash equivalents	15,681
Total current assets	22,432
TOTAL ASSETS	153,659
Equity and liabilities	
Share capital	60
Non-restricted equity	59,058
Total equity	59,118
Borrowings	77,553
Non-current liabilities	854
Total non-current liabilities	78,407
Accounts payable	1,584
Other current liabilities	13,973
Accrued expenses and deferred income	577
Total current liabilities	16,134
Total liabilities	94,541
TOTAL EQUITY AND LIABILITIES	153,659

CONSOLIDATED CASH-FLOW STATEMENT

<i>Amounts in thousand euro, TEUR</i>	3 Jun 2019– 31 Dec 2019*
Profit from property management	900
<i>Non-cash items</i>	
Financial items	282
Cash flow from operating activities before changes in working capital	1,182
<i>Cash flow from changes in working capital</i>	
Increase/decrease in other current receivables	-263
Increase/decrease in accounts payable	1,584
Increase/decrease in other current liabilities	-2,318
Cash flow from operating activities	185
<i>Investing activities</i>	
Acquisition of investment properties	-109,826
Investment projects in properties	-6,817
Cash flow from investing activities	-118,390
<i>Financing activities</i>	
Formation of company	-60
Impairment of share capital	60
New share issue	59,500
Issue costs	-3,146
Loans raised	77,532
Cash flow from financing activities	133,886
Cash flow for the year	15,681
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	15,681

*The company was dormant until 9 October, when the properties were acquired.

PARENT COMPANY INCOME STATEMENT

<i>Amounts in thousand euro, TEUR</i>	3 Jun 2019– 31 Dec 2019*
Net sales	867
Administration costs	-930
Operating loss	-63
<i>Profit/loss from financial items</i>	
Financial income	59
Loss after financial items	-4
Loss before tax	-4
Tax	-
Loss for the period	-4

*The company was dormant until 9 October, when the properties were acquired.

PARENT COMPANY'S CONDENSED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	31 Dec 2019
Assets	
Participations in subsidiaries	47,278
Non-current receivables from Group companies	7,000
Other non-current receivables	673
Total non-current assets	54,951
Receivables from Group companies	954
Other current receivables	56
Prepaid expenses	81
Cash and cash equivalents	1,081
Total current assets	2,172
TOTAL ASSETS	57,123
EQUITY AND LIABILITIES	
Share capital	60
Non-restricted equity	56,962
Equity	57,022
Accounts payable	5
Liabilities to Group companies	86
Accrued expenses and deferred income	10
Total current liabilities	101
TOTAL EQUITY AND LIABILITIES	57,123

GENERAL INFORMATION

Fleming Properties AB (publ), 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 (publ) 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 Leasing is applied as of 1 January 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. The new standard has had no impact on the Group's earnings or financial position since the company has no leases covered by IFRS 16.

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 year 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 financial expenses

Equity/assets ratio

Adjusted equity divided by total assets

Loan-to-value 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 year-end report for Fleming Properties AB (publ) was adopted by the Board on 24 February 2020.

Stockholm, 24 February 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 year-end 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 February 2020.

ANNUAL GENERAL MEETING

The Board intends to call the shareholders to the company's Annual General Meeting in Stockholm at 10:00 a.m. on 28 April 2020. The notice will be published on www.flemingproperties.se. The 2019 annual report will be available on the company's website from 24 March 2020 and includes the full accounting policies.

REPORTING CALENDAR

28 April 2020	Annual General Meeting
27 May 2020	Interim report

FOR FURTHER INFORMATION, PLEASE CONTACT

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