



Interim report

Q3 2022

Fleming Properties AB

www.flemingproperties.se

PERIOD FROM JANUARY–SEPTEMBER 2022

- Group revenue for the period amounted to TEUR 5,119 (5,384)
- Net operating income for the period amounted to TEUR 4,109 (4,512)
- Profit for the period was TEUR 3,873 (5,276)

THIRD QUARTER JULY–SEPTEMBER 2022

- Group revenue for the period amounted to TEUR 1,746 (1,791)
- Net operating income for the period amounted to TEUR 1,415 (1,515)
- Profit for the period was TEUR 700 (2,885)

CEO'S COMMENTS ON THE PERIOD

The net operating income during the quarter was slightly higher than the previous quarter of 2022, but the entire period showed a decline of 403 TEUR compared to the previous year. The decline is explained by the rental guarantee for the vacant areas, which ended in October 2021. The fire that broke out in the adjacent property in December 2021 with subsequent repairs has delayed the leasing work for the vacant areas. During the quarter the leasing process has intensified as the restoration of the fire-damaged areas are nearing completion. Even with the current vacancy level, an increase in revenue is expected compared to previous years based on that the existing leases are being adjusted to hundred percent in accordance with CPI ¹⁾, which as of October amounted to 8.33 percent compared to the previous year.

SIGNIFICANT EVENTS DURING THE PERIOD

During the period, restoration of the fire-damaged areas in the Vallilan Toimisto property have continued and progressed pursuant to plan. The work affects some 5,100 square metres, of which about one third is let. The company will be compensated by insurance for costs related to restoring the premises and for any loss of revenue. The premises are estimated to be restored by year end.

During the period, work on a previously planned repair and refurbishment project started on the outdoor courtyard adjacent to SOK's main entrance. The project aims to reinforce the foundations and enhance the outdoor environment. The work is expected to be completed in the first half of 2023.

SIGNIFICANT EVENTS AFTER THE PERIOD

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

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, which was approximately 92% let as of 30 September 2022.

The company's CEO is John Malmström and is managed by Pareto Business Management AB. The company's shares have been traded on Spotlight Stock Market since 14 October 2019.

FINANCIAL OVERVIEW AND SELECTED PERFORMANCE INDICATORS, GROUP

<i>Unless otherwise stated all amounts are in thousand euro (TEUR).</i>	1 Jan 2022 – 30 Sep 2022	1 Jan 2021 – 30 Sep 2021	1 Jul 2022 – 30 Sep 2022	1 Jul 2021 – 30 Sep 2021
Revenue	5,119	5,384	1,746	1,791
Net operating income	4,109	4,512	1,415	1,515
Profit from property management	2,758	3,147	940	1,071
Profit/loss for the period	3,873	5,276	700	2,885
Earnings per share, EUR	0.65	0.89	0.12	0.48
Market value of properties	136,000	132,000	136,000	132,000
No. of shares outstanding	5,950,000	5,950,000	5,950,000	5,950,000
Surplus ratio, %	80.27	83.80	81.04	84.59
Return on equity, %	8.23	11.89	4.55	20.07
Interest coverage ratio, multiple	4.36	4.79	4.41	4.82
Equity/assets ratio, %	42.41	41.74	42.41	41.74
LTV ratio, %	57.35	59.09	57.35	59.09
Net LTV ratio, %	51.48	52.24	51.48	52.24
NRV per share, EUR	10.80	10.35	10.80	10.35
Property yield, %	4.03	4.56	4.16	4.59

1) According to Cost-of-living index (1951:10=100)

FINANCIAL PERFORMANCE

The Group's earnings have performed as expected given the impact of the fire that broke out at the adjacent property in December 2021. The Group has long-term secured cash flows via the existing lease agreements and a solid liquidity ensures future investments and dividends.

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, the properties were valued at TEUR 136,000 (134,000).

FINANCING

The Group has an interest-only loan of TEUR 78,000 loan with Deutsche Pfandbriefbank AG that is subject to a fixed interest rate of 1.45%. The loan extends until 4 October 2024. Interest expenses for the period totalled TEUR 848 (848).

THE SHARE AND SHAREHOLDERS

The company had 637 (542) shareholders at the end of the period.

OTHER INFORMATION

Dividend

The Annual General Meeting held on 29 March 2022 resolved to distribute a dividend of EUR 0.70 per share, corresponding to a total of EUR 4,165,000. The dividend will be distributed in four instalments on four different dates during the year. The first and third instalments would amount to EUR 0.18 per share, corresponding to EUR 1,071,000. The second and fourth instalments would amount to EUR 0.17 per share, corresponding to EUR 1,011,500. The record dates for distribution of the dividend have been set as 31 March 2022, 30 June 2022, 30 September 2022 and 30 December 2022.

Employees

The Group had no employees during the period. The Group is administered by Pareto Business Management AB.

Related-party transactions

An intra-Group management fee was paid between Fleming Properties AB and its subsidiary. No other related-party transactions have taken place.

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 tenant 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 tenant terminating its existing lease, 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.

The terms and conditions of the company's external financing include the covenants stipulating that the Group's interest coverage ratio must exceed 250% and that the loan-to-value (LTV) ratio may not exceed 70%. Prerequisites for the disbursement of dividends comprise an interest coverage ratio greater than 375% and an LTV ratio below 65%. The company had met all covenants as of 30 Sep 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in thousand euro, TEUR</i>	1 Jan 2022 –30 Sep 2022	1 Jan 2021 –30 Sep 2021	1 Jul 2022 –30 Sep 2022	1 Jul 2021 –30 Sep 2021
Revenue	5,119	5,384	1,746	1,791
Operating and maintenance costs	-596	-467	-190	-140
Property tax	-414	-405	-141	-136
Net operating income	4,109	4,512	1,415	1,515
Administration costs	-409	-448	-157	-138
Financial income	1	20	0	12
Financial expenses	-943	-937	-318	-318
Profit from property management	2,758	3,147	940	1,071
Unrealised changes in value, properties ¹⁾	1,209	2,669	-487	1,669
Profit/loss before tax	3,966	5,816	454	2,740
Tax	-94	-540	247	145
Profit/loss for the period	3,873	5,276	700	2,885
Earnings per share, EUR	0.65	0.89	0.12	0.48
Average number of shares, thousand	5,950	5,950	5,950	5,950

1) The quarter's unrealized value changes are affected by ongoing work, which is mainly linked to the repair and refurbishment work that has begun during the year of the outdoor garden adjacent to SOK's main entrance.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in thousand euro, TEUR</i>	30 September 2022	31 December 2021
Assets		
Investment properties	136,000	134,000
Right-of-use assets	537	537
Total non-current assets	136,537	134,537
Accounts receivable	14	27
Other current receivables	361	181
Prepaid expenses and accrued income	1,056	85
Cash and cash equivalents	7,986	9,561
Total current assets	9,417	9,854
TOTAL ASSETS	145,954	144,391
Equity and liabilities		
Share capital	60	60
Non-restricted equity	61,833	62,125
Total equity	61,893	62,185
Liabilities to credit institutions	77,811	77,741
Deferred tax liabilities	2,343	2,250
Non-current lease liabilities	537	537
Total non-current liabilities	80,691	80,528
Accounts payable	175	4
Other current liabilities	2,284	1,273
Accrued expenses and deferred income	991	401
Total current liabilities	3,370	1,678
Total liabilities	84,061	82,206
TOTAL EQUITY AND LIABILITIES	145,954	144,391

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in thousand euro, TEUR</i>	1 Jan 2022 – 30 Sep 2022	1 Jan 2021 – 30 Sep 2021	1 Jul 2022 – 30 Sep 2022	1 Jul 2021 – 30 Sep 2021
Profit from property management	2,758	3,147	940	1,071
<i>Non-cash items</i>				
Financial items	70	70	23	23
Tax paid	-1	-1	–	–
Cash flow from operating activities before changes in working capital	2,827	3,216	963	1,094
Cash flow from changes in working capital				
Decrease in other current receivables	-275	-877	312	-841
Increase in accounts payable	171	-42	-414	204
Increase in other current liabilities	335	196	-5	-682
Cash flow from operating activities	3,058	2,493	856	-225
Investing activities				
Received insurance recovery	1,063	-1,432	198	–
Investments in existing investment properties	-2,601	-372	-1,544	-5
Cash flow from investing activities	-1,538	-1,804	-1,346	-5
Financing activities				
Dividends paid	-3,095	-3,095	-1,012	-1,012
Cash flow from financing activities	-3,095	-3,095	-1,012	-1,012
Cash flow for the period ¹⁾	-1,575	-2,406	-1,502	-1,242
Cash and cash equivalents at the beginning of the period	9,561	11,455	9,488	10,291
Cash and cash equivalents at the end of the period	7,986	9,049	7,986	9,049

1) The quarter's negative cash flow mainly stemmed from the company receiving the insurance recovery for Q3 costs linked to the restoration of the fire-damaged areas after the balance-sheet date. The company recovered TEUR 823 from insurance for costs in the quarter, which is accounted for as accrued income in the balance sheet.

PARENT COMPANY INCOME STATEMENT

<i>Amounts in thousand euro, TEUR</i>	1 Jan 2022 –30 Sep 2022	1 Jan 2021 –30 Sep 2021	1 Jul 2022 –30 Sep 2022	1 Jul 2021 –30 Sep 2021
Net sales	79	31	17	10
Administration costs	-244	-180	-66	-59
Operating loss	-165	-149	-49	-49
Profit from financial items	4,165	–	4,165	–
Financial items	18	177	7	59
Profit after financial items	4,018	28	4,123	10
Profit before tax	4,018	28	4,123	10
Tax	–	–	–	–
Profit for the period	4,018	28	4,123	10

PARENT COMPANY'S CONDENSED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	30 September 2022	31 December 2021
ASSETS		
Participations in subsidiaries	47,278	47,278
Non-current receivables from Group companies	1,388	1,388
Total non-current assets	48,666	48,666
Other current receivables	158	165
Current receivables from Group companies	3,003	1,937
Prepaid expenses and accrued income	55	85
Cash and cash equivalents	1,160	1,252
Total current assets	4,376	3,439
TOTAL ASSETS	53,042	52,105
EQUITY AND LIABILITIES		
Share capital	60	60
Non-restricted equity	50,858	51,004
Equity	50,918	51,064
Accounts payable	4	4
Other current liabilities	2,083	1,012
Accrued expenses and deferred income	37	25
Total current liabilities	2,124	1,041
TOTAL EQUITY AND LIABILITIES	53,042	52,105

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 full accounting and valuation policies applied in this year-end report are the same as those described in the annual report for 2021.

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

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.

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 29 November 2022.

Stockholm, 29 November 2022
Fleming Properties AB
Corporate registration number: 559207-9544

Thomas Lindström
Chairman

Erica Magnergård
Board member

Patrik von Hacht
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 29 November 2022.

REPORTING CALENDAR

22 February 2023	Year-end report
29 March 2023	Annual General Meeting

FOR FURTHER INFO, PLEASE CONTACT

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