



**Interim report**

**Q1 2023**

**Fleming Properties AB**

[www.flemingproperties.se](http://www.flemingproperties.se)

### PERIOD FROM JANUARY – MARCH 2023

- Group revenue for the period amounted to TEUR 1,824 (1,638)
- Net operating income for the period amounted to TEUR 1,401 (1,306)
- Profit from property management for the period amounted to TEUR 975 (925)
- Profit for the period was TEUR 639 (903)

### CEO'S COMMENTS ON THE PERIOD

Operations have continued as planned and have met the expected profit trend. Tenants started to move back into the premises during the quarter following completion of the restoration work for the areas that were damaged by the fire in the adjacent property in December 2021.

The company is focusing strongly on lettings linked to vacancies in the portfolio. Compared with previous periods, when the fire damage and pandemic dominated events, we have noted increased movement in the local office lettings market and greater interest in the company's office spaces. The above, combined with indexation of the company's leases, entails an expected year-on-year improvement in the company's profit from property management.

### SIGNIFICANT EVENTS DURING THE PERIOD

The work related to the restoration of fire-damaged areas that has been ongoing since December 2021 proceeded to plan during the period and has essentially been completed. The company has been compensated by insurance for costs related to restoring the premises and for any loss of revenue.

### FINANCIAL OVERVIEW AND SELECTED PERFORMANCE INDICATORS, GROUP

	1 Jan 2023	1 Jan 2022
	– 31 Mar 2023	– 31 Mar 2022
<i>Unless otherwise stated all amounts are in thousand euro (TEUR).</i>		
Revenue	1,824	1,686
Net operating income	1,401	1,360
Profit from property management	975	925
Profit for the period	639	903
Profit from property management per share, EUR	0.16	0.16
Earnings per share, EUR	0.11	0.15
Equity per share, EUR	9.39	9.90
Market value of properties	129,000	134,000
No. of shares outstanding	5,950,000	5,950,000
Surplus ratio, %	76.80	80.65
Return on equity, %	4.60	5.97
Interest coverage ratio, multiple	4.56	4.41
Equity/assets ratio, %	40.67	40.83
LTV ratio, %	60.47	58.21
Net LTV ratio, %	54.82	51.13
NRV per share, EUR	9.68	10.28
Property yield, %	4.34	4.06
Implicit property yield, %	5.54	4.03

### SIGNIFICANT EVENTS AFTER THE PERIOD

No events of a significant nature took place after 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. The company's CEO is John Malmström and the company is administered by Pareto Business Management AB. The company's shares have been traded on Spotlight Stock Market since 14 October 2019.

### FINANCIAL PERFORMANCE

The Group's earnings have performed in line with expectations. The Group has long-term secured cash flows via the existing lease agreements with indexation clauses and future investments are ensured through solid liquidity, which will enable the company to change the capital structure to meet the changed market conditions for the coming refinancing.

### 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 129,000 (134,000).

## SHARE RELATED PERFORMANCE INDICATORS, SEK

	2023-01-01 - 2023-03-31	2022-01-01 - 2022-03-31
Profit from property management per share, SEK	1,85	1,61
Earnings per share, SEK	1,24	1,55
Equity per share, SEK	105,85	102,38
NRV per share, SEK	109,15	106,28
Stock market price per balance sheet day, SEK	56,50	108,00
EUR/SEK per balance sheet day	11,28	10,34

### Leases

On 31 December 2022, the company's occupancy rate was about 91%. Of the total rental value, 97% 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 9.3% 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. As of the balance-sheet date, the average remaining lease term was 7.6 years. All leases contain indexation clauses that adjust one hundred per cent of the base rent pursuant to the CPI. As of 1 January 2023, an 8.33% upward adjustment was made to the rents.

### 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 282 (280).

### The share and shareholders

The company had 976 (566) shareholders at the end of the period.

## OTHER INFORMATION

### Dividend

The Annual General Meeting on 29 March 2023 resolved in line with the Board's proposal that no dividend be distributed to shareholders. The proposal is based on the assessment that, over time, it is of greater value for the company to strengthen its balance sheet ahead of the refinancing that will take place in autumn 2024. However, based on what circumstances permit, the Board's ambition is to resume dividends following the company's refinancing.

### 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 subsidiaries. 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 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 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 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.

Please refer to *Note 4* of the 2022 Annual Report.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in thousand euro, TEUR</i>	<b>1 Jan 2023 – 31 Mar 2023</b>	<b>1 Jan 2022 – 31 Mar 2022</b>
Revenue	1,824	1,686
Operating and maintenance costs	-252	-190
Property tax	-171	-136
<b>Net operating income</b>	<b>1,401</b>	<b>1,360</b>
Administration costs	-115	-127
Financial income	3	2
Financial expenses	-314	-310
<b>Profit from property management</b>	<b>975</b>	<b>925</b>
Unrealised changes in value, properties	-186	-26
<b>Profit before tax</b>	<b>789</b>	<b>899</b>
Deferred tax	-150	4
<b>Profit for the period</b>	<b>639</b>	<b>903</b>
Earnings per share, EUR	0.11	0.15
Average number of shares, thousand	5,950	5,950

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in thousand euro, TEUR</i>	31 March 2023	31 December 2022
<b>Assets</b>		
Investment properties	129,000	129,000
Right-of-use assets	537	537
<b>Total non-current assets</b>	<b>129,537</b>	<b>129,537</b>
Accounts receivable	13	65
Other current receivables	336	479
Prepaid expenses and accrued income	169	94
Cash and cash equivalents	7,275	7,783
<b>Total current assets</b>	<b>7,793</b>	<b>8,420</b>
<b>TOTAL ASSETS</b>	<b>137,330</b>	<b>137,957</b>
<b>Equity and liabilities</b>		
Share capital	60	60
Non-restricted equity	55,793	55,155
<b>Total equity</b>	<b>55,853</b>	<b>55,215</b>
Liabilities to credit institutions	77,858	77,834
Deferred tax liabilities	1,769	1,621
Non-current lease liabilities	537	537
<b>Total non-current liabilities</b>	<b>80,164</b>	<b>79,992</b>
Accounts payable	8	324
Other current liabilities	635	1,212
Accrued expenses and deferred income	670	1,214
<b>Total current liabilities</b>	<b>1,313</b>	<b>2,750</b>
<b>Total liabilities</b>	<b>81,477</b>	<b>82,742</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>137,330</b>	<b>137,957</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in thousand euro, TEUR</i>	<b>1 Jan 2023 – 31 Mar 2023</b>	<b>1 Jan 2022 – 31 Mar 2022</b>
Profit from property management	975	925
<i>Non-cash items</i>		
Financial items	23	23
Tax paid	–	-1
<b>Cash flow from operating activities before changes in working capital</b>	<b>998</b>	<b>947</b>
<b>Cash flow from changes in working capital</b>		
Decrease in other current receivables	119	0
Increase in accounts payable	-316	27
Increase in other current liabilities	-111	-65
<b>Cash flow from operating activities</b>	<b>690</b>	<b>909</b>
<b>Investing activities</b>		
Received insurance recovery	467	376
Investments in existing investment properties	-653	-348
<b>Cash flow from investing activities</b>	<b>-186</b>	<b>28</b>
<b>Financing activities</b>		
Dividends paid	-1,012	-1,012
<b>Cash flow from financing activities</b>	<b>-1,012</b>	<b>-1,012</b>
<b>Cash flow for the period</b>	<b>-508</b>	<b>-75</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>7,783</b>	<b>9,561</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7,275</b>	<b>9,486</b>

## PARENT COMPANY INCOME STATEMENT

<i>Amounts in thousand euro, TEUR</i>	1 Jan 2023 – 31 Mar 2023	1 Jan 2022 – 31 Mar 2022
Net sales	12	10
Administration costs	-63	-73
<b>Operating loss</b>	<b>-51</b>	<b>-63</b>
Financial items	9	8
<b>Profit/loss after financial items</b>	<b>-42</b>	<b>-55</b>
<b>Profit/loss before tax</b>	<b>-42</b>	<b>-55</b>
Tax	–	–
<b>Profit/loss for the period</b>	<b>-42</b>	<b>-55</b>

## PARENT COMPANY'S CONDENSED BALANCE SHEET

<i>Amounts in thousand euro, TEUR</i>	31 March 2023	31 December 2022
<b>ASSETS</b>		
Participations in subsidiaries	47,278	47,278
Non-current receivables from Group companies	1,388	1,389
<b>Total non-current assets</b>	<b>48,666</b>	<b>48,666</b>
Other current receivables	53	51
Current receivables from Group companies	1,932	1,920
Prepaid expenses and accrued income	50	94
Cash and cash equivalents	181	1,299
<b>Total current assets</b>	<b>2,216</b>	<b>3,363</b>
<b>TOTAL ASSETS</b>	<b>50,882</b>	<b>52,030</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	60	60
Non-restricted equity	50,777	50,820
<b>Equity</b>	<b>50,837</b>	<b>50,879</b>
Accounts payable	11	103
Other current liabilities	–	1,012
Accrued expenses and deferred income	34	35
<b>Total current liabilities</b>	<b>45</b>	<b>1,150</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>50,882</b>	<b>52,030</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.

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.

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

### *Profit from property management per share*

Profit from property management divided by the numbers of shares outstanding

### *Equity per share*

Equity divided by the numbers 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

### *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 value 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 per 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 interim report for Fleming Properties AB (publ) was adopted by the Board on 31 May 2023.

Stockholm, 31 May 2023  
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 31 May 2023.

**REPORTING CALENDAR**

29 August 2023	Q2 interim report
28 November 2023	Q3 interim report

**FOR FURTHER INFO, PLEASE CONTACT**

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