

Delarka Fastighet AB (publ)



Year-end report 2015

January – December 2015

CONTACT INFORMATION

Delarka Fastighet AB (publ)

a company managed by Pareto Business Management AB

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For further information, including presentation material relating to this interim report and financial information, please visit www.delarka.se

PROPOSED DIVIDEND FOR 2015

- The Board of Directors proposes a dividend of SEK 80 (80) per share implying a total dividend of TSEK 40,000 (40,000)

2015 IN BRIEF

- Rental income amounted to TSEK 98,665 (99,231)
- Net Operating Income was TSEK 80,116 (81,011)
- Net income was TSEK-17,134 (-17,780)
- Dividend paid out in 2015 was TSEK 40,000 (30,000)
- The company has a bond loan on NASDAQ OMX with the ticker DELAR1

IMPORTANT EVENTS IN THE PERIOD JULY - DECEMBER 2015

- There have not been any important events in the period.

KEY FIGURES - Period 1. Jan - 31. Dec 2015

	Jan-Dec 2015	Jan-Dec 2014	Jul-Dec 2015	Jul-Dec 2014
Rental income, (TSEK)	98,665	99,231	49,331	49,874
Net Operating Income, (TSEK)	80,116	81,011	40,619	40,180
Income before tax, (TSEK)	-16,057	-16,715	-7,441	-19,962
Net income, (TSEK)	-17,134	-17,780	-6,639	-21,032
Interest coverage ratio, %	2.3%	2.3 %	2.3%	2.3 %
Return on equity, %	-4.51%	-4.06 %	-3.74%	-4.79 %
Total assets, (TSEK)	1,125,124	1,175,842	1,125,124	1,175,842
Equity/Asset ratio, %	31.3%	34.8 %	31.3%	34.8 %
Loan-to-value ratio, %	59.9%	60.4 %	59.9%	60.4 %
Market value of investment property, (TSEK)	1,235,000	1,225,000	1,235,000	1,225,000
Equity per share, (SEK)	703	818	703	818
Profit per share, (SEK)	-34.27	-35.56	-13.28	-42.09
Yield, %	6,3%	6.3 %	6,5%	6.3 %

Important events and development after year end

In the auditor's report regarding the annual report 2015 the auditor has made an observation regarding late payments of taxes and social security contributions. No late payments have been noted post the establishments of new routines. This negligence has caused no material harm for the company, except for penalty interests.

The property and the lease agreement

Delarka Fastighet AB (publ) is a Swedish holding company which owns the property Solna Polisen 2, PostNord's headquarter. The building was completed in November 2003 and consists of approximately 39,000 m² of office

space and around 14,000 m² parking space that constitute approximately 450 parking lots. The company is managed by Pareto Business Management AB. The company was merged with its subsidiary on April 24, 2014. The parent company's shares are traded on NASDAQ OMX First North as of December 17, 2013.

The annual rental income for 2015 is TSEK 89,536 and in addition the tenant pays 100 per cent of the property tax in respect of the property. Costs for heating, warm water, cooling, snow clearance and waste handling is included in the rent. Costs for water supply and sewerage is included in the rent up to what can be considered normal for office premises and the tenant pays for additional consumption as well as for costs for water supply and sewerage for restaurants, pool and exercise centre. The landlord has a subscription for high-voltage electricity and the tenant reimburses the landlord for the cost for Postnord AB's electricity consumption. The landlord is in general responsible for costs and investments connected to technical installations, building components etc. The Lease agreement is entered into for a fixed period and runs until 30 April 2026. Unless terminated by either party no later than 24 months prior to the end of the lease period, the Lease agreement will automatically be prolonged for a period of 5 years each time. There is no vacancy in the property and is fully used by Postnord AB and its subsidiaries.

Market assessment and Analysis

The Management and Board of Directors have identified CBRE as a reliable source of relevant market assessments and analysis. For the period July to December 2015 CBRE reports the following:

Both in the central parts of Stockholm and in popular office zones like Solna there is a continued high demand for modern and efficient premises with good access to public transports and on several markets the vacancy rate is continued low. The total office stock in Solna/Sundbyberg is approximately 1.4 million sqm of which the majority, 1.1 million sqm, is located in Solna.

Ranked as Sweden's most business friendly municipality in 2014, Solna is currently one of Stockholm's most attractive locations and both local and foreign companies choose to establish their business here. The most appealing factors in Solna are the proximity to Stockholm city, a large variety of cultural and sport events, a well-developed public transportation infrastructure and modern premises. For Q3 2015, the vacancy rate was at approximately 9 %, the average prime rent is at SEK 2,600 per sqm and the prime yield is 5.25%.

One of Scandinavia's most expansive areas is being developed in Solna, Arenastaden. The largest office project taking place in is Faberge's production of a 42,000 sqm building to TeliaSonera. Faberge has also signed a 20-year lease with SEB for premises in the same area. SEB will gather together large portions of its operations in Stockholm and create 67,500 sqm in new office buildings adjacent to the Mall of Scandinavia. Furthermore, Faberge has signed a 12 year lease of 23,000 sqm excluding garage with ICA. The total rent value including the parking disclosed to around SEK 68 million per year.

By 2018, around 200 000 sqm of new office space has entered the Solna market, of which more than 90 per cent already is pre-let.

Source: CBRE Research and Valuation

FINANCIAL PERFORMANCE 2015

Rental income

Rental income for the year was TSEK 98,665 (99,231) and in line with budget.

Result

Net Operating Income for the year was TSEK 80,116 (81,011) and the Net income was TSEK -17,134 (-17,780).

Investments and cash flow

Net cash flow for the year was TSEK 7,852 (13,214). Net cash from the merger was TSEK 0 (18,026) which give a total Net cash flow of TSEK 7,852 (31,239).

Net cash flow from financing activities was negative TSEK 40,000 (30,000) due to dividend payments.

Net cash flow from investing activities is zero (zero).

Valuation of properties

Two independent external valuers have assessed the property based on Market value. At December 31, 2015, the property was valued at 1,235,000 (1,225,000) TSEK. In the legal entity the book value is presented where the building is depreciated annually with 2 per cent and building inventories with 5-20 per cent annually.

Equity

The equity at the 31st of December was TSEK 351,665 (408,798) with an equity ratio of 31.3 (34.8) %.

Financing

The company issued on November 8, 2013 a senior secured callable bond of TSEK 740,000. The final maturity date for the bond is November 13, 2020 and during its duration the interest rate is fixed with 4.58 % with no amortization. Interest cost during the period was TSEK 33,940 (33.911).

Share and shareholders

Outstanding shares per December 31, 2015 totaled 500,000. There has been no dilution or issuing of new shares during the period why the average number of shares is totaling 500,000. The company is owned 100 % by the parent company Delarka Holding AB (publ). Delarka Holding AB (publ) is listed on Nasdaq OMX First North with Wildecos Ekonomisk Information as Certified Adviser. Delarka Holding AB (publ) had 670 (234) registered shareholders on December 31, 2015. The largest shareholders in the parent company registered with Euroclear at December 31, 2015 are presented below. The parent company has 5,000,000 shares.

#	Name	Share %	No. of Shares
1	Ålandsbanken	20,00 %	1 000 000
2	EOJ 1933 AB	10,00 %	500 000
3	Socialdemokraterna	5,00 %	250 000
4	Avanza Pension	3,29 %	164 278
5	SEB S.A. W8IMY	3,08 %	154 108
6	DBS Bank AS NO. 001	2,60 %	130 000
7	LGT Bank Ltd	2,60 %	130 000
8	Von Eulers & Partners AB	1,83 %	91 500
9	Credit Suisse AG	1,79 %	89 323
10	ICA-handlarnas förbund	1,77 %	88 251
Total 10 largest share holders		51.96 %	2,597,460
Others		48.04 %	2,402,540
Total		100.0 %	5,000,000

Dividend 2016

The Board of Directors proposes to the Annual General Meeting (AGM) a dividend of SEK 8 per share, implying a dividend of in total TSEK 40,000.

Employees

The company has had no employees during the period. Remunerations have been paid out to the board members during the period according to decision at AGM 2015. The company is managed by Pareto Business Management AB and the property is managed by Newsec Asset Management AB.

Parent company

The parent company is Delarka Holding AB (publ) with registration number 556944-5843.

Related party transactions

The company has not had any transactions with related parties during the period.

Significant risks and uncertainty factors

The company is exposed to a number of risks. The most relevant risk factors are described in the annual report for 2014. Compared to the annual report for 2014, no new risks have been identified. The annual report can be found on the company's homepage www.delarka.se.

Accounting principles

Delarka Fastighet AB (publ) applies RFR2 and this report has not been prepared with the same accounting principles and calculation methods as in the annual report 2014. This interim report has been prepared in accordance with IAS 34. The company publishes three reports annually, a half year interim report, year-end report and an annual report.

Audit

The information in this interim report has not been reviewed by the company's auditors.

Financial calendar

22/02/2016	Annual report 2015
31/03/2016	Annual General Meeting 2016
29/08/2016	Semi-annual Report 2016

STATEMENT OF COMPREHENSIVE INCOME

Amount in SEK thousand	Note	2015 Jan-Dec	2014 Jan-Dec	2015 Jul - Dec	2014 Jul - Dec
Rental Income		98,665	99,231	49,331	49,875
Operating expenses		-9,409	-9,187	-3,309	-5,233
Planned maintenance		-2,870	-2,250	-2,268	-721
Property tax		-6,270	-6,782	-3,135	-3,741
Net Operating Income		80,116	81,011	40,619	40,180
Administrative expenses		-2,042	-3,709	-1,011	-1,669
Depreciation		-60,193	-60,119	-30,097	-41,536
EBIT		17,881	17,184	9,512	-3,025
Financial income		2	12	2	7
Financial cost		-33,940	-33,911	-16,954	-16,954
Income from property management		-16,057	-16,715	-7,441	-19,972
Income before tax		-16,057	-16,715	-7,441	-19,972
Current tax		-	-	-	-
Deferred tax		-1,077	-1,065	801	-1,065
Net Income		-17,134	-17,780	-6,639	-21,037
<i>Other comprehensive income</i>		-	-	-	-
Comprehensive income for the period		-17,134	-17,780	-6,639	-21,037
Earnings per share, SEK		-34.27	-35.6	-13.28	-42.1
Earnings per share after dilution, SEK		-34.27	-35.6	-13.28	-42.1
Average number of shares, thousands		500	500	500	500

CONDENSED STATEMENT OF FINANCIAL POSITION

Amount in SEK thousand			
ASSETS	Note	31/12/2015	31/12/2014
Investment properties		881,368	869,300
Building inventories		199,043	271,305
Total fixed assets		1,080,411	1,140,604
Accounts receivable		0	74
Other receivables		2,812	697
Prepaid costs and accrued income		262	681
Total current assets		3,074	1,452
Cash and cash equivalents		41,639	33,785
Total assets		1,125,124	1,175,842
EQUITY AND LIABILITIES		31/12/2015	31/12/2014
Share capital (500,000 shares, par value 1 SEK)		500	500
Total restricted equity		500	500
Other contributed capital		471,305	471,305
Profit earned		-103,006	-45,230
Merger result		0	4
Net profit of the year		-17,134	-17,780
Total unrestricted equity		351,165	408,298
Total equity		351,665	408,798
Deferred tax		2,279	1,202
Total untaxed reserves		2,279	1,202
Bond		740,000	740,000
Total long-term liabilities		740,000	740,000
Accounts payable		1,871	856
Current tax liabilities		13,052	6,783
Liabilities to group companies ¹		1,457	1,907
Accrued expenses and deferred income		14,800	16,296
Total current liabilities		31,180	25,841
Total equity and liabilities		1,125,124	1,175,842

¹ The resolved dividend of TSEK 40,000 is accounted as a liability and will be paid out quarterly. As of December 31st TSEK 30,000 is distributed to the shareholder and TSEK 10,000 is accounted as a liability.

STATEMENT OF CASH FLOWS

Amount in SEK thousand	2015 Jan-Dec	2014 Jan-Dec	2015 Jul-Dec	2014 Jul - Dec
EBIT	17,881	17,184	9,512	-3,025
Adjustments for non-cash items:				
Depreciations	60,193	60,119	30,097	41,536
Interest received	2	12	2	12
Interest paid	-33,940	-33,911	-16,954	-16,953
Cash flow from operating activities				
Before changes in working capital	44,136	43,404	22,657	21,570
<i>Cash flow from changes in working capital</i>				
Increase/decrease in accounts rec.	74	-74	0	-68
Increase/decrease in other receivables	-1,696	-925	483	746
Increase/decrease in trade payables	1,015	856	745	-514
Increase/decrease in other current liab.	4,323	-47	256	4,848
Cash flow from operating activities	47,852	43,214	24,141	26,582
<i>Investing activities</i>				
Cash flow from investing activities	-	-	-	-
<i>Financing activities</i>				
Dividend paid to shareholders	-40,000	-30,000	-20,000	-20,000
Cash flow from financing activities	-40,000	-30,000	-20,000	-20,000
Cash flow for the period	7,852	13,214	4,142	6,582
Merger cash	0	18,026	0	0
Cash and cash equivalents at beginning of period	33,785	2,546	37,497	27,203
Cash and cash equivalents at the end of the period	41,639	33,785	41,639	33,785

STATEMENT OF CHANGES IN EQUITY

Amount in SEK thousand	Share capital	Other contributed capital	Profit earned incl. net profit for the year	Total equity
Equity January 1, 2014	500	466,074	-	466,574
Comprehensive income	-	-	-17,780	-17,780
Merger result	-	-	4	4
Comprehensive income 2014	-	-	-17,776	-17,776
Transactions with share holders				
Dividend ¹	-	-	-40,000	-40,000
Sum transactions with share holders	-	-	-40,000	-40,000
Equity December 31, 2014	500	466,074	-57,776	408,798
Equity January 1, 2015	500	466,074	-57,776	408,798
Comprehensive income	-	-	-17,134	-17,134
Comprehensive income 2015	-	-	-17,134	-17,134
Transactions with share holders				
Dividend ¹	-	-	-40,000	-40,000
Sum transactions with share holders	-	-	-40,000	-40,000
Equity December 31, 2015	500	466,074	-114,910	351,665

¹ The resolved dividend of TSEK 40,000 is accounted as a liability and will be paid out quarterly. As of December 31st TSEK 30,000 is distributed to the shareholder and TSEK 10,000 is accounted as a liability.

GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

Delarka Fastighet AB is a real estate company, established in May 2013 and registered on October 2013. The company owns a commercial property in Solna, Stockholm. The parent company, Delarka Holding AB, is a public limited company with its headquarters in Stockholm (Sweden). The parent company's shares are listed on the Nasdaq OMX First North under the ticker DELARK.

Delarka Fastighet AB (publ) applies RFR2 and this report has not been prepared with the same accounting principles and calculation methods as in the annual report 2014. This interim report has been prepared in accordance with IAS 34. The company publishes three reports annually, a half year interim report, year-end report and an annual report.

The interim report presents condensed financial statements, and do not contain all the information required for full annual financial statements. The report should therefore be read in conjunction with the financial statements for 2015.

Delarka Fastighet AB's business consists of ownership and management of the property Polisen 2, Headquarter of PostNord in Solna. No material differences in risks and returns exist in the economic environments in which the company operates. Consequently, the company is only present in one business segment and one geographic market, and no further segment information has been prepared.

Management makes estimates and assumptions concerning the future. The accounting estimates will by definition seldom be fully in accordance with the final outcome. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are primarily related to the valuation of investment property.

The interim report of Delarka Fastighet AB was approved at a Board meeting on 19th of February 2016. This report has not been audited.

Stockholm 19th of February 2016
Delarka Fastighet AB (publ)
Organization number 556944-7096

Lennart Låftman
Chairman of the board

Johan Thorell
Board Member

Tony Karlström
Board Member

DEFINITIONS

Equity ratio

Equity as a percentage of total assets.

IFRS

International Financial Reporting Standards.
International Financial Reporting Standards (IFRS), to be applied by listed companies within the EU.

Interest-coverage ratio

Income from property management, after reversal of financial expenses as a percentage of financial expenses.

Loan-to-value ratio

Interest-bearing liabilities at the end of the period as a percentage of total fixed assets at the end of the period.

Return on equity

Net income for the period, recalculated to 12 months, as a percentage of average equity (opening and closing balances) for the period.

Yield

Net operating income for the period (including property administration), recalculated at 12 months, adjusted for the holding periods of the properties during the period as a percentage of the carrying amounts of the properties at the end of the period.