

## Delarka Holding AB (publ)



### Interim Report First half of 2016

January – June 2016

#### CONTACT INFORMATION

**Delarka Holding AB (publ)**

a company managed by Pareto Business Management AB

**Sven I Hegstad, CEO +47 2201 5880**

[sven.hegstad@paretosec.com](mailto:sven.hegstad@paretosec.com)

**Johan Åskogh + 46 8 402 53 81**

[johan.askogh@paretosec.com](mailto:johan.askogh@paretosec.com)

Delarka Holding AB (publ)  
c/o Pareto Business Management AB  
Box 7415  
103 91 Stockholm, Sweden

For further information on Delarka, please visit [www.delarka.se](http://www.delarka.se)

## RESOLVED DIVIDEND FOR 2016

- At the Annual General Meeting (AGM) on 31 March, 2016 it was resolved that a dividend of SEK 8 (8) per share would be distributed to the shareholders, through a quarterly payment of SEK 2 (2) per share.

## FIRST HALF OF 2016 IN BRIEF

- Rental income amounted to TSEK 49,370 (49,334)
- Net operating income was TSEK 39,124 (39,673)
- Net income was TSEK 13,178 (16,407)
- Earnings per share was SEK 2.6 (3.3)

## IMPORTANT EVENTS IN THE PERIOD January - June 2016

- No important events have occurred during the period.

## KEY FIGURES Period 1 Jan - 30 Jun 2016

	2016 Jan–Jun	2015 Jan–Jun	2015 Jan–Dec
Rental Income, (TSEK)	49,370	49,334	98,665
Net Operating Income, (TSEK)	39,124	39,673	80,116
Income Before Tax, (TSEK)	20,334	21,046	53,424
Net Income, (TSEK)	13,178	16,407	41,959
Interest Coverage Ratio	2.2	2.2	2.3
Return on Equity, %	5.5 %	6.9 %	8.6 %
Total Assets, (TSEK)	1,278,023	1,276,329	1,290,079
Equity ratio, %	36.3 %	36.5 %	38.0 %
Loan-to-value ratio, %	59.9 %	60.4 %	59.9 %
Market value of investment property, (TSEK)	1,235,000	1,225,000	1,235,000
Equity per share, (SEK)	92.8	93.1	98.2
Earnings per share, (SEK)	2.6	3.3	8.4
Yield, %	6.1 %	6.4 %	6.3 %

## *The property and the lease agreement*

Delarka Holding AB (publ) is a Swedish holding company which through its subsidiary, Delarka Fastighet AB, owns the property Solna Polisen 2, PostNord's headquarter in Stockholm. The building was completed in November 2003 and consists of approximately 39,000 sq. m. of office space and around 14,000 sq. m. parking spaces with approximately 450 parking spaces.

The rental income excluding supplements for the first half of 2016 is TSEK 44,806 (44,768) 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 center. The landlord has a subscription for high-voltage electricity and the tenant reimburses the landlord for the cost for PostNord ABs 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.

### **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 January to June 2016 CBRE reports about the market as summarized below:

The property owners are successfully pushing up the rents and new rental levels are reached on several markets. With the current limited supply of new office space under construction and the continued high demand the short-time expectation is a continued rental growth in the prime segment. The current average prime rent in CBD is 5,400 (4,700) SEK/sq. m. with a range of +/- 10 (10) %.

The total office stock in Solna/Sundbyberg amounts to over 1.5 million sq. m. of which the majority, 1.1 million sq. m., is located in Solna.

Ranked as Sweden's most business friendly municipality in 2014, Solna is one of the most attractive locations in Stockholm and both Swedish and international companies choose to establish their business here. Some of the attracting factors are the proximity to Stockholm city, a large variety of cultural and sport events, good communication, high competence, and modern premises. Although the vacancy level has been relatively high during a longer time period between 10-12 per cent, a slight decrease can be noted and in Q1 2016 the vacancy rate was at approx. 10 %. The current average prime rent is estimated at 2,800 (2,500) sek/sq. m. The rent spread is generally between 2,400-2,800 (1,800-2,500) sek/sq. m. and year.

**Largest Transaction in Solna and Sundbyberg:** The most active players in the commercial property market in the area of Solna and Sundbyberg during the last year has been Fabege and Klöver.

In February 2016, Union Investment Real Estate GmbH bought the property Uarda 5 in Solna from Fabege. The property is located in Arenastaden with Vattenfall as tenant and is a modern real estate with approximately 44,000 square meters of lettable area. The price was SEK 2.2 billion.

Fabega has bought the so called "Bilia plot" from Catena for SEK 1.45 billion. The "Bilia plot" includes two properties "Stora Frösunda 2" and "Hagalund 2:2". Together they comprise 51,000 sq. m. and approximately 225,000 sq. m of building rights. The building rights are for commercial buildings and residential buildings (90,000 sq. m.). The "Bilia plot" is located in the northern part of Solna (in Haga), which is in the vicinity of the area around Arenastaden. Fabega has made a new zoning plan for this area which was just recently accepted.

The second largest transaction in the municipality of Solna during 2015 occurred between Klöver AB and Mengus, where Klöver bought Solna Gate (Aprikosen 2) for SEK 1.2 billion. Aprikosen 2 comprises 35,200 sq. m. with a majority of the space being commercial offices. Solna Gate is subjected for some substantial reconstructions for a couple of their tenants (Santander, Toyota and BP).

*Source: CBRE Research and Valuation*

## FINANCIAL PERFORMANCE

### *Rental income*

The group rental income for the period was TSEK 49,370 (49,334).

### *Result*

Net operating income for the period was TSEK 39,124 (39,673) and the net income was TSEK 13,178 (16,407).

### *Investments and cash flow*

Net cash flow from operating activities was TSEK 10,597 (23,605).

Net cash flow from financing activities was negative TSEK 20,000 (20,000) due to dividend payments. Of the paid dividend of TSEK 20,000, TSEK 10,000 is related to resolution at the AGM in 2015 and TSEK 10,000 is related to resolution at the AGM in 2016. Net cash flow from investments is zero (zero). Net cash flow for the period was TSEK -9,403 (3,605).

### *Valuation of properties*

Two independent external valuers, Savills and CBRE, assess the property based on Market value. The valuation in the accounts is based on an average of the two external valuations. At 30 June 2016, the property was valued at 1,235,000 (1,225,000) TSEK. No change in Market value has occurred since year end.

### *Equity*

The group equity at 30 June, 2016 was TSEK 464,041 (465,310) with an equity ratio of 36.3 (36.5) %.

### *Financing*

The group issued on 8 November 2013 a senior secured callable bond of TSEK 740,000. The final maturity date for the bond is 13 November 2020. The interest rate is fixed with 4.58 % with no amortization. Interest cost during the period was TSEK 17,040 (16,986).

### *Share and shareholders*

The company is listed on Nasdaq OMX First North with Wildecos Ekonomisk Information as Certified Adviser. The company had 745 (580) registered shareholders on 30 June 2016. Outstanding shares per 30 June 2016 totaled 5,000,000. There has been no dilution or issuing of new shares during the period why the average number of shares is totaling 5,000,000. The largest shareholders registered with the Euroclear on 30 June 2016 are presented below.

#	Name	Share %	No. of Shares
1	Ålandsbanken AB	20.00 %	1,000,000
2	EOJ 1933 AB	10.00 %	500,000
3	Socialdemokraterna	5.00 %	250,000
4	ICA Handlarna	4.74 %	236,950
5	SEB SA Luxemburg	3.48 %	174,108
6	Avanza pension	3.45 %	172,726
7	Magnus Lindholm	3.16 %	158,000
8	DBS Bank AS NO. 001	2.60 %	130,000
9	LGT Bank Ltd	2.60 %	130,000
10	Johan Olofsson	1.80 %	90,214
	<b>Total 10 largest share holders</b>	<b>56.83 %</b>	<b>2,628,743</b>
	Others	43.17 %	2,371,257
	<b>Total</b>	<b>100 %</b>	<b>5,000,000</b>

## ***Dividend 2016***

At the AGM it was resolved that a dividend of SEK 8 per share would be distributed, implying a total dividend of TSEK 40,000. Payments of the dividend occur at four separate occasions with four equal installments. This means that at each installment SEK 2.00 per share shall be paid, or a total of TSEK 10,000. The record dates for payment of the dividend are 4 April 2016, 30 June 2016, 30 September 2016 and 30 December 2016.

## ***Employees***

The group has had no employees during the period. Remunerations have been paid out to the board members during the period. 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). The parent company gross income was TSEK 350 (0). Income before tax was TSEK 39,693 (39,566) and cash at the end of the period was TSEK 10,457 (10,391). Otherwise, the above comments about the group financial position also are applicable to the parent company.

## ***Related party transactions***

No transactions to related parties have occurred during the period except for a group management fee and the dividend from the subsidiary.

## ***Significant risks and uncertainty factors***

Delarka Holding AB (publ) is exposed to a number of risks. The most relevant risk factors are described in the annual report for 2015. Compared to the annual report for 2015, no new risks have been identified. The annual report can be found on the company's homepage [www.delarka.se](http://www.delarka.se).

## ***Accounting principles***

Delarka Holding AB (publ) applies International Financial Reporting Standards (IFRS) and the same accounting principles and calculation methods as in the annual report of 2015. The company publishes three reports annually; a half year interim report, year-end report and an annual report. This interim report has been prepared in accordance with IFRS and IAS 34.

## ***Audit***

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

## ***Financial calendar***

28 February 2017  
4 April 2017

Year-end Report 2016  
Annual General Meeting 2016

## STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Rental Income	49,370	49,334	98,665
Operating expenses & Maintenance	-7,111	-6,526	-12,279
Property tax	-3,135	-3,135	-6,270
<b>Net Operating Income</b>	<b>39,124</b>	<b>39,673</b>	<b>80,116</b>
Administrative expenses	-1,708	-1,641	-2,755
Financial income	3	0	2
Financial cost	-17,085	-16,986	-33,940
<b>Income from Property Management</b>	<b>20,334</b>	<b>21,046</b>	<b>43,424</b>
<i>Changes in market value</i>			
Properties, unrealized	-	-	10,000
<b>Income Before Tax</b>	<b>20,334</b>	<b>21,046</b>	<b>53,424</b>
Current tax	-	-	-
Deferred tax	-7,156	-4,639	-11,464
<b>Net Income</b>	<b>13,178</b>	<b>16,407</b>	<b>41,959</b>
<i>Other comprehensive income</i>	-	-	-
<b>Comprehensive Income for the Period</b>	<b>13,178</b>	<b>16,407</b>	<b>41,959</b>
Earnings per share, SEK	2.6	3.3	8.4
Average number of shares, thousands	5,000	5,000	5,000

## CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousand

	30 Jun 2016	30 Jun 2015	31 Dec 2015
<b>ASSETS</b>			
Investment properties	1,235,000	1,225,000	1,235,000
<b>Total fixed assets</b>	<b>1,235,000</b>	<b>1,225,000</b>	<b>1,235,000</b>
Accounts receivable	0	0	0
Other receivables	444	3,647	3,097
Cash and cash equivalents	42,079	47,888	51,982
<b>Total current assets</b>	<b>43,023</b>	<b>51,535</b>	<b>55,079</b>
<b>Total assets</b>	<b>1,278,023</b>	<b>1,276,535</b>	<b>1,290,079</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	464,041	465,310	490,862
<b>Total equity</b>	<b>464,041</b>	<b>465,310</b>	<b>490,862</b>
Deferred tax	26,472	12,492	19,317
Bond	740,000	740,000	740,000
<b>Total long-term liabilities</b>	<b>766,472</b>	<b>752,492</b>	<b>759,317</b>
Accounts payable	1,946	1,154	1,907
Other liabilities	33,022	44,143	23,108
Prepaid rental income	8,023	9,011	10,072
Accrued interest cost	4,519	4,425	4,813
<b>Total current liabilities</b>	<b>47,510</b>	<b>58,733</b>	<b>39,900</b>
<b>Total equity and liabilities</b>	<b>1,278,023</b>	<b>1,276,535</b>	<b>1,290,079</b>

## STATEMENT OF CASH FLOWS

Amounts in TSEK	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Net operating income	39,124	39,673	80,116
Other items not included in cash flow	-	-	-
Administration costs	-1,708	-1,641	-2,755
Interest received	3	-	2
Interest paid	-17,085	-16,986	-33,940
<b>Cash flow from operating activities Before changes in working capital</b>	<b>20,334</b>	<b>21,046</b>	<b>43,424</b>
<i><b>Cash flow from changes in working capital</b></i>			
Increase / decrease in accounts receivable	-	74	74
Increase / decrease in other receivables	2,653	-2,040	-1,695
Increase / decrease in trade payables	39	280	1,033
Increase / decrease in other current liabilities	-12,429	4,245	4,863
<b>Cash flow from operating activities</b>	<b>10,597</b>	<b>23,605</b>	<b>47,699</b>
<i><b>Financing activities</b></i>			
Dividend paid to shareholders	-20,000	-20,000	-40,000
<b>Cash flow from financing activities</b>	<b>-20,000</b>	<b>-20,000</b>	<b>-40,000</b>
<b>Cash flow for the period</b>	<b>-9,403</b>	<b>3,605</b>	<b>7,698</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>51,982</b>	<b>44,283</b>	<b>44,283</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>42,579</b>	<b>47,888</b>	<b>51,982</b>



## STATEMENT OF CHANGES IN EQUITY

Amounts in TSEK	Share capital	Other contributed capital	Retained earnings	Total equity
<b>Equity 1 Jan 2015</b>	<b>5,000</b>	<b>474,878</b>	<b>9,026</b>	<b>488,903</b>
Comprehensive income	-	-	41,959	41,959
Dividend	-	-	-40,000	-40,000
<b>Equity 31 Dec 2015</b>	<b>5,000</b>	<b>474,878</b>	<b>10,985</b>	<b>490,862</b>
Comprehensive income	-	-	13,178	13,178
Dividend	-	-	-40,000	-40,000
<b>Equity 30 Jun 2016</b>	<b>5,000</b>	<b>474,878</b>	<b>-15,837</b>	<b>464,041</b>

## PARENT COMPANY INCOME STATEMENT

Amounts in TSEK	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Gross Income	350	-	-
Other operating expense	-	-	-
Administration expenses	-657	-434	-712
<b>Net Operating Income</b>	<b>-307</b>	<b>-434</b>	<b>-712</b>
Financial income	40,000	40,000	40,000
Financial expenses	-	-	-
<b>Income before tax</b>	<b>39,693</b>	<b>39,566</b>	<b>39,288</b>
Tax	-	-	-
<b>Net Income</b>	<b>39,693</b>	<b>39,566</b>	<b>39,288</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

Amounts in TSEK	30 Jun 2016	30 Jun 2015	31 Dec 2015
<b>ASSETS</b>			
Participation in subsidiaries	476,920	476,920	476,920
<b>Total fixed assets</b>	<b>476,920</b>	<b>476,920</b>	<b>476,920</b>
Other receivables	20,968	30,088	1,481
Cash and cash equivalents	10,457	10,391	10,343
<b>Total current assets</b>	<b>31,425</b>	<b>40,479</b>	<b>11,824</b>
<b>Total assets</b>	<b>508,345</b>	<b>517,399</b>	<b>488,744</b>
<b>EQUITY AND LIABILITIES</b>			
Paid in equity	5,000	5,000	5,000
Premium reserve	474,878	474,878	474,878
Dividend	-40,000	-40,000	-40,000
Retained earnings	38,383	38,967	38,690
<b>Equity</b>	<b>478,261</b>	<b>478,845</b>	<b>478,568</b>
Other liabilities	30,084	38,554	10,176
<b>Total current liabilities</b>	<b>30,084</b>	<b>38,554</b>	<b>10,176</b>
<b>Total equity and liabilities</b>	<b>508,345</b>	<b>517,399</b>	<b>488,744</b>

## GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

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

This interim report is prepared in accordance with IAS 34 - Interim Financial Reporting. The interim financial statements are prepared in accordance with applicable IFRS standards and interpretations. The accounting policies used in preparing the interim report is in accordance with the principles applied in the preparation of the annual accounts for 2015. 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.

The financial statements include Delarka Holding AB and subsidiary Delarka Fastighet AB. Acquired properties are included in the financial statements from the acquisition.

Delarka Holding ABs business consists of ownership and management of the property Polisen 2, Headquarter of PostNord in Solna through its subsidiary Delarka Fastighet AB. No material differences in risks and returns exist in the economic environment 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 Holding AB is approved by the Board of Directors.

This report has not been audited.

Stockholm 29 August 2016  
Delarka Holding AB (publ)  
Registration number 556944-5843

Lennart Låftman  
*Chairman of the board*

Johan Thorell  
*Board Member*

Henrik Viktorsson  
*Board Member*

## DEFINITIONS

### *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.

### *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.

### *Equity ratio*

Equity as a percentage of total assets.

### *Loan-to-value ratio*

Interest-bearing liabilities at the end of the period as a percentage of the property value at the end of 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.