

Delarka Holding AB (publ)



Year-end report 2015

January – December 2015

CONTACT INFORMATION

Delarka Holding 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 2016

- The Board proposes a dividend of SEK 8 (8) per share through a quarterly payment of SEK 2 (2).

2015 IN BRIEF

- Rental income amounted to TSEK 98,665 (99,231)
- Net Operating Income was TSEK 80,116 (80,977)
- Net income was TSEK 41,959 (23,908)
- Earnings per share was SEK 8.39 (4.78)
- Dividend paid out in 2015 was TSEK 40,000 (30,000)
- The subsidiary Delarka Fastighet AB 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	49,875
Net Operating Income, (TSEK)	80,116	80,976	40,443	40,437
Income from property management, (TSEK)	43,424	42,922	22,378	21,324
Income before tax, (TSEK)	53,424	30,422	32,378	21,324
Net income, (TSEK)	41,959	23,908	25,552	15,415
Interest coverage ratio	2.2	2.3	2.3	2.3
Return on equity, %	8.6%	4.8 %	10.43%	3.2 %
Total assets, (TSEK)	1,290,079	1,270,759	1,290,079	1,270,759
Equity ratio, %	38.0%	38.5 %	38.0%	38.5 %
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)	98.17	97.80	98.17	97.80
Earnings per share, (SEK)	8.39	4.78	5.11	3.08
Yield, %	6.3%	6.3 %	6.4%	6.3 %

Important events and development

There have not been any important events in the period.

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 m² of office space and around 14,000 m² parking space with approximately 450 parking lots.

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.

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 Fabege's production of a 42,000 sqm building to TeliaSonera. Fabege 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, Fabege 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

The group rental income for the year was TSEK 98,665 (99,231) and is in line with budget.

Result

Net Operating Income for the year was TSEK 80,116 (80,976) and the Net income was TSEK 41 959 (23,908).

Investments and cash flow

Net cash flow from operating activities was TSEK 47,698 (32,577).

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

Net cash flow from investments was zero.

Net cash flow was TSEK 7,698 (2,577) for the year.

Valuation of properties

Two independent external valuations are assessed for the property based on Market value. The valuation in the accounts is based on an average of the two external valuations. At December 31, 2015, the property was valued at 1,235,000 (1,225,000) TSEK. In the period the overall outcome was a positive fair value adjustment of TSEK 10,000 (-12,500).

Equity

The group equity at December 31, 2015 was TSEK 490,862 (488,903) with an equity ratio of 38.0% (38.5%).

Financing

The group 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

The company is listed on Nasdaq OMX First North with Wildecos Ekonomisk Information as Certified Adviser. The company had 670 (234) registered shareholders on December 31, 2015. Outstanding shares per 31st of December 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 December 31, 2015 are presented below.

#	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 per share of SEK 8, implying a dividend of in aggregate TSEK 40,000. Payments of the dividend are proposed to take place on 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 will be 4th of April 2016, 30th of June 2016, 30th of September 2016 and 30th of December 2016.

Employees

The group has had no employees during the period. Remunerations have been paid out to the board members during the period according to the decision at the 2015 AGM. 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 (0). Income before tax was TSEK (39,518) and cash at the end of the period was TSEK (10,497). 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.

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 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 Holding AB (publ) applies International Financial Reporting Standards (IFRS) and the same accounting principles and calculation methods as in the annual report 2014. 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, IAS 34 and the Swedish Accounting Standards Board's General Guidelines regarding voluntary interim reporting (BFNAR 2007:1).

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	2015	2014	2015	2014
	Jan-Dec	Jan - Dec	Jul - Dec	Jul - Dec
Rental Income	98,665	99,231	49,331	49,875
Operating expenses & Maintenance	-12,279	-11,472	-5,753	-5,697
Property tax	-6,270	-6,782	-3,135	-3,741
Net Operating Income	80,116	80,976	40,443	40,437
Administrative expenses	-2,755	-4,171	-1,114	-2,178
Financial income	2	28	2	19
Financial cost	-33,940	-33,911	-16,954	-16,954
Income from property management	43,424	42,922	22,378	21,324
<i>Changes in market value</i>				
Properties, unrealized	10,000	-12,500	10,000	-
Income before tax	53,424	30,422	32,378	21,324
Current tax	-	-	-	-
Deferred tax	-11,464	-6,514	-6,825	-5,908
Net Income	41,959	23,908	25,552	15,415
<i>Other comprehensive income</i>	-	-	-	-
Comprehensive income for the period	41,959	23,908	25,552	15,415
Earnings per share, SEK	8.39	4.78	5.11	3.08
Earnings per share after dilution, SEK	8.39	4.78	5.11	3.08
Average number of shares, thousands	5,000	5,000	5,000	5,000

CONDENSED STATEMENT OF FINANCIAL POSITION

Amount in SEK thousand			
ASSETS	Note	31/12/2015	31/12/2014
Investment properties		1,235,000	1,225,000
Total fixed assets		1,235,000	1,225,000
Accounts receivable		0	74
Other receivables		3,097	1,402
Cash and cash equivalents		51,982	44,283
Total current assets		55,079	45,759
Total assets		1,290,079	1,270,759
EQUITY AND LIABILITIES		31/12/2015	31/12/2014
Shareholders' equity ¹		490,862	488,903
Total equity		490,862	488,903
Deferred tax		19,317	7,853
Bond		740,000	740,000
Total long-term liabilities		759,317	747,853
Accounts payable		1,907	874
Other liabilities ¹		23,108	16,783
Prepaid rental income		10,072	10,277
Accrued interest cost		4,813	6,068
Total current liabilities		39,899	34,003
Total equity and liabilities		1,290,079	1,270,759

¹The resolved dividend of TSEK 40,000 is accounted as a liability and will be paid out quarterly. As of December 31, 2015 TSEK 30,000 has been distributed to the shareholders and TSEK 10,000 is accounted as a liability.

STATEMENT OF CASH FLOWS

Amount in SEK thousand	2015	2014	2015	2014
	Jan-Dec	Jan-Dec	Jul - Dec	Jul - Dec
Operating profit	80,116	80,976	40,443	40,437
Other items not included in cash flow	-	-5	-	-5
Administration costs	-2,755	-4,171	-1,114	-2,178
Interest received	2	28	2	19
Interest paid	-33,940	-33,906	-16,954	-16,954
Cash flow from operating activities Before changes in working capital	43,424	42,922	22,378	21,319
<i>Cash flow from changes in working capital</i>				
Increase / decrease in accounts receivable	74	-70	-	-68
Increase / decrease in other receivables	-1,695	-679	345	746
Increase / decrease in trade payables	1,033	41	753	-514
Increase / decrease in other current liabilities	4,863	-9,637	618	4,848
Cash flow from operating activities	47,698	32,577	24,093	26,331
<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	7,698	2,577	4,093	6,331
Cash and cash equivalents at beginning of period	44,283	41,706	47,888	37,953
Cash and cash equivalents at the end of the period	51,982	44,284	51,982	44,284

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	5,000	474,878	25,117	504,995
Comprehensive income				
Comprehensive income 2014	-	-	23,908	23,908
Transactions with share holders				
Dividend ¹	-	-	-40,000	-40,000
Sum transactions with share holders	-	-	-40,000	-40,000
Equity December 31, 2014	5,000	474,878	9,026	488,903
Comprehensive income				
Comprehensive income 2015	-	-	41,959	41,959
Transactions with share holders				
Dividend ¹	-	-	-40,000	-40,000
Sum transactions with share holders	-	-	-40,000	-40,000
Equity December 31, 2015	5,000	474,878	10,985	490,862

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

PARENT COMPANY INCOME STATEMENT

Amount in SEK thousand	Note	2015 Jan-Dec	2014 Jan- Dec	2015 Jul-Dec	2014 Jul-Dec
Gross Income		-	-	-	-
Other operating expense		-	-35	-	-2
Administration expenses		-712	-462	-278	-252
Net Operating Income		-712	-497	-278	-254
Financial income		40,000	40,016	-	40,008
Financial expenses		-	-	-	-
Income before tax		39,288	39,518	-278	39,754
Tax		-	-	-	-
Net Income		39,288	39,518	-278	39,754

CONDENSED PARENT COMPANY BALANCE SHEET

Amounts in SEK thousand			
ASSETS	Note	12/31/2015	12/31/2014
Participation in subsidiaries		476,920	476,920
Total fixed assets		479,661	476,920
Other receivables		1,480	1,931
Cash and cash equivalents		10,343	10,497
Total current assets		11,828	12,428
Total assets		488,744	489,348
EQUITY AND LIABILITIES		12/31/2015	12/31/2015
Paid in equity		5,000	5,000
Premium reserve		474,878	474,878
Dividend		-40,000	-40,000
Retained earnings		38,690	39,402
Equity		478,568	479,279
Other liabilities ¹		10,177	10,069
Total current liabilities		10,177	10,069
Total equity and liabilities		488,744	489,348

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

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 (publ), 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 (publ) and subsidiary Delarka Fastighet AB (publ). Acquired properties are included in the financial statements from the acquisition.

Delarka Holding AB's 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 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 Holding AB was approved at a Board meeting on 19th of February 2016.

This report has not been audited.

Stockholm 19th of February 2016
Delarka Holding AB (publ)
Organization number 556944-5843

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 the property value at the end of the period.

Income from property management

Income excluding changes in value and tax.

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.