

Delarka Fastighet AB (publ)

Interim Report First half of 2015

January – June 2015

CONTACT INFORMATION

Delarka Fastighet AB (publ)

a company managed by Pareto Business Management AB

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

PROPOSED DIVIDEND FOR 2015

- At the Annual General Meeting (AGM) on 25 March 2015 it was resolved that a dividend of SEK 80 per share will be distributed to the parent company.

First half of 2015 IN BRIEF

- Rental income amounted to TSEK 49,334
- Net Operating Income was TSEK 39,497
- Net income was TSEK -10,495

IMPORTANT EVENTS IN THE PERIOD January - June 2015

- No important events have occurred during the period.

KEY FIGURES - Period 1 Jan - 30 Jun 2015

| | Jan–Jun 2015 | Jan–Dec 2014 |
|------------------------------|--------------|--------------|
| Rental income, (TSEK) | 49,334 | 99,231 |
| Net Operating Income, (TSEK) | 39,497 | 81,011 |
| Income before tax, (TSEK) | -8,616 | -16,716 |
| Net income, (TSEK) | -10,495 | -17,780 |
| Interest coverage ratio | 2.26 | 2.26 |
| Return on equity, % | -5.49% | -4.06 % |
| Total assets, (TSEK) | 1,151,563 | 1,175,842 |
| Equity/Asset ratio, % | 31.1% | 34.8 % |
| Loan-to-value ratio, % | 66.6 % | 64.9 % |
| Equity per share, (SEK) | 717 | 818 |
| Profit per share, (SEK) | -21.0 | -35.6 |
| Yield, % | 6.3 % | 6.8 % |

Important events and development

No important events have occurred during the period.

The property and the lease agreement

Delarka Fastighet AB (publ) is a Swedish company which owns the property Solna Polisen 2, PostNord's headquarters 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 space that constitute approximately 450 parking spaces. The company was established by Pareto Securities AB and Pareto Project Finance AS and the company is managed by Pareto Business Management AB. The parent company's shares are traded on NASDAQ OMX First North as of 17 December 2013.

The rental income excluding supplements for the first half of 2015 is TSEK 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. 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 January to June 2015 CBRE reports about the market as summarized below:

The rent trend is continuing to be stable or slightly increasing in most of the office zones in Stockholm. There is a sentiment on the market of a continuing rent increase during 2015 as a result of the small supply of premises in prime products. The current average prime rent in CBD is 4,700 (4,500) SEK/sq. m. with a range of +/- 10 (20) %.

The total office stock in Solna/Sundbyberg is approximately 1.4 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 continuous to attract new companies. 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. This is a result of lettings made in newly produced properties mostly in Arenastaden and Frösunda. The current average prime rent is estimated at 2,500 (2,300) sek/sq. m., however levels above 2,600 sek/sq. m. have been noted. The rent spread is generally between 1,800-2,500 (1,600-2,400) sek/sq. m. and year.

Developments and reconstruction in Solna/Sundbyberg: The largest office project taking place in Solna, Arenastaden is the landlords Fabege's production of a 42,000 sq. m. building to the Swedish telecom company

“TeliaSonera”, with completion late 2015. 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 sq. m. in new office buildings adjacent to the Mall of Scandinavia.

Another project in Stockholm is the new Karolinska Hospital, Solna.

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

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.

Fabega has bought the so called “Bilia plot” from Catena for SEK 1.45 billion. This is so far the largest transaction in the municipality of Solna, during 2015. 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

Rental income was for the period TSEK 49,334.

Result

Net Operating Income for the period was TSEK 39,497 and the Net income was TSEK -10,495.

Investments and cash flow

Net cash flow from operating activities was TSEK 23,712.

Net cash flow from financing activities was negative TSEK 20,000 due to dividend payments.

Net cash flow from investing activities is zero.

Net cash flow for the period was TSEK 3,712.

Valuation of properties

Two independent external valuers have assessed the property based on Market value. At June 30, 2015, the property was valued at 1,225,000 TSEK. In the legal entity the book value is presented where the building is depreciated annually with 1 per cent and building inventories with 10-20 per cent annually.

Equity

The equity at the 30th of June was TSEK 358,304 with an equity ratio of 31.1 %.

Financing

The company 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 and during its duration the interest rate is fixed with 4.58 % with no amortization. Interest cost during the period was TSEK 16,986.

Share and shareholders

Outstanding shares per 30 June 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 580 (234) registered shareholders on 30 June 2015. The largest shareholders in the parent company registered with Euroclear at June 30, 2015 are presented below. The parent company has 5,000,000 shares.

| # | 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 | Avanza pension | 3.62 % | 181,193 |
| 5 | SEB SA Luxemburg | 3.48 % | 174,108 |
| 6 | DBS Bank AS NO. 001 | 2.60 % | 130,000 |
| 7 | LGT Bank Ltd | 2.60 % | 130,000 |
| 8 | ICA Handlarna | 1.92 % | 95,814 |
| 9 | SIX SIS AG | 1.89 % | 94,500 |
| 10 | Nordnet pensionsförsäkring | 1.87 % | 93,457 |
| | Total 10 largest share holders | 53.0 % | 2,649,072 |
| | Others | 47.0 % | 2,350,928 |
| | Total | 100 % | 5,000,000 |

Dividend 2015

At the AGM it was resolved that a dividend of SEK 80 per share, implying a total dividend of TSEK 40,000 to the parent company. Payments of the dividend occur monthly.

During 2015 a total of TSEK 20,000 has been distributed to the parent company, of which TSEK 10,000 is related to resolution at the AGM in 2014 and TSEK 10,000 is related to resolution at the AGM in 2015.

Employees

The company has had no employees during the period and no 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) 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 been prepared with 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.

Audit

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

Financial calendar

22 February 2016
31 Mars 2016

Year-end report
Annual General Meeting

INCOME STATEMENT

| Amount in SEK thousand | 2015 | | 2014 |
|-------------------------------------|----------------|--|----------------|
| | Jan-Jun | | Jan-Dec |
| Rental Income | 49,334 | | 99,231 |
| Operating expenses | -6,100 | | -10,531 |
| Planned maintenance | -602 | | -906 |
| Property tax | -3,135 | | -6,782 |
| Net Operating Income | 39,497 | | 81,011 |
| Administrative expenses | -1,031 | | -3,709 |
| Depreciation | -30,096 | | -60,119 |
| EBIT | 8,369 | | 17,184 |
| Financial income | - | | 12 |
| Financial cost | -16,986 | | -33,911 |
| Income before tax | -8,616 | | -16,715 |
| Current tax | - | | - |
| Deferred tax | -1,878 | | -1,065 |
| Net Income | -10,495 | | -17,780 |
| Earnings per share, SEK | -21.0 | | -35.6 |
| Average number of shares, thousands | 500 | | 500 |

CONDENSED BALANCE SHEET

Amount in SEK thousand

ASSETS

| | 30 Jun 2015 | 31 Dec 2014 |
|---------------------------|------------------|------------------|
| Investment properties | 855,433 | 869,300 |
| Building inventories | 255,075 | 271,305 |
| Total fixed assets | 1,110,508 | 1,140,604 |

| | | |
|----------------------------------|--------------|--------------|
| Accounts receivable | - | 74 |
| Other receivables | 260 | 697 |
| Prepaid costs and accrued income | 3,298 | 681 |
| Total current assets | 3,558 | 1,452 |

| | | |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | 37,497 | 33,785 |
| Total assets | 1,151,563 | 1,175,842 |

EQUITY AND LIABILITIES

| | 30 Jun 2015 | 31 Dec 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 | -45,226 |
| Net profit of the year | -10,495 | -17,780 |
| Total unrestricted equity | 357,804 | 408,299 |

| | | |
|---------------------|----------------|----------------|
| Total equity | 358,304 | 408,799 |
|---------------------|----------------|----------------|

| | | |
|-------------------------------|--------------|--------------|
| Deferred tax | 3,081 | 1,202 |
| Total untaxed reserves | 3,081 | 1,202 |

| | | |
|------------------------------------|----------------|----------------|
| Bond | 740,000 | 740,000 |
| Total long-term liabilities | 740,000 | 740,000 |

| | | |
|--------------------------------------|---------------|---------------|
| Accounts payable | 1,126 | 856 |
| Other payables | 1,058 | - |
| Current tax liabilities | 13,052 | 6 783 |
| Liabilities to group companies | 21,557 | 1,907 |
| Accrued expenses and deferred income | 13,386 | 16,296 |
| Total current liabilities | 50,179 | 25,841 |

| | | |
|-------------------------------------|------------------|------------------|
| Total equity and liabilities | 1,151,563 | 1,175,842 |
|-------------------------------------|------------------|------------------|

STATEMENT OF CASH FLOWS

| Amount in SEK thousand | 2015 Jan-Jun | 2014 Jan-Dec |
|---|-----------------|-----------------|
| EBIT | 8,369 | 17,184 |
| Adjustments for non-cash items: | | |
| Depreciations | 30,096 | 60,119 |
| Interest received | - | 12 |
| Interest paid | -16,986 | -33,911 |
| Cash flow from operating activities | | |
| Before changes in working capital | 21,480 | 43,404 |
| <i>Cash flow from changes in working capital</i> | | |
| Increase / decrease in accounts receivable | 74 | -74 |
| Increase / decrease in other receivables | -2,179 | -925 |
| Increase / decrease in trade payables | 270 | 856 |
| Increase / decrease in other current liabilities | 4,067 | -47 |
| Cash flow from operating activities | 23,712 | 43,213 |
| <i>Financing activities</i> | | |
| Dividend paid to shareholders | -20,000 | -30,000 |
| Cash flow from financing activities | -20,000 | 13,213 |
| Cash flow for the period | 3,712 | 13,213 |
| Merger cash | - | 18,026 |
| Cash and cash equivalents at beginning of period | 33,785 | 2,546 |
| Cash and cash equivalents at the end of the period | 37,497 | 33,785 |

STATEMENT OF CHANGES IN EQUITY

| Amount in SEK thousand | <i>Restricted equity</i> | <i>Non-restricted equity</i> | | Total equity |
|---------------------------|--------------------------|------------------------------|-------------------|----------------|
| | Share capital | Other contributed capital | Retained earnings | |
| Equity 1 Jan 2014 | 500 | 471,305 | -5,230 | 466,575 |
| Dividend | - | - | -40,000 | -40,000 |
| Net profit of the year | - | - | -17,780 | -17,780 |
| Merger result | - | - | 4 | 4 |
| Equity 31 Dec 2014 | 500 | 471,305 | -63,006 | 408,799 |
| Net profit of the period | - | - | -10,495 | -10,495 |
| Dividend | - | - | -40,000 | -40,000 |
| Equity 30 Jun 2015 | 500 | 471,305 | -113,501 | 358,304 |

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 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 2014.

Delarka Fastighet ABs 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 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 Fastighet AB was approved at a Board meeting on 26 August 2015. This report has not been audited.

Stockholm 26 August 2015
Delarka Fastighet AB (publ)
Registration 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.

Interest-coverage ratio

Net Operating Income including property administration 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.