# ANNUAL REPORT

**AND**

# CONSOLIDATED ACCOUNTS

## 2015-01-01--2015-12-31

**FOR**

## Delarka Holding AB (publ)
## 556944-5843

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# ANNUAL REPORT AND CONSOLIDATED ACCOUNTS FOR DELARKA HOLDING AB (publ)

## DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of Delarka Holding AB (publ) hereby present the annual report for the financial year 2015-01-01 -- 2015-12-31.

Information about the business
Delarka Holding AB (publ) is a holding company which through its subsidiaries owns the property unit Solna Polisen 2, PostNord's headquarter in Stockholm.

The building was completed in November 2003 and consists of approximately 53,000 m2, of which around 14,000 m2 constitute approximately 450 parking spaces. The tenant is PostNord and the lease agreement lasts until 2026. The company was established in November 2013 by Pareto Securities AB and the company is managed by Pareto Business Management AB. The Company shares is traded on NASDAQ OMX First North as of December 17, 2013. The Group has no employees.

The subsidiary Delarka Fastighet AB (publ) has a bond listed at Nasdaq OMX. The bond has a nominal value of SEK 740,000,000 with maturity date on November 13, 2020. The bond loan has a fixed interest with 4.58 %. More information regarding the Group can be found at www.delarka.se.

Parent company
The purpose of the Parent company is to own shares in Delarka Fastighet AB. The company has no employees and is managed by Pareto Management AB.

Ownership
Delarka Holding AB (publ) is published on Nasdaq OMX First North.

Significant events during the financial year
No significant events have ocurred during the financial year.

### Profit and key figures dureing the period (group TSEK)

| | 2013 (3) | 2014 | 2015 |
|---|---|---|---|
| Rental income | 12,968 | 99,231 | 98,665 |
| Operating profit | 10,484 | 80,977 | 80,116 |
| Trading net | -455 | 42,922 | 43,424 |
| EBITDA | 9,704 | 76,805 | 77,361 |
| Profit before tax | 26,456 | 30,422 | 53,424 |
| Total assets | 1,279,931 | 1,270,759 | 1,290,079 |
| Loan to value (5) | 59.8 % | 60.4 % | 59,9 % |
| Return on equity (1) | 5.23 % | 4.81% | 8,57 % |
| Return on total assets (2) | 1.96 % | 6.02 % | 6,04 % |
| Net asset value per share | 101.0 | 97.8 | 98.2 |
| Interest coverage ratio (4) | 2.19 | 2.26 | 2.28 |

*(1) Net profit / Average adjusted equity*

*(2) (Trading net + financial costs) / Average total assets*

*(3) Period from 2013-10-07 to 2013-12-31*

*(4) EBITDA / Financial costs*

*(5) Total external loan / Average Market value of the property*

*EBITDA = Operating profit + adminstrative expenses*

### Significant events after the end of the financial year
No significant events has occured after the end of the financial year.

### Outlook
The group has solid finances with fixed income from a solid tenant until year 2026 with a secured bond at a fixed interest cost until year 2020. For the property no changes are expected.There are no changes expected in the company business during the year.

## Significant risks and uncertainty factors

### One tenant

The property holds only one tenant which means that the group is dependent on the financial outcome of the tenant and the tenants possibilies to pay the rent. Postnord AB was established in 2009 through the merger of Post Danmark A/S and Posten AB. Postnord AB is a Swedish public limited company with headquarters in Solna, Sweden. PostNord is owned to 40% by the Danish State and to 60% by the Swedish State. If the tenant would terminate the lease agreement there is a high probability that the building needs to rebuild the premises to serve more tenants instead of only one. These possible investments could affect the group's finances negatively. This can also lead to a period of vacancies with lower leases which also affects the group's finances negatively.

The property value is appraised and conducted by external parties and the change in value is shown in the consolidated income statement. There are risks for changes in value on the property due to both changed cash flows and changed yields. The group is also exposed for cach and finance risks which are described in note 1.

## The Board of Directors' statement on the proposed dividend

The Board of Directors believes that the proposed dividend is justifiable in view of the requirements of the business nature, scope and risks associated with the size of the equity and the company's consolidation requirements, liquidity and financial position. The board therefor finds the proposed distribution to be in compliance with Chapter 17, Section 3 of the Swedish Companies Act.

As to the parent company and the consolidated results and financial position, we refer to the following financial reports. All amounts are expressed in thousands of Swedish kronor unless otherwise stated.

## Proposed distribution of profit

### Parent company

### The annual general meeting has to it's disposal the following profits (SEK)

| | |
|---|---|
| Premium reserve | 434 279 432 |
| Profit of the year | 39 287 716 |
| | **473 567 148** |

### The Board proposes that the profits be distributed as

| | |
|---|---|
| distributed to shareholders *) | 40 000 000 |
| carried forward *) | 433 567 148 |
| | **473 567 148** |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS (TSEK)

| | Note | 2015-01-01<br>2015-12-31 | 2014-01-01<br>2014-12-31 |
|---|---|---|---|
| Rental revenues | 2 | 98 665 | 99 231 |
| **Property costs** | | | |
| Operating expenses | 3 | -9 409 | -9 222 |
| Maintenance costs | | -2 870 | -2 250 |
| Property tax | | -6 270 | -6 782 |
| **Operating profit** | | **80 116** | **80 977** |
| Administration expenses | 4,6 | -2 755 | -4 171 |
| Financial income | 7 | 2 | 28 |
| Financial costs | 7 | -33 940 | -33 911 |
| **Trading net** | | **43 424** | **42 922** |
| Unrealised value changes of the property | 5,9 | 10 000 | -12 500 |
| **Profit before tax** | | **53 424** | **30 422** |
| Income tax | 8,15 | -11 464 | -6 514 |
| **Net profit of the year** | | **41 959** | **23 908** |

## Consolidated Statement of Comprehensive Income (TSEK)

| | 2015-01-01<br>2015-12-31 | 2014-01-01<br>2014-12-31 |
|---|---|---|
| **Other comprehensive income** | **-** | - |
| **Comprehensive Income for the year** | **41 959** | **23 908** |

All comprehensive income for the year is attributed to parent company shareholders.

| | | |
|---|---|---|
| Profit per share (swedish crowns) | 8.39 | 4.78 |

| Consolidated Statement of Financial Position (TSEK) | Note | 2015-12-31 | 2014-12-31 |
|---|---|---|---|
| **Assets** | | | |
| **Fixed assets** | | | |
| Investment properties | 9 | 1 235 000 | 1 225 000 |
| | | **1 235 000** | **1 225 000** |
| **Current assets** | | | |
| Accounts receivables | 10 | - | 74 |
| Other short term receivables | 11 | 2 813 | 697 |
| Prepaid cost and accrued income | | 285 | 705 |
| Cash and bank balances | 12 | 51 982 | 44 283 |
| | | **55 079** | **45 759** |
| **Total assets** | | **1 290 079** | **1 270 759** |
| **Liabilities and equity** | | | |
| **Equity attributable to the Parent Company´s shareholders** | 13 | | |
| Share capital (5 000 000 shares, quotient value 1 kr) | | 5 000 | 5 000 |
| Premium reserve | | 474 878 | 474 878 |
| Profit brougt forward (including net profit of the year) | | 10 985 | 9 026 |
| **Total equity (attributable to parent company shareholders)** | | **490 862** | **488 903** |
| **Non current liabilities** | | | |
| Bond | 14 | 740 000 | 740 000 |
| Deferred tax liability | 15 | 19 317 | 7 853 |
| | | **759 317** | **747 853** |
| **Current liabilities** | | | |
| Accounts payable | | 1 907 | 874 |
| Other liabilities | 20 | 23 108 | 16 783 |
| Accrued costs and prepaid income | 16 | 14 885 | 16 346 |
| | | **39 899** | **34 003** |
| **Total liabilities** | | **799 216** | **781 856** |
| **Total liabilities and equity** | | **1 290 079** | **1 270 759** |

## Consolidated statement of changes in equity (TSEK)

| | Attributable to the Parent Company´s shareholders | | | |
|---|---|---|---|---|
| | **Share capital** | **Other paid in capital** | **Profit earned incl. net profit of the year** | **Total equity** |
| **Equity at January 1, 2014** | **5 000** | **474 878** | **25 117** | **504 995** |
| **Comprehensive income** | | | | |
| Net profit of the year | | | 23 908 | 23 908 |
| **Total comprehensive income Januari 1 - December 31, 2014** | **-** | **-** | **23 908** | **23 908** |
| **Transactions with share holders** | | | | |
| Dividends | | | -40 000 | -40 000 |
| **Total transactions with the company´s owners** | | | **-40 000** | **-40 000** |
| **Equity at December 31, 2014** | **5 000** | **474 878** | **9 026** | **488 903** |
| **Equity at January 1, 2015** | **5 000** | **474 878** | **9 025** | **488 903** |
| Net profit of the year | | | 41 959 | 41 959 |
| Comprehensive income | | | - | - |
| **Total comprehensive income January 1 - December 31, 2015** | **-** | **-** | **41 959** | **41 959** |
| **Transactions with share holders** | | | | |
| Dividends | | - | -40 000 | -40 000 |
| **Total transactions with the company´s owners** | **-** | **-** | **-40 000** | **-40 000** |
| **Equity at December 31, 2015** | **5 000** | **474 878** | **10 985** | **490 862** |

## Consolidated Statement of Cash Flows (TSEK)

| | Note | 2015-01-01<br>2015-12-31 | 2014-01-01<br>2014-12-31 |
|---|---|---|---|
| **Operations** | | | |
| Operating profit | | 80 116 | 80 977 |
| *Items not included in cash flow* | | - | -5 |
| Administration costs | | -2 755 | -4 171 |
| Interest received | | 2 | 28 |
| Interest paid | | -33 940 | -33 906 |
| **Cash flows from operating activities before changes in working capital** | | **43 424** | **42 923** |
| *Cash flows from changes in working capital* | | | |
| Increase / decrease in accounts receivable | | 74 | -70 |
| Increase / decrease in other receivables | | -1 695 | -679 |
| Increase / decrease in trade payables | | 1 033 | 41 |
| Increase / decrease in other current liabilities | | 4 863 | -9 637 |
| **Cash flows from operating activities** | | **47 698** | **32 577** |
| **Investing activities** | | | |
| **Cash flows from investing activities** | | - | **-** |
| **Financing activities** | | | |
| Dividend | | -40 000 | -30 000 |
| **Cash flows from financing activities** | | **-40 000** | **-30 000** |
| **This years cash flow** | | 7 698 | 2 577 |
| **Cash and cash equivalents at beginning of year** | | **44 283** | **41 706** |
| **Cash and cash equivalents at end of year** | | **51 982** | **44 283** |

## Statement of profit and loss, parent company

| (TSEK) | Note | 2015-01-01<br>2015-12-31 | 2014-01-01<br>2014-12-31 |
|---|---|---|---|
| Revenue | | - | - |
| **Gross profit** | | - | - |
| Administrative expenses | 4,6 | -712 | -462 |
| Other operating expenses | | - | -35 |
| **Operating profit** | | **-712** | **-497** |
| *Profit from financial items* | | | |
| Other interest income and similar income items | 7 | 40 000 | 40 016 |
| **Profit after financial items** | | **39 288** | **39 518** |
| Income tax | 8, 15 | - | - |
| **Net profit for the year** | | **39 288** | **39 518** |

## Statement of comprehensive income, parent company

| | 2015-01-01<br>2015-12-31 | 2014-01-01<br>2014-12-31 |
|---|---|---|
| **Other comprehensive income** | - | - |
| **Total comprehensive income** | **39 288** | **39 518** |

| Statement of financial position, parent company (TSEK) | Note | 2015-12-31 | 2014-12-31 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| **Financial fixed assets** | | | |
| Participation in subsidiaries | 17 | 476 920 | 476 920 |
| **Total fixed assets** | | **476 920** | **476 920** |
| **Current assets** | | | |
| Receivables from Group companies | | 1 457 | 1 907 |
| Prepaid costs and accrued income | 11 | 23 | 23 |
| | | **1 480** | **1 930** |
| **Cash and bank balances** | 12 | 10 343 | 10 497 |
| **Total current assets** | | **11 824** | **12 428** |
| **Total assets** | | **488 744** | **489 348** |
| **Liabilities and equity** | | | |
| **Equity** | | | |
| Restricted equity | | | |
| Share capital (5 000 000 share, quotation value 1 SEK) | 13 | 5 000 | 5 000 |
| | | **5 000** | **5 000** |
| Non-restricted equity | | | |
| Premium reserve | | 474 878 | 474 878 |
| Profit brougt forward | | -40 598 | -40 116 |
| Net profit of the year | | 39 288 | 39 518 |
| | | **473 568** | **474 279** |
| **Total equity** | | **478 568** | **479 279** |
| **Current liabilities** | | | |
| Accounts payable | | 36 | 19 |
| Other current liabilities | 20 | 10 056 | 10 000 |
| Accrued costs and prepaid income | 16 | 85 | 50 |
| **Total current liabilities** | | **10 177** | **10 069** |
| **Total liabilities and equity** | | **488 744** | **489 348** |
| **Pledged assets** | 18 | 487 263 | 487 417 |
| **Contingent liabilities** | | None | None |

## Statement of changes in equity, parent company

## (TSEK)

| | Note | *Restricted equity* Share capital | Premium reserve | *Non-restricted equity* Net profit of the year | Total equity |
|---|---|---|---|---|---|
| **Equity on January 1, 2014** | | **5 000** | **474 878** | **-116** | **479 762** |
| Net profit of the year | | | | 39 518 | 39 518 |
| Dividends | | - | - | -40 000 | -40 000 |
| **Equity on December 31, 2014** | | **5 000** | **474 878** | **-598** | **479 279** |
| | | | | | |
| **Equity on January 1, 2015** | | **5 000** | **474 878** | **-598** | **479 279** |
| Net profit of the year | | | | 39 288 | 39 288 |
| Dividends | | - | - | -40 000 | -40 000 |
| **Equity on December 31, 2015** | | **5 000** | **474 878** | **-1 310** | **478 568** |

## Statement of cash flows, parent company (TSEK)

| | Note | 2015-01-01<br>2015-12-31 | 2014-01-01<br>2014-12-31 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating profit | | -712 | -497 |
| *Adjustments for non-cash items:* | | | |
| Interest received | | - | 16 |
| **Cash flows from operating activities before changes in working capital** | | **-712** | **-482** |
| *Cash flows from changes in working capital* | | | |
| Increase / decrease in other receivables | | - | -23 |
| Increase / decrease in other current liabilities | | 108 | -15 140 |
| **Cash flows from operating activities** | | **-604** | **-15 645** |
| | | | |
| **Investing activities** | | | |
| Investments in subsidiaries | | - | - |
| **Cash flows from investing activities** | | **-** | **-** |
| | | | |
| **Financing activities** | | | |
| Received dividend | | 40 000 | 30 000 |
| Paid dividend | | -40 000 | -30 000 |
| Loan to Group company | | 450 | -1 907 |
| **Cash flows from financing activities** | | **450** | **-1 907** |
| | | | |
| **This years cash flow** | | **-155** | **-17 552** |
| **Cash and cash equivalents at beginning of year** | | 10 497 | 28 050 |
| **Cash and cash equivalents at end of year** | | **10 343** | **10 497** |

# NOTES

## Note 1 General information

Delarka Holding AB (publ), company registration number 556944-5843, is a limited company registered in Sweden with residence in Stockholm. Head office address is c/o Pareto Business Management AB, Box 7415, 103 91 Stockholm. The company's and its subsidiary's ("the group") activities cover to own and manage the property Polisen 2 in the Muncipality of Solna.

Delarka Holding AB (publ) was formed on October 7, 2013. The basis for preparation has not been changed since last year.

### Basis for preparation

#### Group

The consolidated financial statements for Delarka Holding AB (publ) have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRIC) effective for periods beginning from January 1, 2015 or later. Furthermore, the consolidated financial statement were prepared in accordance with Swedish tax applying Recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups of the Swedish Financial Reporting Board. The group functional currency is Swedish kronor (SEK). Assets and liabilities are recognized at cost, except for investment properties, which are measured at fair value. Subsidiaries are companies in which the Parent Company has a controlling influence, directly or indirectly,  on the operational and financial governance. Delarka Holding AB has 100 % of the capital and voting rights in Delarka Fastighet AB. The consolidated accounts are presented in accordande with the acquisition method, whereby an acquisition of a subsidiary is considered a transaction in which the Parent Company indirectly acquires the assets of the subsidiary and assumes its liabilities. The acquired company´s revenues and costs and its identifiable assets and liabilities are included in the consolidated accounts as of the date of the acquisition. Intra-Group transactions, receivables and liabilities between the companies in the Group are aliminated in their entirety. When Delarka acquired Delarka Fastighet AB the acquisition was classified as an asset deal or a business combination whereby only the agreed deferred tax attributable to the acquisition is recognized.

#### Parent Company

The Parent Company applies the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Application of RFR 2 means that the parent company as far as possible apply all EU-approved IFRS as part of the Annual Accounts Act and Security Act, and considering the connection between accounting and taxation. The parent company's income statement and balance sheet are presented in accordance with Annual Accounts Act schedules. The difference to IAS 1 Presentation of financial statements, applied in the presentation of the consolidated financial statements is mainly the presentation of financial income and expenses, assets, equity and provisions as a separate heading.

#### Subsidiaries

Interests in subsidiaries are carried at cost in the parent company's financial statements. Acquisition related costs of subsidiaries, which are expensed in the consolidated financial statements, are included as part of the cost of investments in subsidiaries.

#### General

All amounts are stated in thousands of Swedish crowns (TSEK) unless otherwise specified, and refer to the fiscal year from January 1 to December 31, 2015.

#### Critical assessments

IFRS and Swedish GAAP require that Delarka makes assessments and assumptions that affect the Group´s recognized assets, liabilities revenues and expenses, and other information. These assessments are based on historical experience and other factors considered appropriate under the prevailing circumstances. The actual outcome may differ from these assessments if other assumptions are made or other conditions are present. Concerning the valutation of the investment properies, the assessments can have a significantly influence on the Group´s earnings and financial position. The valuation requires an assessment of future cash flow and the establishment of a yield requierment. The valuations are carried out on a half year basis by two independent valuation firms.

#### Changed accounting standards, IFRS

IFRIC 21 Levies, certain taxes and fees levied on companies by government or equivalent agencies are to be expensed.  For Delarka this entails that Swedish property taxes must be expensed in the full annual amount right from the first quarter, since property tax is based on ownership on January 1. Insofar as the tax pertains to forthcoming quarters, a corresponding amount will be recognized as a prepaid expense among assets in the balance sheet. The Group has applied IFRIC 21 which had an effect on the half year report but will not affect the year end financial report.

The management of the companys assessment is that those new or amended accounting standards will not have any material impact on the Group´s finance for the period when applied first time.

#### Segment information

The company has only one segment which is the property in Solna municipality in the Stockholm region.

### Revenue recognition
The Group's income consists mainly of lease income from operating leases. Lease contracts are classified as operating lease arrangements, se more information regarding these under "Lease agreements". Rental revenues are distributed linearly, in accordance with IAS 17. Rental revenues, which in an accounting perspective are designated operating leases, are recognized in the period to which they apply. In cases where rental contracts involve reduced rent during a portion of the lease period that corresponds to a higher rent at a different time, the lower or higher-than-normal rent is distributed over the lease term of the contract. Rent paid in advance is recognized in the balance sheet as prepaid rental revenue. Recieved dividend is recognized as a financial income.

### Expenses
Expenses, including loan expenses, are charged to earnings for the period in which they belong. Administrative expenses in the consolidated income statement comprise expenses for such items as company administration and expenses for maintaining the stock exchange listing. The Parent Company's expenses for items such as auditing and financial reporting are included in the concept of  administration.

### Financial expenses
Financial expenses refers to interest, fees and other expenses that arise when Delarka takes up interest-bearing liabilities. Expenditures for obtaining mortgage deeds are expenses in the company accounts while the item is capitalized in the consolidated accounts. Financial expenses are charged to earnings for the period to which they refer. Financial expenses also include expenses for fixed-income derivative contracts. Payment streams arising from these contracts are recognized an the income statement for the period to which they refer. Unrealized changes in value are recognized under a separate heading in the income statement and do not affect financial income or expenses. Interest expenses during the production periods of large projects involving new construction, additions or renovations, are capitalized and do not affect financial expenses.

### Group and shareholder contributions
Received or given Group contributions are recognized in the income statement as Appropriations. Shareholders' contributions are recognized in accordance with a statement by the Swedish Financial Reporting Board.

### Remuneration of employees
The group has no employees. Remunerationhas been given to the board members, for further information see note 6.

### Dividends
Dividends are recognized as a reduction in shareholders' equity after the AGM has approved the payment of a dividend.

### Cash flow
The cash flow statement has been prepared according to the indirect method, meaning that net profit or loss is adjusted non-cash transactions during the period as well as any income or expenses associated with the cash flow from investing or financing activities.

### Lease agreements
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Group only has operating leases and no agreements where the group is the lessee.

*The Group as lessor*
The Group is a lessor regarding lease agreements for the owned property. Lease payments under operating leases are expensed on a straight-line basis over the lease term unless another systematic approach is more representative for the user's benefit over time. In cases where the lease for some time permit a reduced rent that is matched by an at other times higher rent this is accrued over the lease term.

### Investment properties
All properties in the group are classified as investment properties. Investment properties are properties held for the purpose of earning rental income or for capital gains or a combination of the two. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair value is based on the market value and the property has at reporting day been appraised and conducted by two external and independent parties (Cusman&Wakefield och CBRE). The average value has then been used as fair value at the reporting date. External valuations are conducted twice a year, at midyear and year end and the average value will always be used as the fair value. Investment properties are measured at Level 3, IFRS 13 (fair value is determined by valuation models where relevant input data is based on non observable data). Subsequent costs are only included in the carrying amount when it is probable that future economic benefits attributable to the item will benefit the Group and the acquisition cost of the same can be measured reliably.  All other costs for repairs and maintenance as well as additional expenses are recognized in the income statement in the period in which they arise. Acquisitions and disposals of investment property are recognised when the risks and rewards associated with the ownership are transferred to the buyer.

### Valuation of properties
Because the price of a property is not observable on a quoted marketplace, a judgement of property values must instead be made as a supporting data for reporting at fair value. The value of a property is dependent on many factors such as property type, tenant structure, technical standards etc. Different appraisers make different judgements, and thus obtain different values. Funding terms, interest rate levels and a functional financial market also affect the pricing and required returns that create balance on the property market between buyers and seller. Property values are appraised twice a year individually by property and the process is described in note 9.

### Tangible fixed assets
Tangible fixed assets consist of equipment and machinery recognized at cost less accumulated depreciation according to plan and any impairment carried out.

### Depreciation/amortization

Tangible fixed assets are recognized in the subsidiaries at cost less accumulated depreciation. In accordance with IFRS, property values are not depreciated in the consolidated financial statements. Depreciation carried out in the subsidiaries is therefore reversed in the consolidated financial statements.

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. A financial asset or part of a financial asset is derecognised when the rights are realised, expired or the company looses control over it. A financial liability or a part of a financial liability is derecognised when the obligation specified in the contract is discharged or otherwise extinguished.

Financial assets and financial liabilities which at the subsequent financial statements are not measured at fair value through profit or loss are recognised at initial recognition at fair value plus or minus transaction costs. Financial assets and financial liabilities which at the subsequent recognition are measured at fair value through profit or loss are recognized at the initial recognition at fair value. In the subsequent recognition, financial instruments are measured at amortised cost or fair value depending on the initial classification under IAS 39.

Delarka has no financial instruments that are measured to fair value at December 31, 2015.

### Cash and bank

Cash and bank balances include cash, bank and other short term receivables that can easily be converted to cash and are not subject to value changes. Cash and bank balances are recognized at their nominal value at the balance-sheet date.

### Accounts receivable

Accounts receivable are classified as "Loans and receivables", which are measured at amortized cost. Accounts receivable expected duration is short, though, why accounting is done at nominal amount without discounting. Deductions are made for receivables assessed as impaired. Impairment of accounts receivables are recorded in operating expenses.

### Accounts payable

Accounts payable are classified as "Other financial liabilities" which are measured at amortized cost. Accounts payable has a short expected duration, though, which results in that the liabilities are recognized at nominal amount without discounting.

### Bonds

Issued bonds are categorised as "Other financial liabilities" and are measured at amortised cost using the effective interest method. Any differences between the received loan proceeds (net of transaction costs) and the redemption or repayment of loans is recognised over the duration of the loans under the Group's accounting policy for borrowing costs.

### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Parent company, basis for preparation

The differences on the accounting principles for the Group versus the parent company are described below.

### Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax is calculated on the tax rate applicable in 2015 on nominal reported profits plus non-deductible items, and decucting non-taxable revenues.  Income tax is reported in accordance with the balance sheet method, implying that deferred tax is calculated on the identifiable temporary differences between taxable and carrying amounts of assets or liabilities on the reporting date. Temporary differences primarily arise in properties, financial instrumens and tax allocation reserves. As of December 31, 2015, temporary differences are measured at nominal tax rates for the coming period, 22 per cent, and the change from previous year´s reporting date is reported as deferred tas in the Income Statement. Deferred tax assets on deductible temporary differences and loss carry-forwards are only reported to the extent it is likely that they will be utilised. The value of deferred tax asset is reduced when it is no longer considered likely that they can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. This means that for properties acquired indirectly through companies, classified as asset acquisitions, no deferred tax liability is accounted for at the time of acquisition, in addition to the one  registered in the acquired company.  Hence, no deferred tax liability attributable to the excess value of the property at the time of acquisition is accounted for, instead the potential tax rebate reduces the property's carrying value at acquisition date.

## Financial risk management and financial instruments

The Group is exposed through it´s business to various types of financial risks, including market, liquidity and credit risks. Market risks consist primarily of interest rate risk and currency risk. The Company's Board of Directors are ultimately responsible for the exposure, management and monitoring of the Group's financial risks. The frames controlling the exposure, management and monitoring of financial risks are determined by the Board and reviewed continuosly.

## Liquidity and financing risk

Liquidity risk is the risk that the Group will have trouble meeting its commitments relating to the Group's financial liabilities. Financing risk is the risk that the Group is unable to raise sufficient financing at a reasonable cost.

The group has a bond loan for TSEK 740,000 with maturity on 2020-11-13. During the duration there are no down payments and the interest is fixed at 4.58%. At maturity day the group will need to refinance the debts and the ability to succeed with refinancing the debts will depend on the terms of the financial market at that time. The possibilities to refinance the debts can have a material negative effect on the group´s business and financials.

In the terms of the bond loan the company have some covenants which one is that the group´s Loan to Value shall not be higher than 80 % and that the "interest coverage ration" for the past twelve months can not be higher than 1.6. If the group dont comply with those terms then there will be a break according to the terms for the bond loan.

## Management of capital risk

The Groups objectives for managing capital is to ensure the Group's ability to continue its business to generate reasonable returns to shareholders and benefit for other stakeholders. The Group monitors its capital structure on the basis of the debt/equity ratio. The debt/equity ratio is calculated as net debt divided by total capital. Net debt is calculated as liabilities to credit institutions less cash. Total capital consists of total equity and net debt. The company's financial goal is that the debt/equity ratio should be less than 70 per cent. As of year-end totals debt/equity ratio amounts to 58 per cent.

## Credit - and counterpart risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk is primarily attributable to accounts receivable. The property has only one tenant at the moment why the group´s finance is highly dependent on the tenants finance and ability to pay the rent. The amounts payable during different periods are shown in the figure above. The amounts in these tables are not discounted values and they include, where appropriate, interest payments, which means that these amounts are not possible to reconcile to the amounts presented in the balance sheets. Interest payments are determined based on the conditions prevailing at the balance sheet date.

| The Group 2015-12-31 | Within 3 months | 3-12 months | 1-5 years | Over 5 years |
|---|---|---|---|---|
| Bond loans | - | - | 740 000 | - |
| Interest cost | 8 473 | 25 419 | 131 332 | - |
| **Total** | **8 473** | **25 419** | **871 332** | **-** |

The Groups loan agreements contain no terms that could cause the actual payment date to be substantially earlier than indicated in the tables.

PostNord AB was established in 2009 through the merger of Post Danmark A/S and Posten AB. The parent company, PostNord AB, is a Swedish public limited company with headquarters in Solna, Sweden. PostNord is owned 40% by the Danish State and 60% by the Swedish State. Operating activities are performed in three areas, Mail (comprising Business areas Mail Denmark and Mail Sweden), Logistics and Strålfors. In 2012, PostNord had net sales of approximately SEK 40 (40) billion and 38,000 (39,000) employees. If the tenant does not prolong the lease agreement there is a high probability that the building needs to rebuild the premises to serve more tenants instead of only one tenant. This is investments that in the short run will affect the group finance negatively. This can also lead to periods of vacancies with lower leases which also affects the financials negatively. The Groups and Parent Company's maximum exposure to credit risk is judged to equal the book value of all financial assets and are presented in the table below.

| (TSEK) | The Group 2015-12-31 | Parent company 2015-12-31 |
|---|---|---|
| Other receivables | 3 097 | 1 481 |
| Cash and cash equivalents | 51 982 | 10 343 |
| **Maximum exposure to credit risk** | **55 079** | **11 824** |

### *Categorisation of financial instruments*

The carrying amount of financial assets and financial liabilities by measurement category in accordance with IAS 39 are presented in the table below.

| *Financial assets* | The Group 2015-12-31 | Parent company 2015-12-31 |
|---|---|---|
| Loans and receivables | 51 982 | 11 824 |
| **Total financial assets** | **51 982** | **11 824** |
| *Finansiella liabilities* | | |
| Financial debts valued at amortized cost | 744 425 | 10 177 |
| **Total financial liabilities** | **744 425** | **10 177** |

## Note 2 Rental income

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Rental income excluding supplements | 89 536 | 89 644 | - | - |
| Property tax | 6270 | 6 782 | - | - |
| Supplements | 2 860 | 2 805 | - | - |
| **Total** | **98 665** | **99 231** | - | - |

From an accounting perspective, lease contracts are treated as operating lease arrangements, where Delarka Fastighet AB is the lessor. The parent company holds no operating leases. The group has a non-terminatable operational lease agreement with maturity at 2026-04-30 and the future minimum leasing fees are 89 535 TSEK within a year, 447 679 TSEK within five years, 925 203 TSEK until the end with the annual minimum leasing fee is 89 535 TSEK excluding addition supplements.

## Note 3 Operating expenses

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Facility management | 2 330 | 2 469 | - | - |
| Electricity, heating and water supply | 6 710 | 6 332 | - | - |
| Insurance expenses | 369 | 421 | - | - |
| **Total** | **9 409** | **9 222** | **-** | **-** |

## Note 4 Administration expenses and disclosure of Auditor's remuneration and expenses

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Financial management | 1 000 | 1 000 | - | - |
| Technical management | 489 | 654 | - | - |
| Other administration expense | 1 266 | 2 517 | 712 | 462 |
| | **2 755** | **4 171** | **712** | **462** |
| Deloitte AB | | | | |
| audit services | 80 | 485 | 35 | 170 |

Audit assignments refer to the auditor's remuneration for the statutory audit. The work includes the review of the annual report and the group accounting and the accounting records, the administration of the Board of Directors and the Managing Director as well as fees for audit advice given in connection with the audit engagement.

## Note 5 Unrealised changes in value of investment properties

Changes in value are recognized in the consolidated financial statements and are based on completed valuations at reporting day. See Note 9 for further information on valuation of investment properties.

## Note 6 Number of employees, salaries, other remunerations and social costs

The group has no employees. Remuneration has been paid out to the board members as shown below.

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Lennart Låftman | 75 | 75 | 75 | 75 |
| Johan Thorell | 50 | 50 | 50 | 50 |
| Tony Karlström | 50 | 50 | 50 | 50 |
| **Summa** | **175** | **175** | **175** | **175** |

## Note 7 Financial income and Finance costs

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Interest income | 2 | 28 | - | 16 |
| Other financial income | - | - | 40 000 | 40 000 |
| **Total** | **2** | **28** | **40 000** | **40 016** |

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Interest expenses | 33 892 | 33 900 | - | - |
| Other financial expenses | 48 | 11 | - | - |
| **Total** | **33 940** | **33 911** | **-** | **-** |

All interest expenses are attributable to financial liabilities measured at amortised cost.

## Note 8 Tax

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Current Tax*** | | | | |
| Current tax | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** |
| ***Deferred tax*** | | | | |
| Deferred tax related to temporarily differences | 11 464 | 6 514 | - | - |
| **Total** | **11 464** | **6 514** | **-** | **-** |

Income tax in Sweden is calculated by 22 % on the year's taxable income. Below is a reconciliation presented between reported profits and tax for this year:

| ***Reconciliation of effective tax*** | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Profit before tax | 53 424 | 30 422 | 39 288 | 39 518 |
| Tax expense for the current year | 11 464 | 6 514 | - | - |
| Tax calculated according to Swedish tax rate (22%) | 11 753 | 6 693 | 8 643 | 8 694 |
| Tax effect of non-taxable income | | | | |
| Tax effect of non-deductible expenses | 10 | 1 | 8 800 | - |
| Tax on loss-carry forward not utilised | 279 | 178 | -157 | 8 694 |
| Deferred tax | 11 464 | 6 514 | - | - |
| **Total** | 11 753 | 6 693 | 8 643 | 8 694 |

Deferred tax assets relating to tax loss carry forwards are recognised to the extent that it is probable that they will be utilised against future taxable income. As of December 31, 2015 the Group has not recognised any deferred tax assets relating to tax loss carry forwards.

## Note 9 Investment properties

The Group recognises the investment properties at fair value. Valuation is made semiannually by two external and individual appraisals, Cushman&Wakefield and CBRE. The Group provides information to the external valuation firm regarding the current and future rental agreements, operating and maintenance costs and estimated investments. The property was inspected during the fall 2015.

| | The Group | |
|---|---|---|
| | 2015-12-31 | 2014-12-31 |
| Carrying amount at beginning of the year | 1 225 000 | 1 237 500 |
| Unrealised value changes | 10 000 | -12 500 |
| **Total** | **1 235 000** | **1 225 000** |

In measuring the fair value, a income approach has been used. This is based on the present value of future cash flows. The calculation period represents 10 and 11 years. During the calculation period revenues consist of contracted rents until the contract period expires at 2026. For the subsequent period the rental income is valued to the market rent that apply today. Operating- and maintenance costs has been assessed based on the company's actual costs, and has been adjusted to the property's condition and age. Expenses are expected to increase in line with inflation. Investments has been assessed based on the existing needs Property taxes are assessed based on the latest tax assessment. Long-term vacancies are taken into account in valuations and are taken into account based on the property's location and condition. Discount rate and direct yield is based on external appraisers' empirical assessments of the market yield requirements.

| **Valuation assumptions** | **Average** |
|---|---|
| Annual inflation, % | 2.00% |
| Weighted discount rate, % | 6,05 % |
| Weighted discount rate, residual value, % * | 7,94 % |
| Average long-term vacancy, % | 10,00 % |

** Residual value means the period after the maturity of the lease contract.*

**Sensitivity analysis, property valuation**

| **Value parameter** | **Assumption** | **Average** |
|---|---|---|
| Rent level | +/- 10% | 81 000 / -81 000 |
| Required rate of return | +/- 0.25% | 38 000 / -37 000 |
| Long-term vacancy | +/- 2% | 19 000 / -19 000 |

## Note 10 Accounts receivables

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015-12-31 | 2014-12-31 | 2015-12-31 | 2014-12-31 |
| Accounts receivable, gross | - | 74 | - | - |
| Provision for bad debts | - | - | - | - |
| **Total** | **0** | **74** | - | - |

## Note 11 Other short term receivables

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015-12-31 | 2014-12-31 | 2015-12-31 | 2014-12-31 |
| VAT receivables | 2 185 | 683 | - | - |
| Other items | 628 | 14 | 23 | 23 |
| **Total** | **2 813** | **697** | **23** | 23 |

## Note 12 Cash and cash equivalents

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015-12-31 | 2014-12-31 | 2015-12-31 | 2014-12-31 |
| Cash and bank | 51 982 | 44 283 | 10 343 | 10 497 |
| **Total** | **51 982** | **44 283** | **10 343** | **10 497** |

Cash is equivalent with bank balances.

## Note 13 Equity

**Share capital**

All shares are of the same class of shares, are fully paid and are entitled to one vote. No shares are reserved for transfer under option agreements or other agreements. The number of shares at year-end amounts to 5 000 000 at a par value of 1 SEK.

**Earnings per share**

Reported earnings per share are calculated by dividing the profit attributable to Parent Company shareholders divided by average number of outstanding shares during the period.

| | 2014-12-31 | 2015-12-31 |
|---|---|---|
| Profit attributable to parent company shareholders | 8.39 | 4.78 |
| Average number of shares | 5 000 000 | 5 000 000 |

**Non-restricted equity**

Non-restricted equity, which is the amount available for dividends to the share holders contains of all the equity besides share capital.

## Note 14 Other financial liabilities

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015-12-31 | 2014-12-31 | 2015-12-31 | 2014-12-31 |
| Bonds long term | 740 000 | 740 000 | - | - |
| **Total** | **740 000** | **740 000** | - | - |

Since the sale of the bond were made at a nominal price so the effective interest rate is the same as the coupon rate.

## Note 15 Deferred tax

Temporary differences arise in cases where assets or liabilities reported and taxable values are different. The Groups and Parent Company's temporary differences have resulted in deferred tax liabilities and deferred tax assets for the following items:

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | 2015-12-31 | 2014-12-31 | 2015-12-31 | 2014-12-31 |
| **Deferred tax liabilities** | | | | |
| Difference between carrying value and tax wise value properties (temporary difference] | 19 317 | 7 853 | - | - |
| **Total** | **19 317** | **7 853** | - | - |

The Group and Parent Company has no unused loss carry-forward. Changes in deferred tax assets and liabilities during the year are shown below:

| The Group | Change in deferred tax | Deferred tax liabilities |
|---|---|---|
| **Change in deferred tax** | **Loss carry-forward** | **Temporary difference** |
| As of January 1, 2015 | - | 7 853 |
| Recognised in the income statement | - | 11 464 |
| **As of December 31, 2015** | **-** | **19 317** |

## Note 16 Accrued expenses and prepaid income

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | **2015-12-31** | **2014-12-31** | **2015-12-31** | **2014-12-31** |
| Prepaid rent | 10 072 | 10 277 | - | - |
| Other items | 4 813 | 6 068 | 85 | 50 |
| **Total** | **14 885** | **16 345** | **85** | **50** |

## Note 17 Shares in subsidiaries

| | Parent Company | |
|---|---|---|
| | **2015-12-31** | **2014-12-31** |
| At the beginning of the year | 476 920 | 476 920 |
| **At the end of the year** | **476 920** | **476 920** |

| Subsidiaries | Capital share % | Voting share % | Book value | Equity |
|---|---|---|---|---|
| Delarka Fastighet AB | 100 % | 100 % | 476 920 | 352 742 |
| **Total** | | | **476 920** | **352 742** |

| Subsidiaries | Corporate identify number | Registered office |
|---|---|---|
| Delarka Fastighet AB | 556944-7096 | Stockholm |

## Note 18 Pledged assets and contingent liabilities

The following security has been issued for the bond loan in Delarka Fastighet AB (publ):

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | **2015-12-31** | **2014-12-31** | **2015-12-31** | **2014-12-31** |
| Shares in subsidiaries | - | - | 476 920 | 476 920 |
| Cash and cash equivalents | 51 982 | 44 283 | 10 343 | 10 497 |
| Property mortgages | 1 225 000 | 1 225 000 | - | - |
| **Total** | **1 276 982** | **1 269 283** | **487 263** | **487 417** |

## Note 19 Transactions with related parties

Transactions between the company and its subsidiaries, which are related parties to the company, have been eliminated on consolidation and disclosure of these transactions is therefore not disclosed in this note. Information on transactions between the Group and other related parties are presented below.

Pareto Business Management AB was the former owner of the Parent company until the issuing of new shares where settled at 2013-11-14. Pareto Business Management AB has no shares in the Parent company or its subsidiaries and is no longer considered a related party.

## Note 20 Other liabilities

| | The Group | | Parent Company | |
|---|---|---|---|---|
| | **2015-12-31** | **2014-12-31** | **2015-12-31** | **2014-12-31** |
| Property tax | 13 052 | 6 783 | - | - |
| Dividend | 10 000 | 10 000 | 10 000 | 10 000 |
| Other items | 56 | - | 56 | - |
| **Total** | **23 108** | **16 783** | **10 056** | **10 000** |

## Note 21 Events occurred after the end of the financial year

No significant events occurred after the end of the financial year.

## Note 23 Dividend

The board proposes that an amount of SEK 8 per share will be distributed to the shareholders, which means a total dividend of 40,000,000 kronor, and that the dividend will be paid out at four different occassions before the next annual meeting with four equally amounts. This means that by every single payment of the dividend SEK 2 per share or totally SEK 10,000,000 will be distributed to the share holders. It is proposed that the board will authorize to determine four record days for dividend distribution.

### Approval of Financial Statements

The Annual Report was adopted by the Board and approved for publication on February 19, 2016.

The Board and CEO hereby certify that the annual report have been prepared under the Annual Accounts Act and RFR 2 Accounting for Legal Entities and give a true and fair view of the company's financial position and results and that the management report gives a fair review of the development of the company's business and results and describes significant risks and uncertainties facing the company.

The Board and the CEO hereby certify that the consolidated accounts have been prepared under International Financial Reporting Standards (IFRS) as adopted by the EU, give a true and fair view of the Group's financial position and performance and the management report for the Group give a true and fair view of the Group's operations, position and results and describes significant risks and uncertainties to which the companies included in the Group face.

Stockholm on February 19, 2016

| | | | |
|---|---|---|---|
| Lennart Låftman | Johan Thorell | Tony Karlström | /Sven I. Hegstad |
| Chairman of the board | Board member | Board member | Managing director |

Our audit report was submitted on February 19, 2016

Deloitte AB

Jan Palmqvist

Authorized public accountant