

*Diös*

# 13

DIÖS FASTIGHETER **ANNUAL REPORT 2013**







# **OPENING THE DOOR TO NORTHERN SWEDEN**





*Diös is northern Sweden's largest private property company with a portfolio of commercial as well as residential premises. Diös stands for stability and new thinking. Stability in the sense that our approach is professional and long-term, with concentrated, centrally located properties in growth cities. New thinking in the sense of being innovative, keeping one's ear to the ground and being a committed partner that thinks in terms of sustainability in the markets in which we operate. We will do our utmost to deliver to our main stakeholders: our tenants and our shareholders. And we will do so for many years to come.*

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## ANNUAL GENERAL MEETING 2014

The Annual General Meeting of Diös Fastigheter AB (publ) will be held at 1 p.m. on Monday 28 April 2014 at Clarion Hotel Grand Östersund, Prästgatan 16, Östersund. Light refreshments will be served from 12 p.m.

Shareholders wishing to attend the Annual General Meeting must:

- Be registered in the share register maintained by Euroclear Sweden AB on Tuesday 22 April 2014.
- Notify the company of their intention to attend the Annual General Meeting no later than 12.00 p.m. on Tuesday 22 April 2014.

Shareholders may notify the company of their intention to attend by regular mail to Diös Fastigheter AB, Box 188, SE-831 22 Östersund, Sweden, or by calling +46 (0)770-33 22 00 or on the company's website, [www.dios.se](http://www.dios.se). When giving notice of attendance, shareholders should state their name and personal identity number (date of birth) or company registration number, address and phone number, their shareholding and the names of any proxies.

Shareholders whose shares are registered in the name of a nominee must temporarily register their shares in their own name in good time to ensure that the shares are registered by Tuesday 22 April 2014. Such request to re-register shares must be made well in advance of this date. If a proxy is to attend the meeting, the authorisation documents must be sent to the company together with the notification of attendance. Proxies for shareholders must present a dated power of attorney at the Annual General Meeting. The document must not be more than one (1) year old. If the appointer is a legal entity, a registration certificate or other document which indicates the signatory's authorisation must be presented.

The Board of Directors proposes a dividend of SEK 2.30 per share. The record date for the right to receive dividend is Friday 2 May 2014. Subject to the approval of the Annual General Meeting, the dividend will be paid by Euroclear Sweden AB on Wednesday 7 May 2014.

The Nominating Committee's proposals:

- The Nominating Committee proposes that Bob Persson be re-appointed Chairman of the Board and that the existing Board members Anders Bengtsson, Maud Olofsson and Ragnhild Backman be re-elected. Svante Paulsson is proposed as a new Board member.
- The Nominating Committee proposes that Bob Persson be appointed to chair the AGM.
- The Nominating Committee proposes that Deloitte be re-appointed as auditors for the company with Svante Forsberg as chief auditor.

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➤ The Directors' Report comprises pages 28–45.



# ANNUAL RESULTS *IN BRIEF*

## > Total revenues were SEK 1,307 million (1,331)

The decline is due to Diös' net sale of properties during the year. Rental income accounts for 99 per cent of revenues.

## > The operating surplus was SEK 738 million (766)

The operating surplus declined due to lower revenues, as a result of a smaller property portfolio, and slightly higher property costs attributable to increased winter-related costs in the first quarter.

## > Property management income increased to SEK 354 million (340)

Property management income improved due to falling funding costs, and corresponds to SEK 4.7 per share (4.6).

## > The changes in value of properties amounted to SEK –24 million (188)

Total unrealised changes in value were SEK –35 million (180) while realised changes in value totalled SEK 11 million (9). The property portfolio had a total value of SEK 11,823 million (11,878).

## > Changes in value of derivatives amounted to by SEK 68 million (–76)

All changes in value are unrealised. The company's derivatives had a value of SEK –107 million (–175).

## > The profit for the year was SEK 321 million (432)

Earnings per share were SEK 4.3 (5.7).

## > Financial key ratios improved

The equity ratio increased to 26.8 per cent (25.3), the interest coverage ratio increased to 2.2 times (2.0) and the loan-to-value ratio decreased to 64.8 per cent (66.4).

## > The Board proposes a dividend of SEK 2.30 per share (2.30)

The proposed dividend is equal to 49 per cent (50) of the profit excluding unrealised changes in value and deferred tax.

## FIVE-YEAR SUMMARY IN BRIEF

	2013	2012	2011 <sup>3</sup>	2010	2009
Revenue, SEKm	1,307	1,331	601	499	477
Operating surplus, SEKm	738	766	327	286	273
Property management income, SEKm	354	340	132	128	131
Profit for the year, SEKm	321	432	177	234	106
Profit margin, %	57.1	58.9	55.8	58.8	59.0
Return on equity, %	10.2	14.7	8.6	17.2	9.3
Economic occupancy rate, %	88.7	88.8	89.6	90.5	90.4
Equity ratio, %	26.8	25.3	22.9	28.3	27.9
Loan-to-value ratio, properties, %	64.8	66.4	69.2	69.9	71.1
Average interest rate at year-end <sup>1</sup> , %	3.6	3.8	4.2	3.8	4.4
Interest coverage ratio, times	2.2	2.0	1.9	2.0	2.2
Property management income per share, SEK	4.7	4.6	3.3	3.8	3.9
Earnings per share, SEK	4.3	5.7	4.6	6.7	3.1
Dividend per share, SEK	2.30 <sup>2</sup>	2.30	1.10	1.75	1.75
Equity per share, SEK	43.3	41.3	36.5	40.6	34.0
Share price, SEK	45.6	35.0	28.5	37.6	28.0

<sup>1</sup> Includes expenses relating to commitment fees and derivatives.

<sup>2</sup> The Board of Directors' proposal.

<sup>3</sup> Diös acquired Norrvidden Fastigheter AB in a business combination as per 30 December 2011.

The acquisition has not affected the income statement for 2011 but is included in total assets in the balance sheet, which also affects certain key ratios.

# SIGNIFICANT EVENTS *BY QUARTER*

## Q1

- > Successful lettings activities in 2012 and early 2013 resulted in a net rental of SEK 10 million.
- > Increased focus in the portfolio through the sale of seven properties for SEK 145 million.
- > A cold winter resulted in above-normal property costs.
- > Rising short-term market interest rates increased the value of the derivatives portfolio.
- > The generated profit and net sales of properties improved the company's financial key ratios, such as the equity and loan-to-value ratios.
- > New management team: Christer Sundin Managing Director, Rolf Larsson CFO, Kristina Grahn-Persson HR Director, Ida Magnusson Group Account Manager, Bo Tjälldén and Anders Hedström Market Area Managers and Thomas Nilsson acting Property Manager.

## Q2

- > Continued drive towards a more concentrated portfolio through the sale of another two properties. Diös left Gällivare.
- > Rising market interest rates, which had a positive impact on the value of derivatives.
- > The profit margin improved and the economic occupancy rate remained good.
- > Upon approval by the AGM, a dividend of SEK 2.30 per share was paid, for a total payment of SEK 172 million.

## Q3

- > Stable demand for commercial and residential space.
- > After two marginally negative quarters the value of the company's property portfolio increased. The value increased by SEK 7 million over the three-month period.
- > The drive to concentrate the portfolio to central locations in growth cities continued through the sale of another three properties for a total consideration of SEK 28 million.

## Q4

- > Seven residential and industrial properties located in Härnösand, Luleå and Sundsvall were sold for a total of SEK 76 million. Only 7 per cent of the portfolio is located outside priority growth cities.
- > It was announced that Knut Rost will take over as new Managing Director of Diös in spring 2014, when Christer Sundin goes into retirement. Before joining Diös, Knut Rost worked as Property Manager at ICA Fastigheter Sverige AB.
- > The portfolio increased in value for the second quarter in a row. The net increase in the value of the properties was SEK 32 million.
- > Development of the company's sustainability work in our key focus areas: employees, the environment and energy, local communities, customers and finance.

## SUMMARY OF QUARTERLY RESULTS

	2013-03-31	2013-06-30	2013-09-30	2013-12-31	2012-03-31	2012-06-30	2012-09-30	2012-12-31
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue, SEKm	331	326	324	327	331	332	330	338
Operating surplus, SEKm	164	202	197	176	176	203	199	189
Property management income, SEKm	71	102	102	79	72	95	94	79
Profit for the period, SEKm	79	88	72	81	158	47	-7	246
Profit margin, %	50.6	63.1	60.2	54.7	54.2	62.4	61.8	57.4
Return on equity, %	2.5	2.8	2.3	2.6	5.4	1.6	-0.4	8.3
Economic occupancy rate, %	88.5	88.7	88.9	88.6	90.2	88.1	88.9	88.1
Equity ratio, %	26.5	25.8	26.4	26.8	24.0	23.7	23.4	25.3
Loan-to-value ratio, properties, %	66.4	66.3	65.7	64.8	68.8	68.3	68.2	66.4
Average interest rate at end of period <sup>1</sup> , %	3.8	3.8	3.8	3.6	3.9	3.9	3.6	3.8
Interest coverage ratio, times	1.9	2.4	2.3	2.0	1.9	2.1	2.1	2.0
Property management income per share, SEK	1.0	1.4	1.4	1.1	1.0	1.3	1.3	1.1
Earnings per share, SEK	1.1	1.2	1.0	1.1	2.0	0.6	-0.2	3.3
Equity per share, SEK	42.4	41.2	42.2	43.3	38.6	38.1	37.8	41.3
Earnings per share, SEK	40.4	37.4	40.4	45.6	32.4	30.8	33.8	35.0

<sup>1</sup> Includes expenses relating to commitment fees and derivatives.

CHRISTER SUNDIN, OUTGOING MANAGING DIRECTOR

# FOCUSING ON GROWTH

*"My focus has been on growth. Now that the integration with Norrvidden is complete, a foundation has been laid that will enable us to get a return on our investments," says Christer Sundin after the end of 2013 and the month before he steps down as Managing Director of Diös.*

Christer Sundin was appointed Managing Director in connection with the founding of Diös Fastigheter AB on 22 May 2005. The company was formed through the acquisition of properties, located in Dalarna and Gävleborg, for over one billion Swedish kronor from AP-fastigheter. A driving force behind the creation of the company was Erik Paulsson, long-time doyen of the Swedish property industry. At the time Christer Sundin was working independently as a management consultant and was contracted to work as Managing Director of property company Hallström & Nisses.

One objective was to build a property company that could become a strong player in the north of Sweden. Another objective was to bring the company to the stock market.

"We did the whole IPO ourselves without taking the shortcut through another company," Christer Sundin stresses. "Anyone who has been involved in a stock market listing knows how much work it involves, but the good side of it is that you really get to know the company."

After a couple of years of rapid growth, the financial crisis hit in 2008, affecting the whole property industry. Banks had poor liquidity and needed to cut their exposure to real estate. For understandable reasons, Diös' pace of expansion also slowed.

"The crisis gave us a pause for breath and a chance to consolidate. That's why we were ready for growth again when the credit crunch eased," Christer Sundin says.

In 2010 the balance sheet swelled by 33 per cent, partly through an acquisition from Allokton. The year after it was time for the really big move. In September of 2011 Diös made a bid for Norrvidden, a slightly larger property company. At a stroke the portfolio more than doubled, from around five billion kronor to twelve billion, cementing Diös' position as northern Sweden's largest property company. To realise the acquisition, the company chose to stretch itself financially, yet it was always clear that the goal was to work our way back to a stronger financial position. At the time of the bid Handelsbanken and Swedbank, the lenders, had been left holding significant stakes in Norrvidden after the previous main owner became insolvent.

"Our owners, Board of Directors, lenders and not least I myself were convinced that this deal was exactly right for Diös."

## IS IT IMPORTANT TO BE BIG?

"The simple fact is that if you are big you are visible. And if you are visible you attract more interest. With more interest you get more shareholders, the liquidity of your shares improves, it becomes easier to fund your operations, and you can grow bigger still. In a way, it's like a self-fulfilling prophecy. I said already in 2005 that our portfolio would grow to 12 billion kronor, and that's where we are now. That said, being big is not an end in itself. At the end of the day the aim is to earn money for our shareholders. Bigness is just a means."

## WHY NORTHERN SWEDEN?

"The answer to that question is, of course, why not? Northern Sweden has many advantages over the South. A large part of Sweden's primary industry – mining, forestry, hydropower and wind power – is here. Add to that the Luleå University of Technology with its leading expertise in IT and mining, the fast growing university in Umeå, which specialises in medical, technological and natural science research, and finally Mid Sweden University in Östersund, which has a particular strength in industrial IT, tourism

and experiences. Our social engagement in the region was highlighted recently when the House of Science, which occupies a Diös-owned property in central Luleå, was opened. Together with the Royal Swedish Academy of Engineering Sciences, the Luleå University of Technology rents new and modern premises in a heritage post office building.

Our cities are defined by strength and growth, and are not affected by the negative and significant fluctuations often seen in the metropolitan regions. Northern Sweden represents a fantastic mix of stability and innovation. The smaller number of real estate players also makes it easier to buy properties with good yields," Christer Sundin says with an air of satisfaction.

## HOW DO YOU LOOK ON THE RESULTS FOR 2013?

"The results are satisfactory, although I had hoped for slightly better. Last year's earnings were weighed down by one-off restructuring charges relating to the acquisition of Norrvidden. It feels good to be able to say that we have now absorbed the full cost of the merger. In 2012 all systems were integrated, which means that the company has, since the first quarter of 2013, had a uniform reporting structure and common systems. In 2013 the focus was on the organisation and integration of staff. In spring those head office functions which had previously been performed in Sundsvall were moved to the head office in Östersund and a new management team was appointed. If you look closer at the figures, our property management income for 2013 increases to SEK 354 million (342). The profit for the year came to SEK 321 million (434), due to smaller changes in value of properties and derivatives and higher deferred tax expense. During the year we sold a number of properties in low-priority or peripheral locations.

My assessment is that, because of the organisational changes that have been taking place, our focus on the operational side has not always been optimal, and this is reflected in the figures. But, as I said, that is history now, and the company has every opportunity to generate higher returns. A big positive is





that we have achieved our targets for energy efficiency, which is necessary, as charges are increasing. These efficiency improvements have enabled Diös to reduce its climate emissions and improve its finances. Another source of encouragement is the clear improvement in our financial position; our equity ratio is much stronger and our loan-to-value ratio is down. The equity ratio has increased from just over 25 per cent to nearly 27 per cent while the loan-to-value ratio has gone below 65 per cent from just over 66 per cent a year ago. Looking back at the situation two years ago, just after we took possession of Norrvidden, the improvement is even greater.”

#### OVER THE YEARS, WHAT HAVE BEEN YOUR BEST AND WORST EXPERIENCES?

“On the best list there is a lot I could mention. Off the top of my head, I think of building a listed company from scratch, recruiting talented people and getting to know the company’s markets. There’s much more to do, but we now have a solid organisational and administrative foundation on which to build. The worst,” Christer Sundin says without hesitating, “has been to lose and in some cases even to have to lay off employees due to restructuring measures.”

#### WHAT IS YOUR VIEW OF DIÖS’ FUTURE?

“Diös’ future looks bright. The company has a fantastic position in growth markets in northern Sweden. The base is there; we just have to ensure that we get a return on our investments,” says Christer Sundin, who, although he will be leaving Diös to go into retirement, has already planned ahead.

“Diös’ strength is in its employees and owners, who believe in the company and have the will and the ability to make investments aimed at achieving growth. I am proud that Diös has from the very outset had a high yield and has also achieved its target of distributing 50 per cent of its earnings to the shareholders. Our high yield makes Diös one of the highest-yielding stocks on the Swedish stock exchange.”



> Christer Sundin will step down as Managing Director of Diös on 24 March 2014

# KNUT ROST, INCOMING MANAGING DIRECTOR

## A UNIFORM DIÖS WILL PRODUCE STRONGER RESULTS

*"I will be focusing on shaping a uniform Diös," says Knut Rost, who will take up the post of Managing Director at the end of March 2014. With common values and by acting in unison we will improve our efficiency and achieve stronger results.*

When asked whether he would be interested in the job of Managing Director of Diös Fastigheter AB in autumn 2013 Knut Rost didn't really know much about Diös other than that it was a listed company with a focus on northern Sweden. Since then much has happened. When, on 20 October, he accepted the offer he had done his homework and he liked what he saw. In early January 2014 Knut left his job as Property Manager at ICA Fastigheter. After a holiday and a few unofficial internal meetings he took up his new post at Diös on 10 February. But not as Managing Director. That post he will take over only at the end of March. Until then he has been spending his time getting to know his fellow employees and the company.

### WHAT ARE DIÖS' STRENGTHS?

"Diös is a stable property company that has undergone major changes over the last few years. Christer Sundin, the Board, management team and employees have worked hard and have done a good job," Knut Rost says and proceeds to list those things which he considers to be the company's key strengths. "The company operates in clearly defined geographic areas, has invested in building a strong market position in each city, is focused on establishing a local presence, and has talented employees, a broad shareholder base, and a Board and management team with strong expertise in real estate."

### WHAT WILL BE DIÖS' FOCUS IN THE COMING YEARS?

"Diös will be working to improve its key ratios, such as customer satisfaction, employee satisfaction, earnings and of course our financial key ratios. Satisfied customers is no quick fix, but is achieved through a long-term effort. Our customers should feel that we meet their expectations, even if this can sometimes cost more for the customer. Employee satisfaction is essential to customer satisfaction, and this is very much about clear communication in the organisation so that everyone knows what their role is and what is expected of them. We need to permit ourselves to make the occasional mistake; the worst thing is not to do anything. As a shareholder you need to know what to expect. What you get mustn't come as a surprise," Knut Rost says, adding that a uniform picture of Diös is essential to future success. "We need to be, and be seen as, a uniform Diös."

### CAN YOU GIVE SOME CONCRETE EXAMPLES?

"Messages and work methods need to be brought into line if we are to achieve a clear improvement in our performance indicators. We need to streamline our processes to ensure that we get more out of the work that we do. Diös needs to get better at exploiting economies of scale, and at increasing revenues and cutting costs within the framework of our existing portfolio in each city. We can't get away from the fact that that's where the money is earned, and there is a lot to be gained from improving the efficiency of our property management process. That includes rationalising our portfolio of properties, technologically and geographically," says Knut, who feels confident that that is precisely what he has been working on for the last 20 years. "Being the biggest is not an end in itself; what matters is being the best. In many localities we have built up an organisation and a sufficiently large critical mass of properties to become involved in building the local community. That will open up opportunities for future projects."



➤ Knut Rost will take up the post of Managing Director of Diös on 24 March 2014

### WHAT IS YOUR VIEW OF SUSTAINABILITY?

"A large property company has a significant impact on the environment, so we have a responsibility. I am convinced that sustainability, including economic, social and environmental responsibility, will be an important issue for the future. The focus will be on more efficient energy use, recycling and the choice of materials when we build. A relatively large share of those who are young today, and who will thus be tomorrow's tenants, will be choosing a landlord that takes responsibility for the world we live. If the demand exists it should also be possible to charge a higher rent."



# **STRATEGIC FOCUS**



# BUSINESS PLAN 2013 AND 2014

*In 2013 Diös worked intensively on preparing a new business plan. The work involved the Board of Directors, management and other employees, but external stakeholders such as analysts, tenants and representatives of civil society also contributed valuable information. The result was Business Plan 2014.*

## PREPARING THE BUSINESS PLAN

In spring 2013 the extensive work of preparing a new plan for 2014 began as Group management drew up a draft plan which was presented to the Board of Directors. One of the first steps was to make a current situation analysis of how Diös is perceived. The analysis was based partly on interviews with analysts, investors and other members of society, and partly on the results of surveys among tenants (customer satisfaction index, CSI) and employees (employee satisfaction index, ESI).

## DEFINED GOALS

The work continued through the year, involving all members of staff. At managerial conferences and meetings in each market area and at head office the strategic goals were broken down by tactical and operational level. Defining specific targets and activities for individual departments and employees maximises the chances of achieving the targets. The work was assisted by an external process leader and balanced scorecard methodology was used.

In the present annual report the outcomes for 2013 are assessed against the defined targets for the year. We then present the business plan for 2014.

## 2013

### VISION

*Our vision is to be the most successful real estate player in our market.*

Successful covers profitability and a strong return for our shareholders, a good reputation among our tenants, and being an attractive employer and a respected social stakeholder in the markets in which we operate.

### BUSINESS CONCEPT

*Our aim is to generate capital growth in the company by being an innovative and active property owner as well as a committed partner with a clear focus on sustainability and a strong presence in our priority growth cities.*

Being innovative and active means being flexible, thinking outside the box and anticipating developments. To generate capital growth, we need to ensure that the contracts we sign with tenants, the investments we make and the transactions we conclude are profitable for the company. Our lettings and property management activities are concentrated to large, expansive cities in northern Sweden and are based on an integrated approach covering the environment, social aspects, customers and employees.

### TARGETS

*The return on equity should exceed the risk-free interest rate by at least 6 percentage points. At least 50 per cent of the company's profit after tax, excluding unrealised changes in value and deferred tax, should be distributed to the shareholders in the form of dividends.*

The risk-free rate is defined as the average annual yield on five-year government bonds. The dividend to the shareholders includes realised changes in value but not unrealised changes in value, as these generate no cash flow.

### BUSINESS MODEL AND STRATEGY

In 2013 Diös' business model was likened to a dynamic process consisting of four elements: Management, Improvement, Sales and Acquisitions.

- > **Management** – Through efficient management of properties Diös will generate added value for tenants and shareholders by building long-term tenant relations, handling the financial and technical management of its properties in a rational and cost-effective manner and by being an active partner in the local property market.
- > **Improvement** – Through improvement Diös will raise the value of its portfolio by actively developing its existing properties.
- > **Sales** – Through sales Diös will secure generated values by selling properties that have been fully improved, where the market is no longer growing or where Diös is otherwise able to release growth capital.
- > **Acquisition** – Diös is a growth company with a strategy of acquiring attractive properties or entire property portfolios offering a high improvement potential in priority localities.

### TARGETS AND OUTCOMES

On the next page we describe targets, outcomes and target achievement for funding and the four areas included in Diös' business model for 2013.



	Target 2013	Outcome 2013	Target achievement
<b>Management</b>			
Surplus ratio	A surplus ratio of at least 60 per cent.	The surplus ratio was 57.1 per cent. High winter costs in the first quarter and staff changes due to the reorganisation of the business had a negative impact on the surplus ratio.	No
Cost transfer tariff-based costs	Increase the share of fixed-tariff costs relating to tenants and their premises by 2 per cent.	The transfer of tariff-based costs increased from 28 to 30 per cent, representing an increase of 7 per cent.	Yes
Energy consumption	Reduce energy consumption by 5 per cent for comparable property portfolio.	Energy consumption decreased by 4.3 per cent, primarily due to optimisation of building operations and energy investments.	No
Economic occupancy rate	An economic occupancy rate of at least 91 per cent.	The economic occupancy rate was 88.7 per cent.	No
<b>Improvement</b>			
Profit from improvements	Implement priority improvement projects with a profit from improvements of at least 10 per cent.		Yes
<b>Sales</b>			
Inland properties	Concentrate the portfolio by selling inland properties in small localities.	In 2013 one out of a total of 25 inland properties was sold.	Yes
<b>Acquisitions</b>			
No specific targets for 2013			
<b>Funding</b>			
Return on equity	A return on equity in excess of the risk-free rate <sup>1</sup> plus 6 percentage points, i.e. 7.5 per cent in 2013.	The return on equity was 10.2 per cent.	Yes
Equity ratio	An equity ratio of 25 per cent in the short term and 30 per cent over the longer term.	The equity ratio was 26.8 per cent.	Yes/No
Loan-to-value ratio	A loan-to-value ratio not exceeding 65 per cent.	The loan-to-value ratio was 64.8 per cent.	Yes
Interest coverage ratio	An interest coverage ratio of at least 1.8 times.	The interest coverage ratio was 2.2 times.	Yes
Dividend	Distribute at least 50 per cent of the company's profit after tax, excluding unrealised changes in value and deferred tax, to the shareholders.	For the financial year 2013 a dividend of SEK 2.30 per share is proposed, equivalent to a payout ratio of 49 per cent.	No

<sup>1</sup> The average annual yield on five-year government bonds.

# 2014

## VISION

*Our vision is to be the most successful real estate owner and to play an active part in the development of society in our market.*

Through efficiency and professionalism as well as engagement and commitment in the cities in which we operate we will develop the company and generate strong returns.

## BUSINESS CONCEPT

*Through a long-term sustainability perspective we will create value by offering premises adapted to customer requirements in growth cities in northern Sweden.*

The product should be based on responsible enterprise and be adapted to the customer's requirements, creating demand and ensuring satisfaction. Premises comprise commercial as well as residential space. Growth cities refer to the largest cities in northern Sweden, which have a stable population, good educational opportunities and vibrant local economy.

## GENERAL OBJECTIVES

*The return on equity should exceed the risk-free interest rate by at least 6 percentage points. At least 50 per cent of the company's profit after tax, excluding unrealised changes in value and deferred tax, should be distributed to the shareholders in the form of dividends.*

The risk-free rate is defined as the yield on five-year government bonds. The dividend to the shareholders includes realised changes in value but not unrealised changes in value, as these generate no cash flow.

	Strategic target 2014	Target 2014	Outcome 2013
Employees	To be viewed as the most attractive employer.	An employee satisfaction index (CSI) of at least 63.	65.
Environment and energy	Reduce our impact on the environment.	Reduce energy consumption by 5 per cent and emissions of carbon dioxide <sup>1</sup> by 3 per cent.	Energy consumption declined by 4.3 per cent. CO <sub>2</sub> emissions will be measured starting in 2014.
Local communities	To be a respected and established stakeholder which contributes actively to developing the local community.		
Customers	To have satisfied customers and be the obvious first choice for people looking for commercial or residential premises.	An increase in our customer satisfaction index (CSI) to 63 and an economic occupancy rate of 90 per cent.	CSI 56, economic occupancy 88.7 per cent.
Financial performance	A good long-term return.	An increase in the surplus ratio to 60 per cent.	57.1 per cent.

<sup>1</sup> Of carbon dioxide emissions that can be influenced by Diös.

	Financial target 2014	Outcome 2013
Return on equity	A return on equity shall amount to at least the risk-free rate <sup>1</sup> plus 6 percentage points.	The return on equity was 10.2 per cent.
Equity ratio	An equity ratio of 25 per cent in the short term and 30 per cent over the longer term.	The equity ratio was 26.8 per cent.
Loan-to-value ratio	A loan-to-value ratio not exceeding 65 per cent.	The loan-to-value ratio was 64.8 per cent.
Interest coverage ratio	An interest coverage ratio of at least 1.8 times.	The interest coverage ratio was 2.2 times.
Dividend	Distribute at least 50 per cent of the company's profit after tax, excluding unrealised changes in value and deferred tax, to the shareholders.	For the financial year 2013 a dividend of SEK 2.30 per share is proposed, equivalent to a payout ratio of 49 per cent.

<sup>1</sup> The average annual yield on five-year government bonds.





# SUSTAINABILITY STRENGTHENS COMPETITIVENESS

*With good financial capacity and social commitment, Diös helps to promote sustainable development in the cities where the company operates. A natural focus area is activities aimed at young people.*

## WORLD-CLASS EDUCATION

The world's best regional education system – that is the goal for “Mitt Norrland Utbildning” (Mid-Norrland Education), a non-profit organisation run jointly by representatives from the business sector, universities and the public sector, with the involvement of Diös. The aim is to develop the education system in the region by creating new ties among regional businesses, primary and secondary schools, Mid Sweden University and the public sector. Diös also contributes actively to the “MittÖs” forum together with the Municipality of Östersund, Mid Sweden University, the Students' Union in Östersund and regional businesses. The initiative is aimed at developing Östersund as a student city.

## AN ATTRACTIVE LABOUR MARKET

A high level of education is a key ingredient for a sustainable society. Making it easier for

young people to enter the labour market is another. In this respect offers of internships and the introduction of trainee programmes are two possible options. Together with other major employers in Östersund, Diös is exploring the possibility of starting a trainee programme for economics students. The goal is to get more employers in the region to realise the value of taking part and thus improve their opportunities of finding skilled staff. “Young enterprise” is another initiative supported by Diös that is aimed at introducing entrepreneurship and encouraging the active involvement of regional businesses in the education system.

## DIGITAL TECHNOLOGY

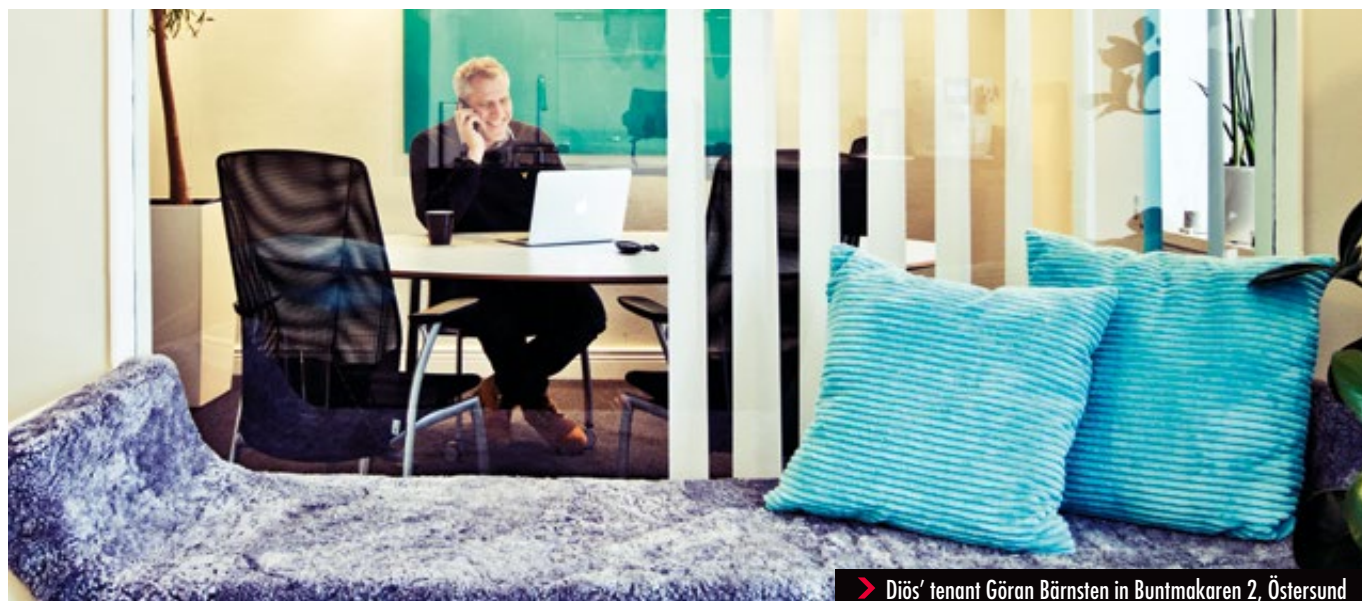
Effective use of digital technology in Diös to facilitate remote working and reduce travel generates benefits from a personal, financial and environmental perspective. This is borne out by several of those development projects that were conducted during the year. Thanks to modern conference equipment, participants from across the country have been able to work together without extensive travel. Another priority development area is efficient tools for remote working in order to make it easier for people to balance work and family life.

## DIALOGUE

Diös' success is based on the confidence of our customers, employees, investors, suppliers and other stakeholders. With the aim of identifying improvement areas, we regularly conduct customer and employee surveys, performance appraisals, and customer and investor dialogues, and take part in regional development networks, especially on a local basis. The exchange of experience with other players that have achieved success in their sustainability work also provides valuable contributions.

## TRANSPARENCY

Diös' target is to generate a return on equity which exceeds the risk-free rate by at least six percentage points. At least 50 per cent of the company's profit after tax, excluding unrealised changes in value and deferred tax, should be distributed to the shareholders in the form of dividends. In addition to providing clear information about how Diös complies with applicable laws, the company has a high level of ambition in terms of providing transparent information on financial performance, sustainability and capacity.



➤ Diös' tenant Göran Bärnsten in Buntmakaren 2, Östersund

# ENVIRONMENT AND ENERGY

*Diös cut its energy consumption by 4.3 per cent in 2013, which was close to the defined target of five per cent. A clearer structure of responsibilities for the environmental work and skills development activities for all maintenance technicians are the keys to success.*

## STRATEGIC CHOICES

The operation of buildings accounts for over 40 per cent of Sweden's total energy use and emissions of greenhouse gases and nitrogen oxide. As a Swedish property company Diös has a responsibility for running its operations in a way that promotes sustainable development. Focusing our environmental activities on energy-saving measures is therefore a strategic choice, as this generates commercial benefits while also reducing the impact on nature. The search for smart solutions to cut operating and maintenance costs requires that we keep a close eye on technological advances in systems for heating and cooling, and electricity and water supply. It also requires good knowledge of how existing systems work and which factors affect the operation of the systems.

- Diös is a member of the Sweden Green Building Council and currently owns four certified properties.

- Diös uses four electric cars in its property management activities.
- Diös buys renewable energy from water.

## CLEAR COMMUNICATION AND SKILLS DEVELOPMENT

A success factor for our efforts to improve energy efficiency is a high skills level and strong commitment among our employees. In 2013 we created a clearer organisational structure for operational issues. By appointing a central manager for property management support, a coordinating energy optimiser and an energy technician for each market area, the organisation is better prepared to support the maintenance technicians in their work on analysing, planning, implementing and following up measures. The formulation of role descriptions and training programmes for all maintenance technicians during the year created a clearer structure of responsibilities, a stronger commitment and a more goal-oriented approach. Having brought skills levels into line, the next step is to break down the general objectives for building operations into individual targets.

## AN INTEGRATED APPROACH

Improving energy efficiency is about optimising all aspects of the operation of a property by taking an integrated approach. This includes making assessments based on the overall lifecycle of the building and the interaction of the various installations. Optimis-

ing the operation of properties is just as much about finding smart solutions for existing installations as about introducing new, more efficient solutions. You also need to work proactively. Each month an inventory is made of priority properties to assess the operation of the existing installations. Electricity, heating, cooling and water consumption is monitored and analysed continuously to identify any required adjustments and prioritise the right measures. As each property is unique, individual action plans are drawn up for each property.

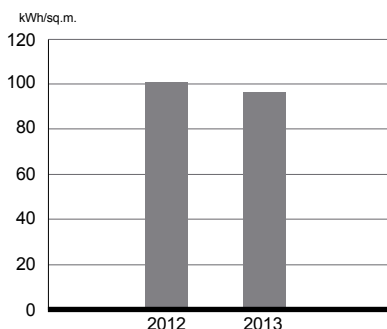
## SUCCESSFUL INITIATIVES

The operation of a building incurs significant environmental and financial costs over the course of its economic life. By upgrading building automation systems it has become possible to optimise and troubleshoot energy use remotely in an efficient and quality-assured manner. A dialogue with the tenant on shared solutions aimed at cutting operating costs, improving the indoor climate and reducing the environmental impact can encourage a stronger commitment and identify new approaches. The following are examples of successful projects conducted in close collaboration with the tenant:

### *Stranden 20:2 in Mora*

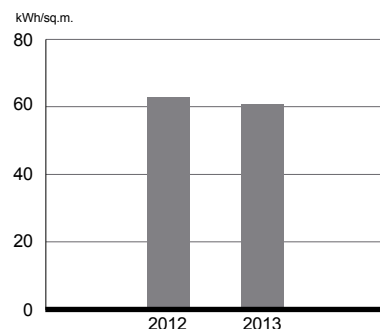
Diös lets a premise of 3,415 sq.m. to the Police Authority in Dalarna. Both parties have worked actively to optimise energy use

## HEAT CONSUMPTION<sup>1</sup>

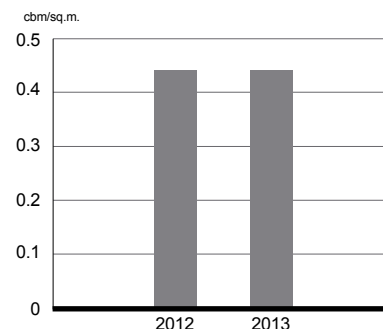


<sup>1</sup> Adjusted to a normal year.

## OTHER ELECTRICITY CONSUMPTION



## WATER CONSUMPTION





in the building. In addition installing new HVAC units with EC fans and integrated variable speed refrigeration compressors for comfort cooling, occupancy sensors for HVAC control have been installed in all workrooms.

#### *Mörviken 2:102 in Åre*

In collaboration with ICA, Diös has installed a heat pump which makes it possible to recover a part of the condensor heat that is normally cooled by outdoor air. The result is reduced district heating and electricity consumption for ICA's refrigerator and freezer compressors as the temperature in the coolant circuit is lowered. The energy saving target for heating is 565 MWh, which is equivalent to a reduction in total heat consumption by around 40 per cent.

#### *Notarien 5 in Härnösand*

A residential and office building where Diös has achieved a significant reduction in district heating use by replacing the existing heat pump and installing a new subsidiary distribution board. The energy saving target for heating is 450 MWh, which is equivalent to a reduction in total heat consumption by around 50 per cent.

#### *Fisken 5 in Malung*

A joint project with Hemköp where condensor heat from refrigerator and freezer units is recovered for underfloor heating of a car park ramp. By re-directing the condensor heat to existing underfloor heating systems it is possible to use the excess heat rather than district heating, as previously. A new building automation solution for remote connection of the entire building has also been installed.

The energy saving targets are 480 MWh for heating and 65 MWh for electricity, which is equivalent to a reduction of total heat consumption by around 30 per cent and of total electricity consumption by about 5 per cent.

#### *Norr 31:9 in Gävle*

A complex retail and office property with many tenants and technical installations. The emphasis has been on cutting energy use while maintaining a high level of comfort for the tenant. In addition to adjusting operating hours and temperatures, building automation systems have been upgraded and new, energy-efficient HVAC units and smart zoning with CO<sub>2</sub> and occupancy sensors have been introduced. From 2008 to 2013 heat consumption was cut from 3,018 MWh to 1,712 MWh, a reduction of 43 per cent. In 2014 further investments will be made.



> Diös electric cars in Östersund



# EMPLOYEES AND ORGANISATION

*In an industry that is growing and has a high age structure sustainable strategies are required to attract, develop and retain motivated staff. Access to skilled labour is a key issue and was a particular focus area for Diös during the year.*

## STAFF TURNOVER

There is tough competition for skilled staff in the property industry. Being viewed as an attractive employer by existing, as well as potential, employees is therefore a critical success factor. In 2013 staff turnover was higher than normal. This is mainly due to the extensive reorganisation at the beginning of the year, as a result of which all head office functions were moved to the head office in Östersund. Several employees who had been stationed in Sundsvall therefore chose to leave the company. Staff turnover in 2013 was 17 per cent. Thirteen people left voluntarily while 15 were laid off due to a shortage of work, mainly as a result of the reorganisation. In addition, two Diös employees went into retirement.

## STAFF STRUCTURE

At 31 December 2013 the company had 140 employees (132) with an average age of 45. The property industry is still dominated by men, as reflected in Diös' staff structure with 64 per cent (67) men and 36 per cent (33) women. Most of the employees, 95 people (89), work close to the customer in one of Diös' six market areas. Of these, 50 (46) have operational property management roles.

## A CLEARER ORGANISATIONAL STRUCTURE

In connection with the reorganisation a new position, property manager, has been created. The property manager has coordinating responsibility for Diös' market areas. The business development and business support function has thus been removed and Group management now has a different composition. With the aim of further streamlining the decision-making process in connection with investments a clearer decision-making structure for the project organisation has been established.

## COMMITTED EMPLOYEES

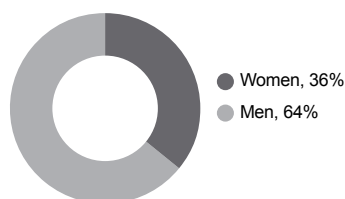
Each autumn Diös conducts a survey among all employees and calculates the company's employee satisfaction index (ESI). The aim is

to assess the employees' experience of their work situation and their view of Diös as an employer. The results are used as analysis and planning data for improvement measures, which are implemented at company and departmental level. Each manager in charge of more than five staff who responded to the survey receives a breakdown of the results and is offered support to define individual improvement targets together with his or her team. In 2013 the response rate was an impressive 88 per cent. The company's general ESI score increased to 65 (59). As Diös wants to be perceived as an attractive employer, the focus in 2014 will be on creating an attractive work environment.

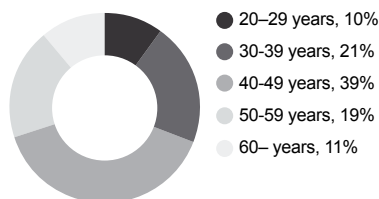
## SKILLS DEVELOPMENT

The employees' perception of their opportunities to develop their skills is central to Diös' ability to attract and retain skilled and committed staff. Annual performance appraisals are an important forum for dialogue between managers and staff on development needs and opportunities. In 2013, 70 per cent (65) of all employees took part in performance appraisals. The goal is of course to ensure that all employees hold at least one performance appraisal with their manager each year.

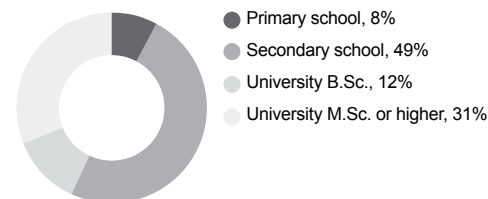
BREAKDOWN BY GENDER



BREAKDOWN BY AGE



LEVEL OF EDUCATION





With the aim of encouraging internal mobility all vacant positions and appointments of existing employees to new positions are communicated via the company's Intranet. In 2013 eight employees made internal transfers.

### WORK-LIFE BALANCE

An issue that received increased attention in 2013 is strategies for ensuring that employees are able to strike a good balance between work and leisure time. All employees are unique and at different stages of their lives. To be perceived as the attractive employer that Diös wants to be, deliberate strategies are required, and these need to be followed up in a systematic fashion. Work on developing such strategies began during the year. Examples of other areas that have been given more attention are leadership development and improved technological opportunities for remote working.

The rate of sick leave in 2013 was 3.4 per cent, of which 1.8 per cent refers to long-term sick leave (more than 60 days). Sick leave was 5.0 per cent among women and 2.5 per cent among men.

### EQUALITY AND DIVERSITY

Diös strives to improve its equality and diversity structure by attaching particular weight to equality and diversity factors in each new recruitment. The company also makes a conscious effort to create an organisational structure which reflects the staff structure. In 2013 the share of women in Group management, for instance, increased from zero to two.

### INVOLVEMENT

With the aim of increasing transparency and thereby strengthening the employees' sense of involvement, Diös put particular emphasis on the process of preparing the business plan, inviting all employees to participate. Based on a presentation by management of a current situation analysis, priority focus areas and strategic choices, the Board adopted a business plan covering short-term as well as long-term perspectives.

After that, all employees and their managers broke down the general objectives into concrete operational targets, which in turn were used as a basis for the individual targets which are defined through the performance appraisals.

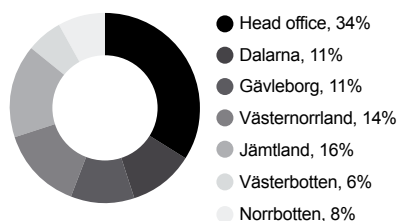


> Emma Dahlin, Accounts Assistant, Östersund

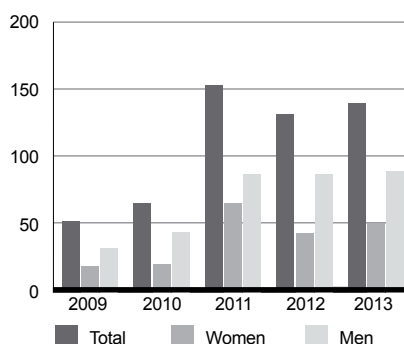


> Mikael Hartmeier, Account Manager, Borlänge

### GEOGRAPHIC BREAKDOWN



### NUMBER OF EMPLOYEES







# **CUSTOMERS AND MARKETS**





# CUSTOMERS AND CONTRACT VALUE

*As part of our vision to be the most successful real estate operator in northern Sweden, Diös placed a strong emphasis on concrete action plans for customer care at the end of the year.*

## CUSTOMER VALUE

Diös' business concept is to provide customer-adapted premises in attractive locations in expanding cities across northern Sweden. Through an attractive property portfolio and quality-driven property management, largely handled by in-house staff, Diös creates value for its customers. A strategic goal is to be the obvious first choice for people looking for residential or commercial premises. Customer satisfaction is measured based on the results of an annual customer survey, CSI. Diös' CSI score in 2013 was 56, which was below target. To achieve the target of 63 in 2014, action plans have been prepared for each market area.

## CUSTOMER STRUCTURE AND CONTRACT VALUE

Diös' deliberate strategy is to concentrate its real estate holdings to centrally located commercial properties in growth cities in northern Sweden. In 2013 office premises accounted for 44 per cent of Diös' total rental value while retail premises represented 25 per cent, residential 11 per cent, industrial and warehousing 8 per cent and other premises 12 per cent.

The majority of the customers are located in the priority cities of Borlänge, Falun, Gävle, Luleå, Skellefteå, Sundsvall, Umeå and Östersund. Diös had 2,578 leases for commercial (non-residential) premises with a total contracted annual rental income of

SEK 1,086 million. Rental income includes rent supplements for property tax, heating, water, waste, tariff-based costs as well as electricity costs that are passed on to tenants. The ten largest tenants accounted for 16 per cent of total rental income, or SEK 207 million. The single largest tenant is the Swedish Transport Administration, which represents 4 per cent of Diös' total contract value.

The average lease term for the ten largest tenants is 3.1 years. Contracts with a term of three years or more are normally subject to annual rental adjustments through consumer

price indexation. Contracts with terms of less than three years are adjusted upwards on a percentage basis.

## RENTAL VALUE AND OCCUPANCY

The total rental value for the total leasable area of 1,447,000 sq.m. in the property portfolio was SEK 1,457 million. Total rental income was SEK 1,292, representing an occupancy rate of 88.7 per cent. The area-based occupancy rate, with an area of 1,180,000 sq.m., was 81.5 per cent.

## LARGEST TENANTS

	No. of contracts	Contract value, SEKm	Share of total contract value, %	Average contract term, years
Swedish Transport Administration	16	54	4.2	2.3
Swedish Public Employment Service	29	29	2.3	2.0
Swedbank AB	11	20	1.5	3.3
Municipality of Falun	10	17	1.4	4.2
Ahléns AB	8	17	1.3	2.6
Municipality of Östersund	46	17	1.3	6.5
KappAhl Sverige AB	6	15	1.2	4.6
Axfood Sverige AB	6	13	1.1	2.3
Swedish Police Authority	11	13	1.0	2.6
Jämtland County Council	30	12	0.9	2.7
<b>TOTAL LARGEST TENANTS</b>	<b>173</b>	<b>207</b>	<b>16.2</b>	<b>3.1</b>

## LEASE TERMS

	Maturity year	No. of contracts	Rented area, sq.m.	Contracted rental income 31 Dec 2013, SEKm	Share, %
Leases for premises	2013	152	30,307	31	2
	2014	648	121,016	129	10
	2015	678	247,540	247	19
	2016	550	257,410	289	23
	2017–	550	362,433	390	31
<b>Total leases for premises</b>		<b>2,578</b>	<b>1,018,706</b>	<b>1,086</b>	<b>85</b>
Residential leases		2,270	161,146	149	12
Other leases		3,446	–	38	3
<b>TOTAL</b>		<b>8,294</b>	<b>1,179,852</b>	<b>1,273</b>	<b>100</b>

# THE MARKET LEADER IN THE NORTH

*The real estate industry remained buoyant in Diös' markets throughout 2013, with above-normal activity, in contrast to Swedish real estate as a whole.*

## DIÖS' MARKET POSITION

Diös is northern Sweden's largest private real estate company and a market leader in several of the localities in which it operates. The company's business concept is to offer premises adapted to customer requirements in expanding cities. The company's market, which stretches from Borlänge in the south to Luleå in the north, is divided into the market areas Dalarna, Gävleborg, Jämtland, Västernorrland, Västerbotten and Norrbotten. The portfolio is centred on the cities of Gävle, Sundsvall and Östersund. Jämtland is Diös' largest market area in terms of the number of properties, the value of properties and leasable area. The second largest is Dalarna in terms of value and Västernorrland in terms of area and number of properties.

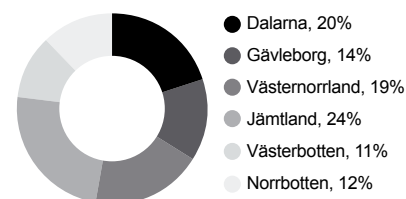
Norrbotten or Västerbotten is the smallest market area, depending on the parameter of comparison.

The portfolio consists of a well balanced combination of residential, office, retail and industrial premises and covers a wide range of small and large premises, creating wide scope to offer flexible solutions. The types of premises offered vary significantly from one market area to another, however. Offices dominate in Norrbotten while there is as much residential space as offices in Jämtland, for instance. At the majority of Diös' localities the management of the properties is handled by in-house staff.

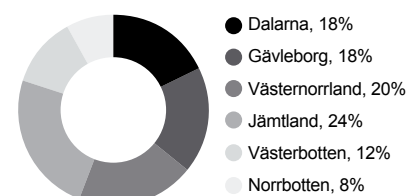
## A VARIED LOCAL ECONOMY

Thanks to the breadth of their economies, Diös' local markets are insulated to a high degree against fluctuations in the wider economy. The real estate industry has been performing strongly for many years, both in terms of revenue growth and lettings. In 2013 the real estate industry in northern Sweden had the strongest current situation analysis of all industries, according to Norrlandsfonden.

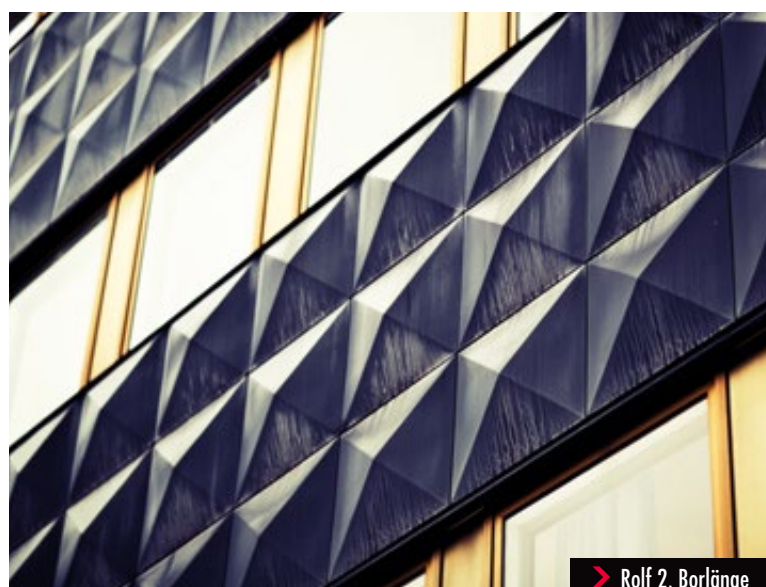
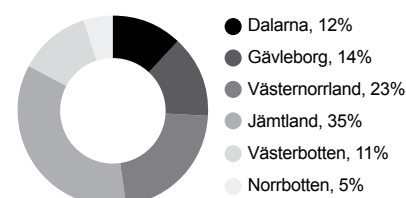
## PROPERTY VALUE



## LEASABLE AREA



## NUMBER OF PROPERTIES





# A STABLE MARKET WITH A STRONG FOCUS ON OFFICES

*Positive population growth in the boldly investing Falun-Borlänge region.*

## THE REAL ESTATE MARKET

The Dalarna market area accounts for 20 per cent of Diös' property value, with offices as the dominant type of premises. The portfolio is strongly concentrated to the central districts of Falun, Borlänge and Mora, which all have low vacancies and stable rental markets. Retail has a stable position but unlike in Borlänge, Falun's and Mora's retail are concentrated to the centre of town. The opening of a new Ikea store adjacent to the Norra Backa shopping centre outside Borlänge and the expansion of the Noret shopping centre in Mora are expected to boost retail activity throughout the region. In Falun one of the local authority's largest construction projects to date, the Resecentrum travel centre, is underway. The aim is to facilitate commuting to and from the centre by making it easier to change between different modes of transport: bus, rail and bicycle.

## HIGHLIGHTS OF 2013

Demand for Diös' premises remained stable amid a pick-up in demand for office space

towards the end of the year. In Falun discussions are underway with the local authority on a project to redevelop the old Bergsskolan 15 property, which is adjacent to the new travel centre. There are also plans to revamp Falun's largest shopping mall, Bergströms galleria, with the aim of improving entrance areas and flows and making more efficient use of space. In the Kansliet 20 office building an extensive energy efficiency project is underway and premises are being adapted to new and existing tenants. The goal is to certify the popular inner city building under the GreenBuilding standard. Stranden 20:2 in Mora, which is tenanted by the Police Authority in Dalarna, is another project where significant energy efficiencies have been achieved. The redevelopment of the Intagan 1 property in Borlänge continued in 2013. Together with the tenant, the Swedish Transport Administration, energy-optimising solutions are being created that will also improve the indoor climate. Another interesting project in progress is the development of the Verdandi 10 property, the former Åhléns building on Sveatorget in Borlänge, where O'Learys, Bioplatset and Må Bättre are major tenants.



> Intagan 1, Borlänge



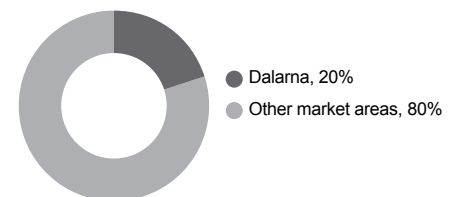
*Dalarna  
Market Area*

The properties are concentrated to Borlänge, Falun and Mora.

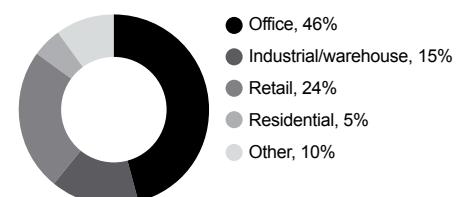
## DIÖS' PROPERTIES IN DALARNA

Number of properties	43
Area, '000 sq.m.	263
Property value, SEKm	2,411
Operating surplus, SEKm	148
Surplus ratio, %	59

## SHARE OF TOTAL PROPERTY VALUE



## FLOOR AREA BREAKDOWN BY USE







# STRONG POPULATION GROWTH AND LOW VACANCIES

*Strong end to the year in the retail segment in an otherwise cautious real estate market.*

## THE REAL ESTATE MARKET

The Gävleborg market area accounts for 14 per cent of Diös' property value, with offices and industrial/warehouse space as the dominant type of premises. A significant share of the portfolio is located in Gävle with a strong concentration to the central parts of town, where Diös is a major player in the commercial rental property segment. Demand for flexible office solutions is strong and rents for offices in prime locations have increased over the last few years. The Gallerian Flanör shopping centre and Konvaljen retail and office complex, and the Näringen and Sörby Urfjäll industrial properties are all important properties.

Gävle has a strong tradition as a market town. The year 2013 was, however, marked by considerable uncertainty, as evidenced by requests from tenants to renegotiate the duration of contracts. The final quarter saw a strong pick-up in demand for office premises. The demographic trend has long been

positive, and due to the limited number of new builds vacancies in the residential segment are close to non-existent.

Thanks to its strategic location and developed infrastructure, Gävle has an attractive real estate market. The city is a logistics hub with a highly developed network for road, rail and sea transports in all directions. The Port of Gävle, Sweden's third largest container port, plays an important economic role for the whole of central Sweden. The local economy is varied, covering traditional paper and steel industries, innovative green technology as well as research and development in geographic information systems. The University of Gävle, which draws many foreign students, conducts specialised research into the built environment and health-promoting working life.

## HIGHLIGHTS OF 2013

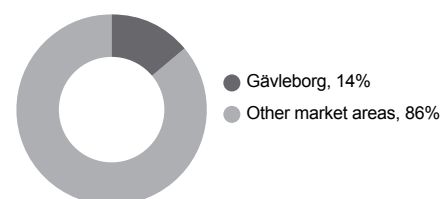
The focus in 2013 was on two major project design processes. One relates to extensive adaptations to an office floor in the Läkarhuset building, on behalf of Gävleborg County Council. The other involves converting retail space into care facilities in the Wasa retail building in central Gävle.



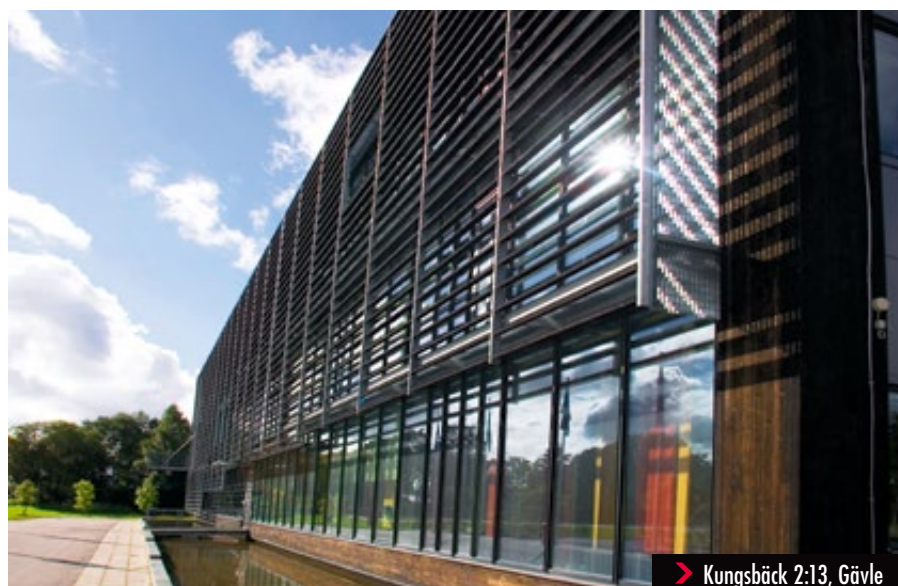
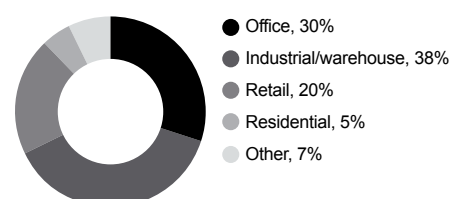
## DIÖS' PROPERTIES IN GÄVLEBORG

Number of properties	52
Area, '000 sq.m.	253
Property value, SEKm	1,697
Operating surplus, SEKm	114
Surplus ratio, %	60

## SHARE OF TOTAL PROPERTY VALUE



## FLOOR AREA BREAKDOWN BY USE



# NORRLAND'S PREMIER SHOPPING CITY

*The consumer durable sector proved resilient in an otherwise cautious market.*

## THE REAL ESTATE MARKET

The Västernorrland market area accounts for 19 per cent of Diös' property value, with office, retail and industrial/warehouse space as the dominant type of premises. The portfolio is concentrated to the central parts of Sundsvall and Härnösand, with a majority of the 82 properties being located in Sundsvall. Sundsvall has long enjoyed an unthreatened position as Norrland's premier shopping city and is home to Diös' popular IN shopping centre, which has a broad mix of stores and a strategic location right in the centre of town. The consumer durable sector in the county performed strongly and sales volumes as well as profitability are forecast to increase in 2014. Demand for efficient, modern office space was strong in 2013, and in the residential segment demand exceeds supply. To meet the need for new housing, two major projects to create new residential areas along Sundsvall's North Quay and Inner Harbour are being planned.

Västernorrland is a leading industrial region, especially in cellulose and fibre technology, which requires extensive infrastructure. The re-routing of the E4 motorway across the new bridge over Sundsvallsfjärden is designed to ease the traffic flow and

improve the inner city environment by routing heavy traffic away from the centre of town. The Sundsvall Logistics Park project involves constructing a combi terminal, logistics, areas for storage and site facilities, and a container port adjacent to the Tunadal Port.

## HIGHLIGHTS OF 2013

Office and light industry premises were the strongest performing segments and saw declining vacancies during the year. An inquiry into the potential exploitation of the Noten block in the centre of town to create new offices, residential space, car parks and group residential housing has been launched. As regards retail premises the market has been marked by caution, resulting in a protracted process from enquiry to contract writing. The long-term improvement of the IN shopping centre is underway, and in 2013 Clas Ohlsson and Wayne's Coffee, which always draw the crowds, opened stores in the centre. Sweden's fastest growing opticians chain, Smarteyes, has established a presence in Diös' attractive centre-of-town properties in Sundsvall and Härnösand. As in several other Diös localities, ÅF chose to rent space in Diös' office premises at the northern end of the Sundsvallsbron bridge, with easy access to the E4 motorway and central Sundsvall. In 2013 Diös sold three properties in Härnösand for a total consideration of SEK 28 million and eleven properties in Sundsvall for a total of SEK 209 million.



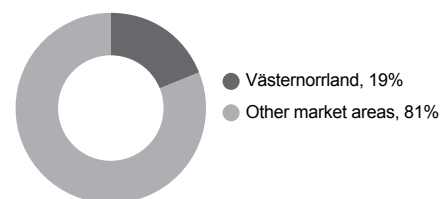
> Hälsan 6, Sundsvall



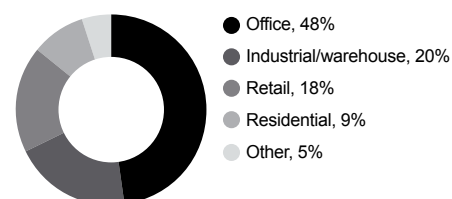
## DIÖS' PROPERTIES IN VÄSTERNORRLAND

Number of properties	82
Area, '000 sq.m.	295
Property value, SEKm	2,200
Operating surplus, SEKm	140
Surplus ratio, %	51

## SHARE OF TOTAL PROPERTY VALUE



## FLOOR AREA BREAKDOWN BY USE





# SUSTAINED DEMAND IN LARGE RESIDENTIAL PORTFOLIO

*A growing population and bold investments in the experience industry create a hot real estate market.*

## THE REAL ESTATE MARKET

The Jämtland market area accounts for 24 per cent of Diös' property value, with offices, residential and industrial/warehouse space as the dominant types of premises. Most of the premises have central locations in Östersund, and many have a high heritage value. One of the most prominent is the Postiljonen 6 building, commonly known as Teliahuset. In addition to a central location, the building offers a unique view of the mountains. Östersund has a wide range of shops, and retail and residential vacancies are almost unheard of. Diös owns the Kärnan shopping centre, which is an important meeting place thanks to its central location. Just outside the centre of town is the attractive Frösö Strand district, where Diös offers a variety of premises. Östersund has one of Sweden's fastest growing airports outside the metropolitan regions and has established itself as an events city for cross-country skiing and biathlon.

Åre is the place where the idea to create Diös Fastigheter AB was born in 2005.

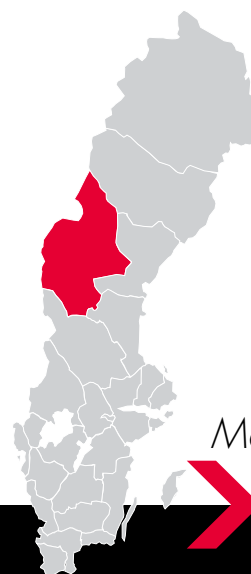
Today Diös' portfolio in Åre consists of a number of centrally located buildings and several building plots. In the centre stands the Åre-Prästbord 1:76 property, which offers attractive retail space and tourist accommodation. Diös also owns the Mörviken 2:102 retail property, generally known as Station Åre, whose glass tunnel connects the train station to the popular Holiday Club hotel.

## HIGHLIGHTS OF 2013

Östersund is home to what is set to be Diös' most ambitious project in 2014. The construction of Barberaren 7 will create a new meeting place in the centre of town. Demand for premises is strong. In addition to retail space, the building will offer offices and residential.

In 2013 work was completed on an extensive redevelopment of the centrally located Motboken 1 property for a ten-year lease with Östersund Gymnasium. A 400 sq.m. extension of the Myrten 5 property was initiated on behalf of our tenant, Deloitte. At the end of the year a major redevelopment of Diös' head office in Östersund aimed at creating space for the market area's employees was initiated.

During the year the Sprinten 6, a property consisting of land, in Östersund was sold for SEK 600,000.



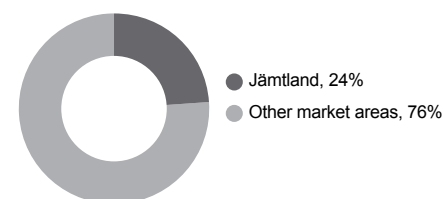
*Jämtland  
Market Area*

The properties are concentrated to Åre and Östersund.

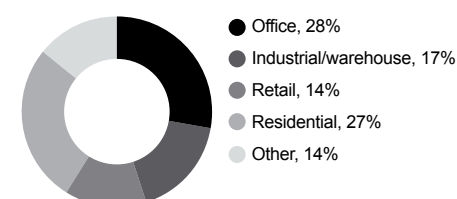
## DIÖS' PROPERTIES IN JÄMTLAND

Number of properties	128
Area, '000 sq.m.	339
Property value, SEKm	2,790
Operating surplus, SEKm	155
Surplus ratio, %	54

## SHARE OF TOTAL PROPERTY VALUE



## FLOOR AREA BREAKDOWN BY USE



> Pantbanken 1, Östersund





# A VARIED PROPERTY PORTFOLIO IN AN EXPANDING MARKET

*Strong rental demand in a market with a diverse local economy.*

## THE REAL ESTATE MARKET

The Västerbotten market area accounts for 11 per cent of Diös' property value, with offices and industrial/warehouse space as the dominant types of premises. The properties are concentrated to Umeå and central Skellefteå. Thanks to their diverse local economies, the cities have thrived, even in the face of a downturn in the wider economy. Rental demand remained strong in 2013, with virtually no vacancies. In Skellefteå Diös has a strong position in the office and retail segments with H&M, Swedbank and Åhléns as major tenants. Ikano Fastigheter's investment in a new shopping centre next to the southern approach to Umeå, the building of the Kulturväven cultural centre by Balticgruppen next to the quay in Umeå and the 550 unit Öbacka strand housing estate next to the University Hospital and Umeå University are examples of major construction projects that will affect the market.

As university city and regional capital, Umeå is Norrland's largest municipality in terms of population. The average age is also significantly below the national average. The population has grown strongly for some time, increasing by around 1,100 people a year on average over the past five years. The university is a strong driver, and because of this Umeå is the city with the highest rental levels in Norrland.

## HIGHLIGHTS OF 2013

Several major building projects are underway in the proximity of Diös' properties that have the potential to boost rental demand. A new water park is being built in the centre of Umeå, nextdoor to Diös' Vale 17 property. Diös' property comprises 9,900 sq.m. of office, retail, residential and industrial space as well as a hotel. In Skellefteå project design work for the redevelopment of the centrally located Vintergatan shopping centre is underway.

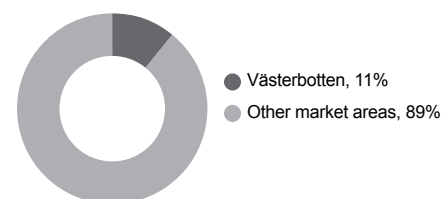
In 2013 Diös sold two industrial and warehouse properties in Skellefteå, Muttern 3 for SEK 3 million and Gruvfogden 1 for SEK 1 million.



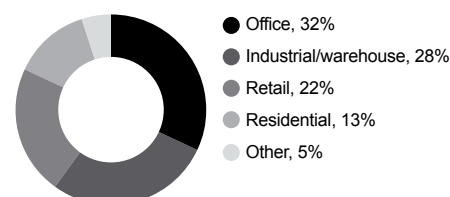
## DIÖS' PROPERTIES IN VÄSTERBOTTEN

Number of properties	41
Area, '000 sq.m.	177
Property value, SEKm	1,303
Operating surplus, SEKm	87
Surplus ratio, %	59

## SHARE OF TOTAL PROPERTY VALUE



## FLOOR AREA BREAKDOWN BY USE





## EXPANDING RAPIDLY IN NORRLAND

# REAL ESTATE MARKET

*Strong economy increased demand in an already hot real estate market.*

## THE REAL ESTATE MARKET

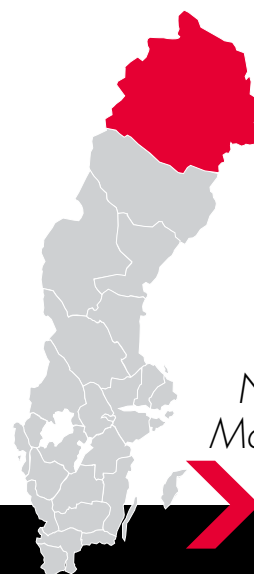
The Norrbotten market area accounts for 12 per cent of Diös' property value. The portfolio, which is dominated by offices, is concentrated to the central parts of Luleå. It includes the Smedjan shopping centre, Luleå's largest, as well as a mix of large and small office premises. Luleå is one of the fastest growing cities in northern Sweden. The construction industry is in full swing and property values are increasing in both the office and residential segments. The city has a developed infrastructure, including an airport, trunk road network and rail network with connections to Norway and Finland as well as the Iron Ore Line between Luleå and Narvik, one of Sweden's most important freight rail lines. Luleå is also home to Sweden's leading bulk cargo port. The proximity to the research institutions at the Luleå University of Technology creates significant synergies in the form of new business start-ups and international networks. In summer 2013 Facebook opened its first server farm at the Luleå Science Park on Porsön in Luleå and

another two server farms are scheduled to be completed in the near future. Diös owns the neighbouring property, Porsön 1:423.

In 2013 Norrbotten had the fastest pace of economic growth among the counties of Norrland. There are plans to invest SEK 180 billion in mining and industry, energy production, infrastructure and tourism by 2020.

## HIGHLIGHTS OF 2013

As part of a strategy to concentrate the portfolio to central locations in expanding cities, Diös sold its one remaining property in Gällivare, Gällivare 12:334, for SEK 55 million during the year. The Svartön 18:28 industrial and warehouse property has been sold for SEK 5 million. Folksam, which has designated Luleå as one of its principal locations, extended its lease and an extensive project to adapt the premises was initiated to create space for more employees. A redevelopment of department store Åhléns' former premises on Storgatan is planned to meet the needs of the tenant, Dansens hus. The most spectacular redevelopment project in Diös' property portfolio is Luleå's listed post office building, which has been turned into a meeting place for popular science events with a strong focus on young people under the House of Science brand. The meeting place was inaugurated at the end of January 2014.



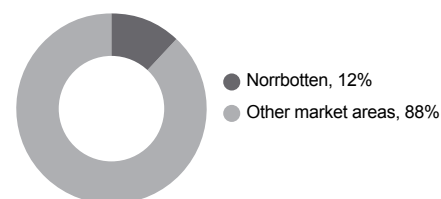
Norrbotten Market Area

The properties are located in Luleå.

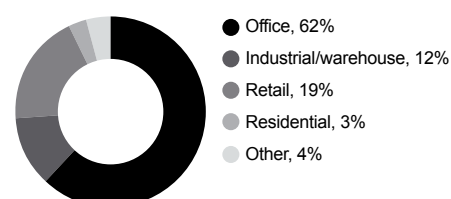
## DIÖS' PROPERTIES IN NORRBOTTEN

Number of properties	18
Area, '000 sq.m.	120
Property value, SEKm	1,422
Operating surplus, SEKm	94
Surplus ratio, %	65

## SHARE OF TOTAL PROPERTY VALUE



## FLOOR AREA BREAKDOWN BY USE



> Rättan 18, Luleå





# **PROPERTIES AND INVESTMENTS**



# PROPERTY PORTFOLIO AND OPERATING SURPLUS

*Diös holds a diversified portfolio of commercial and residential properties. The properties are concentrated to central parts of northern Sweden's most expansive cities.*

## PROPERTIES

At 31 December 2013 Diös' portfolio comprised 364 properties (378) with a total leasable area of 1,447,000 sq.m. (1,505,000) and a fair value of SEK 11,823 million (11,878). The value of the portfolio declined as a result of sales, SEK -286 million (based on opening market values), investments, SEK 266 million, and changes in value, SEK -35 million.

Commercial properties represent 89 per cent (88) of the portfolio with residential properties accounting for the remaining 11 per cent (12). The properties are located in the cities of Borlänge, Falun, Gävle, Härnösand, Luleå, Mora, Skellefteå, Sundsvall, Umeå, Åre and Östersund. A breakdown of the commercial portfolio shows that 44 percentage points (39) of the total rental value comes from offices, 25 percentage points (12) from retail, 8 percentage points (19) from industrial/warehouse and 12 percentage points (18) from other premises.

## RENTAL VALUE AND RENTAL INCOME

The total rental value of the portfolio, i.e. the value in case of full occupancy, was SEK 1,457 million (1,464). The reduced rental value is attributable to property sales during the year. The estimated rental value of vacant premises is SEK 143 million (164).

At 31 December 2013 Diös had a contracted rental income of SEK 1,273 million (1,301). Rental income includes rent supplements of SEK 142 million for property tax, heating, water, waste collection and electricity, which are passed on to the tenants. Rental income fell by SEK 8 million in 2013, primarily as a result of the sale of properties. The number of leases for premises was 2,578 (2,781), representing a total contracted rental income of SEK 1,086 million (1,123). Leases with terms of three years or more are normally subject to annual rental adjustments based on the increase in the consumer price index from 31 October in the preceding year. In Diös around 49 per cent of the total contract value, including residential premises, was covered by consumer price indexation provisions. For contracted commercial leases the indexed portion is 68 per cent.

Out of the total area of 1,447,000 sq.m. (1,505,000), 1,180,000 sq.m. (1,241,000) was let, representing an area-based occupancy rate of 81.5 per cent (82.4) at 31 December 2013. The economic occupancy rate was 88.7 per cent (88.8).

The average rent for premises, calculated as contracted rent and leased area, increased to SEK 1,066 per sq.m. (1,041).

## PROPERTY COSTS

Property costs increased by SEK 4 million in 2013 to SEK 569 million as a result of higher winter-related costs. Thanks to careful monitoring of overdue rents, bad debts remain low. In 2013 bad debts totalled SEK 7 million (7), representing 0.5 per cent (0.5) of total revenues.

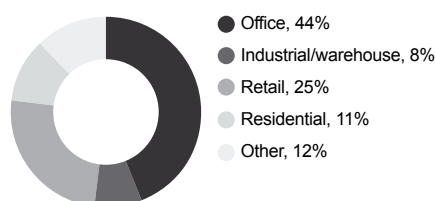
## OPERATING SURPLUS AND SURPLUS RATIO

The operating surplus in 2013 was SEK 738 million (766), representing a decrease of 3.7 per cent during the year. The change was primarily due to the sale of properties during the year and increased winter-related costs. The surplus ratio, i.e. the operating surplus divided by rental income, decreased to 57.1 per cent (58.9).

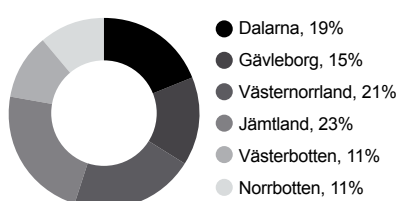
## CONTRACT STRUCTURE

Diös has a total of 8,294 leases (10,605), of which 2,270 (2,781) are for residential premises and 3,446 (5,534) for parking spaces. The average lease term for the ten largest tenants is 3.1 years (3.4). Out of the total contract value for premises, 12 per cent falls due in 2014.

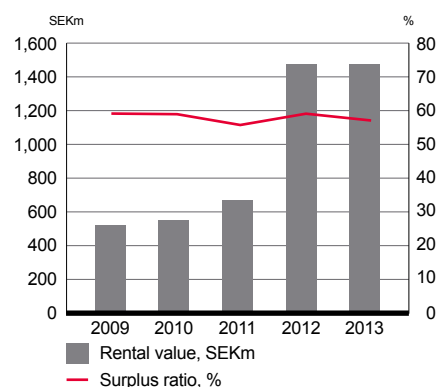
RENTAL VALUE BY USE



RENTAL VALUE BY MARKET AREA



RENTAL VALUE AND SURPLUS RATIO





# PROPERTY PORTFOLIO BY MARKET AREA<sup>1</sup>

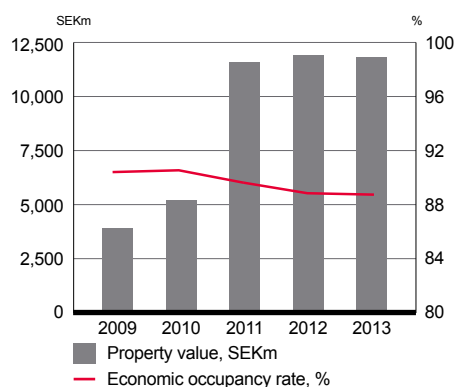
Income statement items, SEKm	Dalarna	Gävleborg	Västernorrland	Jämtland	Västerbotten	Norrbottn	Diös
Rental income	251	189	274	287	147	145	1,292
Other revenue	4	1	3	2	1	4	15
Repairs and maintenance	-21	-10	-20	-21	-10	-5	-87
Tariff-based costs	-39	-28	-50	-53	-23	-16	-209
Property tax	-12	-10	-13	-14	-7	-8	-64
Other property costs	-28	-21	-38	-33	-16	-17	-153
Property management	-7	-7	-16	-13	-5	-9	-56
<b>Operating surplus</b>	<b>148</b>	<b>114</b>	<b>140</b>	<b>155</b>	<b>87</b>	<b>94</b>	<b>738</b>
Realised changes in value	-	-	8	1	-	2	11
Unrealised changes in value <sup>2</sup>	-35	9	-71	9	5	48	-35
<b>PROFIT AFTER CHANGES IN VALUE ON PROPERTIES</b>	<b>113</b>	<b>123</b>	<b>77</b>	<b>165</b>	<b>92</b>	<b>144</b>	<b>714</b>

Balance sheet items and key ratios	Dalarna	Gävleborg	Västernorrland	Jämtland	Västerbotten	Norrbottn	Diös
Number of properties	43	52	82	128	41	18	364
Leasable area, '000 sq.m.	263	253	295	339	177	120	1,447
Investments, SEKm	67	33	41	70	16	39	266
Fair value, SEKm	2,411	1,697	2,200	2,790	1,303	1,422	11,823
Rental value, SEKm	277	215	314	333	160	159	1,457
Surplus ratio, %	59.0	60.4	51.0	53.9	59.4	65.1	57.1
Economic occupancy rate, %	90.8	87.9	87.2	86.2	91.6	91.3	88.7

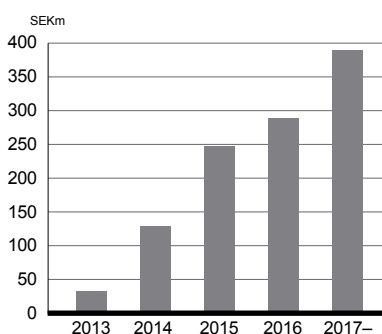
<sup>1</sup> Columns/rows may not add up due to rounding.

<sup>2</sup> Unrealised changes in value in the Group are mainly attributable to three properties in Dalarna, SEK -37 million, and one property in Västernorrland, SEK -95 million. Required rates of return for these properties were raised somewhat during the year while cash flows decreased slightly.

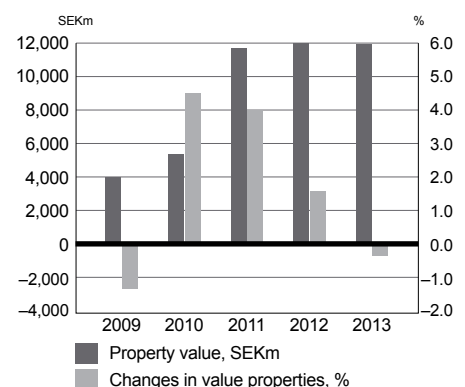
## PROPERTY VALUE AND OCCUPANCY RATE



## MATURITY STRUCTURE LEASES



## VALUE AND CAPITAL GROWTH



# TRANSACTIONS AND PROJECTS

*Diös' focus on selling properties in non-priority localities and peripheral locations in priority cities led to a concentration of the portfolio in 2013. The emphasis in the company's investing activities has been on creating meeting places in central Borlänge and Luleå.*

## ACQUISITIONS

After major acquisitions in 2011, the focus in 2012 and 2013 has been on concentrating the portfolio through sales. As result, Diös did not acquire any properties (1) during the year.

## SALES

Diös sold, and handed over, 19 properties (10) for a total consideration of SEK 302 million (32) in 2013. The sold properties comprise a total of 55,000 sq.m. (12,000). Diös has also concluded agreements on the sale of portions of two properties for a total sales price of SEK 13 million. The properties are expected to be handed over in the first half of 2014. The goal of concentrating the portfolio to properties with potential in northern Sweden's growth cities led to the sale of one property in Gällivare, a non-priority locality where Diös now no longer has a presence.

The properties which have been sold in Diös' growth cities are generally properties located on the outskirts of the cities. Of the sold properties, 14 are located in Västernorrland, two in Norrbotten, two in Västerbotten and one in Jämtland.

When a property is sold the difference between the consideration paid and fair value at the end of the preceding quarter constitutes the realised change in value. The fair value of the property includes total unrealised change in value from previous years. All or parts of these may consist of investments while the remaining portion consists of gains from improvements to the property. The total consideration paid for properties sold in 2013 was SEK 302 million while the cost of the invest-

ments, including the cost of acquiring the properties, was SEK 294 million, resulting in a gain from improvements of SEK 8 million.

## PROJECTS

Projects are a natural part of a real estate business. Projects may refer to new builds or the redevelopment of and extensions to existing premises. A large part of Diös' investments is made in vacant premises or properties with the aim of making it possible to let the premises, generally at rents which are significantly higher than for the same vacant space. In 2013 Diös invested a total of SEK 266 million (152) in 418 projects. At year-end 235 projects were in progress (202) with a remaining investment volume of SEK 311 million (254) and a total investment volume of SEK 609 million (466).

### Restaurant and cinema in Verdandi 10, Borlänge

In central Borlänge Diös' largest project, the redevelopment of the former Åhléns building, is underway. The Verdandi property at Sveatorget 10 will become a meeting place for dining and entertainment in the heart of Borlänge. The well-known restaurant chain O'Learys, which also offers bowling, opened a restaurant in the building in December 2013. The Verdandi project includes a potential expansion of existing tenant Biopalatset's premises, starting in summer 2014 at the earliest. The project covers 6,300 sq.m. and the cost of the investment is SEK 42 million.

### Shops and homes in Barberaren 7, Östersund

In the very centre of Östersund foundation work is underway in preparation for the reconstruction of a burnt-down building. On the site of Centralpalatset, a grand Art Nouveau edifice which in the course of its nearly 100-year history has housed a bank, post office and law firm as well as shops and flats, a new, modern property will be built. The new building, which architecturally will be a mix of the ideals of the last turn of the century and of our town time, will house shops and restaurants on the lower floors and flats on the upper floors. SEK 35 million will be invested in the foundations, of which SEK 30 million remains to be invested in 2014. In spring 2014 a decision is expected on the

start of building works on the actual building, which will comprise 4,900 sq.m. and cost a further SEK 100 million. The building is expected to be completed by mid-2015.

### A meeting place for popular science in Rättan 18, Luleå

On 1 February 2014 the House of Science opened its doors to a high-tech meeting place for popular science, located in Diös' Rättan 18 property in central Luleå. The project, in the architecturally attractive former post office building, covers nearly 1,300 sq.m. and the investment is estimated at SEK 36 million. The House of Science operates under the aegis of the Luleå University of Technology. Partners in the project are the Royal Swedish Academy of Engineering Sciences (IVA) and the LKAB Academy. In addition to the three parties' various activities in the form of talks, conferences and exhibitions, the House of Science will also be a communication arena with advanced technological facilities for establishing connections with the whole country.



> Barberaren 7, Östersund



> Rättan 18, Luleå





## SOLD PROPERTIES

Municipality	Number	Property name	Property type	Lettable area, sq.m.	Sale price, SEKm	Handover date
Skellefteå	1	Muttern 3	Industrial/warehouse	920	3	2013-01-09
Sundsvall	6	Bachus 10, Mercurius 5, 11 & 12, Minerva 4 & 6	Residential, Retail, Office	16,864	140	2013-02-28
Gällivare	1	Gällivare 12:334	Industrial/warehouse	14,701	55	2013-04-08
Östersund	1	Sprinten 6	Land	—	1	2013-05-31
Skellefteå	1	Gruvfogden 1	Industrial/warehouse	785	1	2013-07-01
Sundsvall	1	Kompaniet 1	Offices, Industrial/warehouse	1,558	6	2013-07-12
Sundsvall	1	Mars 2	Office	4,517	21	2013-08-12
Sundsvall	2	Björneborg 10 & 12	Offices, Industrial/warehouse	5,299	15	2013-10-01
Luleå	1	Svartön 18:28	Industrial/warehouse	2,567	5	2013-11-01
Sundsvall	1	Sköns Prästbord 1:58	Offices, Industrial/warehouse	3,306	27	2013-12-30
Härnösand	3	Banken 11, Stådet 8 & 17	Residential	4,488	28	2013-12-30
<b>TOTAL</b>	<b>19</b>			<b>55,005</b>	<b>302</b>	

## TEN LARGEST PROJECTS IN PROGRESS

Municipality	Property	Type of project	Project area, sq.m.	Planned investment, SEKm	Remaining investment, SEKm	Ec. occupancy rate after project, %	Increase in rental value, SEKm	Total rental value, SEKm	Year of completion
Borlänge	Verdandi 10	Cinema, restaurant	6,285	42.0	8.7	83.2	4.4	8.4	2014
Luleå	Råttan 18	Meeting arena for science	1,286	36.4	6.1	89.8	2.7	7.0	2014
Östersund	Barberaren 7	Foundation works for shops, housing	—	35.0	29.6	—	—	—	2014
Sundsvall	Lyckan 6	Retail	2,700	24.0	11.4	86.3	2.3	19.0	2014
Falun	Kansliet 20	Green Building offices	20,780	10.8	6.6	—	1.1	—	2015
Östersund	Motboken 1	School	2,010	13.0	2.8	85.3	1.6	3.8	2014
Östersund	Myrten 5	Office	3,313	8.2	0.4	100.0	1.0	3.8	2014
Östersund	Kräftan 6	Office	1,825	8.0	5.0	100.0	0.9	4.1	2014
Sundsvall	Lagret 4	Office	1,868	6.5	4.8	85.0	0.9	9.3	2014
Åre	Totten 1:68	Residential	653	5.8	3.3	78.0	1.1	10.3	2014
<b>Total</b>			<b>40,720</b>	<b>189.7</b>	<b>78.7</b>		<b>16.0</b>	<b>65.7</b>	
<b>Total other 225 projects</b>				<b>418.9</b>	<b>232.1</b>				
<b>TOTAL</b>				<b>608.6</b>	<b>310.8</b>				

# PROPERTY VALUATION

*Diös' properties had a total value of SEK 11,823 million (11,878) at year-end. Changes in value on the properties were largely non-existent during the year.*

## VALUATION RESULT

The property portfolio had a total value of SEK 11,823 million (11,878) at 31 December 2013. Changes in value on properties totalled SEK –24 million (189), of which SEK 11 million (9) were realised and SEK –35 million (180) were unrealised. The unrealised change in value represents a decline in value of –0.3 per cent (1.5). Unrealised losses in the Group are mainly attributable to three properties in Dalarna, SEK –37 million, and one property in Västernorrland, SEK –95 million. Required rates of return for these properties were raised somewhat during the year while cash flows decreased slightly.

## VALUATION MODEL AND METHOD

All Diös properties are measured at fair value at each closing date. The valuation work is performed both by a highly regarded external valuation firm, Savills, and by Diös' internal valuers. Under Diös' valuation model, the 100 largest properties in terms of value are valued externally over the course of the year, with around 25 per cent being valued in each quarter. For the remaining 75 per cent and for the other properties in the portfolio a breakdown is made between properties in which material changes have taken place, such as the signing or termination of leases or major projects, and proper-

ties where no material changes have taken place. The former are valued internally with assistance from the external valuation firm while the latter are valued internally without external assistance. Valuations always involve a degree of uncertainty. The uncertainty range indicated by Savills for the assumptions and calculations made in the valuation of the properties is  $\pm 7.5$  per cent. For Diös this translates into a value range of SEK 10,936–12,710 million.

The purpose of the valuation is to assess the market value of the individual properties. The term market value refers to the price which would be obtained at the valuation date in a sale executed through an orderly transaction between market players. Each property is valued individually and any portfolio effects are thus not taken into account. The main method employed in the valuation assessments is cash flow estimates, in which the present value of cash flows and residual values are calculated. The market value of each individual valuation object has been assessed using a five-year cash flow analysis and is calculated by estimating the present value of cash flows for the period covered by the analysis: the sum of the present value of each year's operating surplus plus the present value of the estimated residual value in year

six, less remaining investments and initiated projects over the next five years. As a basis for its valuations, Savills has had access to all current lease contracts, information about vacant premises, actual and budgeted building operating and maintenance costs, property tax and property management as well as information about ongoing and planned investments. The documentation provided included historical data for the period 2005–2013 and forecasts for 2014. In addition to this, Diös' property managers and market area managers have provided specific information for each valuation. Diös' property portfolio is inspected continuously to ensure that valuations maintain a high quality.

## SENSITIVITY ANALYSIS

The assessment of a property's market value is influenced to a large degree by the assumptions that are made. Assessments and estimations are influenced primarily by adjustments to the yield requirement or the cost of capital.

The yield requirement is affected partly by comparable property transactions in each sub-market and partly by changes relating to the property concerned and its sub-market. The property's location, the rental level, vacancies and market trends in the locality where the property is located constitute key factors in determining the yield.

The cost of capital reflects the market's expectation for the total return. The cost of capital is determined with reference to the real rate of interest, inflation adjustments, and general and specific risk premiums for the property. The reliability of estimates of value increases in line with the number of property transactions that are published for the market.

## VALUATION ASSUMPTIONS

Value date	2013-12-31
Analysis period	5 years
Yield for assessing residual value, %	6.5–8.0 <sup>1</sup>
Cost of capital for discounting to present value, %	9.1
Long-term vacancy, %	6.0
Inflation, %	2.0

<sup>1</sup> From lower to upper quartiles in the portfolio.

## CHANGES IN VALUE ON PROPERTIES BY MARKET AREA

Market area	Market value 31 Dec 2013, SEKm	Market value 31 Dec 2012, SEKm	Cost of capital, %	Yield requirement valuation, %	Change in market value, %	Change in market value, SEKm	Of which invest- ments/acquisi- tions, SEKm	Of which sales, SEKm <sup>1</sup>	Of which unreal- ised changes in value, SEKm
Dalarna	2,411	2,379	9.2	7.1	1.3	32	67	–	–35
Gävleborg	1,697	1,655	9.5	7.4	2.5	42	33	–	9
Västernorrland	2,200	2,463	9.2	7.0	–10.7	–263	41	–233	–71
Jämtland	2,790	2,710	8.9	6.8	2.9	80	70	0	10
Västerbotten	1,303	1,287	9.1	7.0	1.3	16	16	–4	5
Norrbottn	1,422	1,384	8.9	6.9	2.8	38	39	–49	48
<b>TOTAL</b>	<b>11,823</b>	<b>11,878</b>	<b>9.1</b>	<b>7.0</b>	<b>–0.5</b>	<b>–55</b>	<b>266</b>	<b>–286</b>	<b>–35</b>

<sup>1</sup> Refers to the opening market value of the properties.

# FUNDING AND OWNERSHIP



# THE SHARE AND THE OWNERS

*Interest in Diös' shares increased markedly in 2013. The proportion of foreign-owned shares has gone from around one per cent to nearly seven per cent. A significantly larger company and a more liquid stock are two important reasons.*

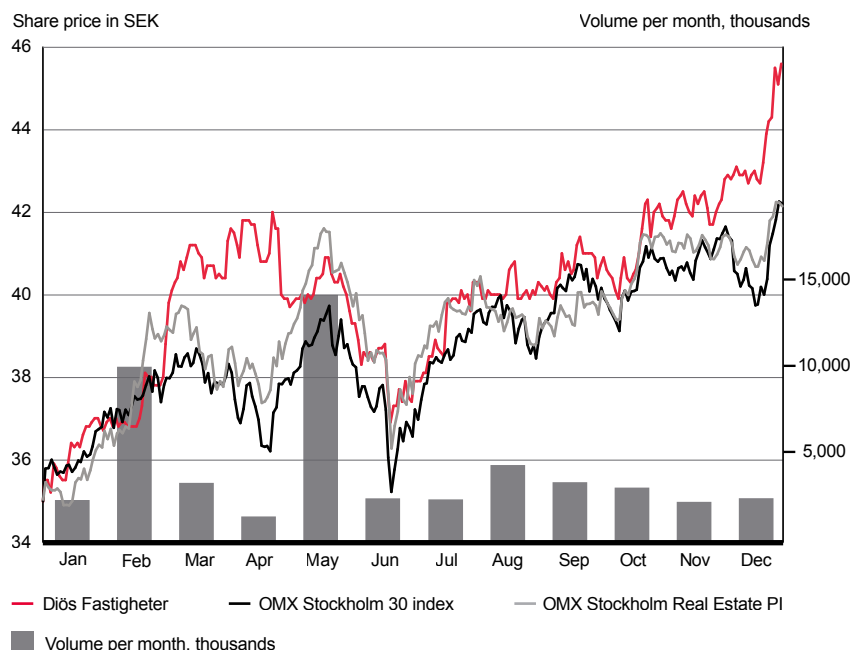
## SHAREHOLDERS

Interest in Diös' shares increased during the year, as shown by the turnover of the shares and the number of shareholders, which more than doubled during 2013. At year-end 2013 Diös had 5,524 shareholders (2,669). The proportion of foreign-owned shares has increased noticeably over the past year but the majority is still in Swedish hands. At 31 December 93.0 per cent (98.6) of all outstanding shares were Swedish-owned. The largest single owner of Diös was AB Persson Invest with a stake of 15.4 per cent (15.4). The ten largest shareholders accounted for 64.7 per cent (83.9) of the shares and votes.

## SHARE PRICE PERFORMANCE

Diös' share price increased by 30 per cent (23) in 2013. Over the same period the Stockholm Stock Exchange, as measured

## DIÖS SHARE PRICE PERFORMANCE 2013



## LARGEST SHAREHOLDERS

Shareholder	Number of shares	Capital and votes, %	Change 12 mths, % points
AB Persson Invest	11,499,691	15.4	0.0
Brinova Inter AB	8,930,754	12.0	0.0
Bengtssons Tidnings AB	7,518,222	10.1	0.0
Länsförsäkringar Fondförvaltning AB	5,620,038	7.5	0.9
Pensionskassan SHB Försäkringsförening	4,498,239	6.0	0.0
Fastighets AB Eric Ekblad	2,300,000	3.1	-0.4
Staffan Rasjö	2,225,000	3.0	2.3
Länsförsäkringar Jämtland	2,000,002	2.7	0.0
Försäkringsaktiebolaget, Avanza Pension	1,956,701	2.6	1.0
SEB Investment Management	1,720,724	2.3	1.8
<b>Total, largest shareholders</b>	<b>48,269,371</b>	<b>64.6</b>	<b>5.6</b>
Other shareholders	26,459,763	35.4	-5.6
<b>TOTAL</b>	<b>74,729,134</b>	<b>100.0</b>	<b>0.0</b>



by the Nasdaq OMX Stockholm 30 index, gained 21 per cent (12) and the Nasdaq OMX Real Estate PI index 20 per cent (14). At year-end Diös had a share price of SEK 45.6 (35.0), representing a market capitalisation of SEK 3,408 million (2,616). The highest price paid in 2013 was SEK 46.0 (37.9) and the lowest SEK 35.0 (28.0). The turnover rate increased from 15 per cent in 2012 to 70 per cent in 2013. The total trading volume in 2013 was 52 million shares (11) during the year.

#### SHARES AND SHARE CAPITAL

Diös Fastigheter AB was listed on the Small Cap list of the Nasdaq OMX Stockholm exchange in May 2006. Diös' shares have been traded on the Nasdaq OMX Nordic Exchange in Stockholm, Mid Cap list since January 2012. The ticker symbol is DIOS and the ISIN code SE0001634262. Diös has a share capital of SEK 149,457,668. The total number of shares is 74,729,134 and the shares have a par value of SEK 2. All shares give equal rights in the company.

#### SHARE BUYBACKS

The 2013 AGM of Diös authorised the company to buy back shares of the company, subject to a limit of 10 per cent of all outstanding shares in the company. Diös currently has no repurchased shares.

#### DIVIDEND POLICY AND DIVIDENDS TO SHAREHOLDERS

Diös' long-term objective is to transfer at least 50 per cent of the company's profit after tax, excluding unrealised changes in value and deferred tax, to the shareholders through dividend payments. The Board proposes a dividend of SEK 2.30 (2.30) per share for the 2013 financial year. This means that 49 per cent (50), or SEK 172 million (172) in total, excluding unrealised changes in value and deferred taxes, will be paid out to the shareholders. A resolution on the dividend payment will be taken by the Annual General Meeting on 28 April 2014.

#### YIELD

Many listed real estate companies pay a high dividend relative to their share price, and thus have a high dividend yield. The proposed dividend for the financial year 2013, SEK 2.30 (2.30) per share, to be paid in spring 2014, would equate to a yield of 5.0 per cent (6.6). In spring 2013 the total return on the stock, including a dividend of 6.6 per cent (3.9), was 36.9 per cent (26.7).

Diös' target is to generate a return on equity in excess of the risk-free rate plus 6 percentage points. The return on equity in 2013 was 10.2 per cent, exceeding the target of 7.5 per cent.

#### CONTACT WITH ANALYSTS AND INVESTORS

Diös maintains ongoing communications with shareholders, potential investors and analysts through company presentations at capital market days, seminars and networking events. In 2013 Diös took part in investor meetings at several banks in Sweden. The company also took part in an investor day in Båstad along with other real estate companies and an investor day in Åre and visited investors in Amsterdam and London together with Swedish banks. At year-end 2013 five analysts were covering Diös (5).

All press releases, interim reports and annual reports are published on Diös' website. They are also distributed to all stakeholders that have requested this.

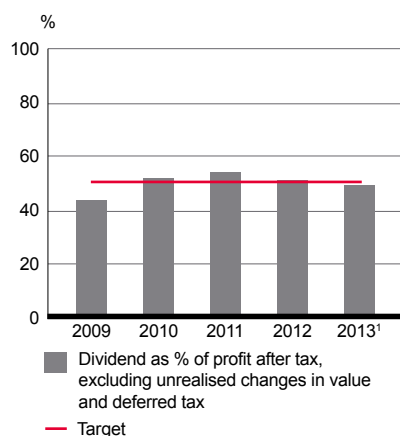
#### NET ASSET VALUE PER SHARE

At 31 December 2013, shareholders' equity per share was SEK 43.3 (41.3). At the same date the share price was SEK 45.6 (35.0). The shares were thus trading at a premium to NAV of 5 per cent.

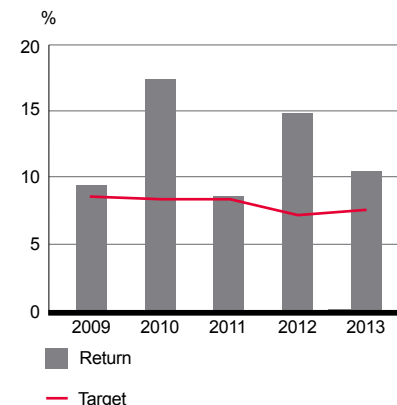
#### EVENTS AFTER THE REPORTING PERIOD

Diös will be included in the EPRA index (EPRA NAREIT) from 24 March 2014. The index is regarded as a leading benchmark for listed property investments.

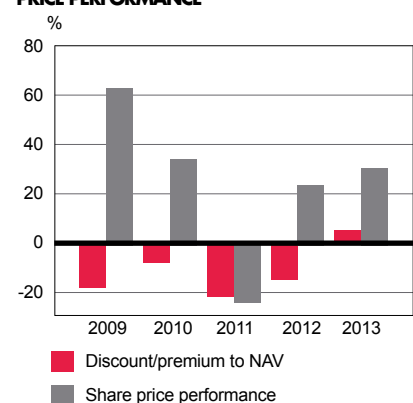
#### DIVIDEND PAYOUT RATIO



#### RETURN ON EQUITY



#### DISCOUNT/PREMIUM TO NAV AND SHARE PRICE PERFORMANCE



## SHAREHOLDINGS BY SIZE

Shareholding	Number of shareholders	Number of shares	Shareholding, %	Votes, %	Market value, SEKm
1–500	2,549	587,811	0.8	0.8	27
501–1,000	1,105	953,353	1.3	1.3	43
1,001–5,000	1,378	3,351,002	4.5	4.5	153
5,001–10,000	225	1,750,999	2.3	2.3	80
10,001–15,000	72	920,030	1.2	1.2	42
15,001–20,000	43	803,753	1.1	1.1	37
20,001–	152	66,362,186	88.8	88.8	3,026
<b>TOTAL</b>	<b>5,524</b>	<b>74,729,134</b>	<b>100.0</b>	<b>100.0</b>	<b>3,408</b>

## SHARE CAPITAL HISTORY

Date	Event	Increase in number of shares	Increase in share capital, SEK	Total number of shares	Total share capital, SEK	Par value, SEK
2005–01–01	At the start of the period	–	–	10,000	100,000	10.00
2005–06–21	Split	990,000	–	1,000,000	100,000	0.10
2005–06–21	New issue	1,489,903	148,990	2,489,903	248,990	0.10
2005–09–14	Non-cash issue	1,503,760	150,376	3,993,663	399,366	0.10
2005–11–15	Bonus issue	–	39,537,264	3,993,663	39,936,630	10.00
2005–11–15	Split	15,974,652	–	19,968,315	39,936,630	2.00
2006–05–18	New issue	8,333,400	16,666,800	28,301,715	56,603,430	2.00
2006–07–11	Non-cash issue	5,000,000	10,000,000	33,301,715	66,603,430	2.00
2007–04–19	Non-cash issue	666,250	1,332,500	33,967,965	67,935,930	2.00
2010–10–29	New issue	99,729	199,458	34,067,694	68,135,388	2.00
2010–12–14	New issue	3,285,466	6,570,332	37,353,160	74,705,720	2.00
2010–12–17	New issue	11,407	22,814	37,364,567	74,728,534	2.00
2011–12–05	New issue	22,854,136	45,708,272	60,218,703	120,436,806	2.00
2011–12–14	New issue	14,510,431	29,020,862	74,729,134	149,457,668	2.00

## DATA PER SHARE

	2013	2012	2011	2010	2009
Share price at 31 Dec, SEK	45.6	35.0	28.5	37.6	28.0
Market value of outstanding shares, SEKm	3,408	2,616	2,130	1,403	951
Equity per share, SEK	43.3	41.3	36.5	40.6	34.0
Net asset value per share, SEK	52.1	51.0	46.7	42.7	34.4
Property management income per share, SEK	4.7	4.6	3.3	3.8	3.9
Earnings per share, SEK	4.3	5.7	4.6	6.7	3.1
Cash flow per share, SEK	4.6	4.5	3.2	3.6	3.9
Dividend per share, SEK	2.30 <sup>2</sup>	2.30	1.00	1.75	1.75
Payout ratio <sup>1</sup>	49	50	53	51	43
Dividend yield, %	5.0	6.6	3.9	4.7	6.3
Total return, %	36.9	26.7	–19.5	40.4	70.9
Number of registered shares, millions	74.7	74.7	74.7	37.4	34.0
Number of outstanding shares, millions	74.7	74.7	74.7	37.4	34.0
Number of repurchased shares, millions	–	–	–	–	–
Average number of shares, millions	74.7	74.7	39.8	34.1	34.0

<sup>1</sup> Profit after tax, excluding unrealised changes in value and deferred tax.

<sup>2</sup> The Board of Directors' proposal.





# TAX AND TAX LOSSES

*Diös' reported current tax was SEK –15 million in 2013 and deferred tax SEK –62 million. Tax losses carried forward at year-end were SEK 424 million and are expected to be sufficient to offset future profits for another three years at the current rate of earnings.*

## REDUCED CORPORATION TAX

Diös reports two types of tax expense, current tax and deferred tax. Both current and deferred tax have been calculated based on the applicable tax rate for 2013 of 22.0 per cent. The rate of corporation tax was lowered in 2013, from 26.3 per cent in 2012.

## CURRENT TAX

Current tax in the income statement is calculated based on the taxable profit less any utilization tax losses from previous years. Current tax can also include tax that is payable due to a tax reassessment from previous years as well as tax from companies that were acquired and sold during the financial year. The taxable profit consists of the profit for the year after tax-deductible depreciation and tax direct deduction relating to certain investments. Current tax affects cash flow, as it must be paid, unlike deferred tax.

## DEFERRED TAX

Deferred tax in the income statement refers to an estimated tax that may be payable in future. Diös recognises the net change in deferred tax assets and deferred tax liabilities under Deferred tax liability in the balance sheet. Deferred tax in the income statement consists of the change in Deferred tax liability in the balance sheet. Deferred tax can be positive or negative.

The deferred tax assets consists of granted and approved tax losses multiplied by the applicable tax rate. Tax losses are used to reduce the taxable profit. Tax assets are realised, i.e. reduced, as tax losses are used. The

possibility of using tax losses from previous years may be limited depending on opportunities to even out earnings among Group companies for tax purposes.

The deferred tax liability is calculated based on the difference between the fair values and tax bases of the company's properties (temporary differences). Acquired temporary differences from acquisitions are handled differently depending on whether the acquisition refers to an asset purchase or business combination. In case of an asset purchase no deferred tax liability is recognised on the temporary differences. If the acquisition is classified as a business combination a deferred tax liability is recognised for the full temporary difference. The tax liability is realised if and when the property is sold as an individual property. If, on the other hand, a company is sold, with the property as an asset, no tax effect is triggered.

In April 2005, Diös' original owners acquired a Group consisting of dormant limited companies. The aim of the acquisition was to create a basis for the formation of Diös. The only assets of the acquired companies at the time of acquisition were approximately SEK 40 million in cash and, according to the 2005 income tax returns, approximately SEK 1,026 million in unused tax losses carried forward. Diös' tax losses carried forward on 31 December 2013 are estimated at SEK 424 million (566). At a tax rate of 22.0 per cent, deferred tax asset relating to tax losses carried forward was SEK 93 million (124), which in Diös' financial statements has been offset against deferred tax liability.

The gross deferred tax liability was SEK 748 million (717). The deferred tax liability consists partly of Diös' temporary differences, SEK 3,302 million, multiplied by the applicable tax rate, 22.0 per cent, i.e. SEK 726 million (697), and partly of deferred tax liabilities, which totalled SEK 22 million (20).

The net deferred tax liability (deferred tax liability less deferred tax asset) recognised in the balance sheet at year-end was SEK 655 million (593).

## CURRENT TAX IN 2013

Current tax in 2013 was SEK –15 million (–6). Current tax expense is attributable to tax in subsidiaries which were prevented from offsetting losses against profits through Group contributions during the year.

## DEFERRED TAX IN 2013

The deferred tax recognised in the income statement in 2013 was SEK –62 million (–14). The tax is attributable to a decrease in the deferred tax asset, SEK –31 million (–45), an increase in the deferred liability on temporary differences for properties, SEK –29 million (28), and an increase in other deferred tax liabilities, SEK –2 million (3).

## TAX MATTERS IN NORRVIDDEN

In the autumn of 2011, the Swedish Tax Agency made a request to the Administrative Court for the law on tax evasion to be applied to Norrvidden Norrland AB regarding the sale of properties packaged in limited partnerships. The Administrative Court announced on 16 October 2013 that it approves the request of the Swedish Tax Agency for the law on tax evasion to be applied to Norrvidden Norrland AB regarding the sale of properties packaged in limited partnerships. The ruling means a SEK 246 million increase in Norrvidden Norrland AB's tax revenues for the 2006 fiscal year, which increases the tax expense amount, including charges, to SEK 79 million. The matter is regulated in the transfer agreement for Norrvidden entered into between the buyer and seller, under which the seller is solely liable for subsequent taxes and costs related to the above transactions, which means that it does not have an impact on Diös' income.

# CREDITS AND COLLATERAL

*Diös' financial position improved markedly during the year, entirely in line with the adopted targets. The equity ratio has strengthened, the loan-to-value ratio has been reduced and the interest coverage ratio has increased.*

## CAPITALISATION

The real estate industry is capital-intensive, requiring carefully considered funding solutions and a well functioning credit market. The assets consist of properties, which are funded through equity, debt and other capital. The precise breakdown depends primarily on the company's stability, the type of property, the level of risk aversion among the company's owners and lenders, and the owners' required rates of return. Other factors, such as the general economic outlook, the company's tax situation and the framing of leases, may also play a part. Equity capital is the most expensive option, as the shareholders require a relatively high return. Other capital is the least expensive, but is limited. Debt capital accounts for the largest share of funding. At 31 December 2013, 26.8 per cent of total assets in the balance sheet of SEK 12.1 billion was funded through equity, 63.6 per cent through debt and 9.6 per cent through other capital.

## THE CREDIT MARKET

In the past two years poor liquidity and stricter regulation of the banking sector have prompted real estate companies to rely increasingly on capital markets, raising debt capital by issuing commercial paper and bonds. The situation in

the credit market has gradually improved, however, and in autumn 2013 a growing interest in funding real estate transactions became evident among banks. At year-end the Riksbank cut the repo rate by 0.25 percentage points to 0.75 per cent with the aim of stimulating the economy and achieving the target of an annual inflation rate of around 2 per cent. Market interest rates remain at historically low levels.

## FINANCIAL POLICY AND FINANCIAL MANAGEMENT

Diös' funding requirements and financial risks are managed in accordance with the financial policy adopted by the Board of Directors. The activities of the parent company consist of Group-wide functions as well as ownership and operation of the Group's subsidiaries. To ensure efficiency and quality control, the Group's financial activities are concentrated to the parent company. The finance department, which is responsible for the Group's finances, is part of the parent company. The finance department works to minimise the company's interest and credit risks while ensuring access to liquidity and long-term funding for Diös' operations.

The financial policy defines the division of responsibilities between the Managing Director and Chief Financial Officer. It also regulates, by defining clear mandates and limits, how Diös' financial risks should be managed. The risk management team bases its activities on the division of responsibility for risk management defined in the financial policy.

Diös aims to conclude financial transactions based on an assessment of the Group's existing and future funding and liquidity requirements and desired interest risk. This means that inter-company transactions do not necessarily require an identical external loan

transaction. Instead, external loans are raised after an assessment of the Group's overall borrowing requirement.

The parent company's finance department acts as the Group's internal bank, with responsibility for the Group's financing, financial risk management and cash management. To enable netting of payment flows, the finance department uses a central Group account system. The Group's interest risk is managed cost-effectively by assessing the interest risk that arises from a single loan with a short interest rate duration, after which interest-rate derivative transactions are carried out when necessary to achieve the desired fixed interest term for total borrowings.

The overall objective for the finance department is to ensure adequate access to liquidity and to act as an advisor and thereby assist in the achievement of the defined financial targets. In 2013 Diös had the following measurable and risk-limited financial targets:

- An equity ratio of at least 25 per cent in the short term and 30 per cent in the long term
- An interest coverage ratio of at least 1.8 times
- A loan-to-value ratio of no more than 65 per cent.

The finance department is also tasked with raising new loans, defining maturities and monitoring the fixed income market. The finance department is responsible for the loan portfolio and decides on any changes and reallocation. Finally, its remit includes negotiating with credit institutions on terms and conditions for loans and accounts and other banking issues. Where required, the approval of the company's Board of Directors is sought before decisions are executed.

## INTEREST RATE AND LOAN MATURITY STRUCTURE

	Interest maturity		Loan maturity	
	Loan amount, SEKm	Average annual interest rate <sup>1</sup> , %	Credit agreements, SEKm	Drawn, SEKm
2014	7,664	2.8	–	–
2015	–	–	4,434	4,167
2016	–	–	3,497	3,497
<b>Drawn credit facilities</b>	<b>7,664</b>	<b>2.8</b>	<b>7,931</b>	<b>7,664</b>
Undrawn credit facilities	267	0.0 <sup>2</sup>		
Financial instruments	4,200	0.8		
<b>TOTAL</b>		<b>3.6</b>		

## FINANCIAL TARGETS AND OUTCOMES

	Target 2013	Outcome 2013	Outcome 2012
Equity ratio, minimum level, %	25.0/30.0	26.8	25.3
Loan-to-value ratio, maximum level, %	65.0	64.8	66.4
Interest coverage ratio, minimum level, times	1.8	2.2	2.0
Fixed-rate term, years	2–4	1.9	2.4

<sup>1</sup> Average annual interest rate refers to the average interest rate based on interest-rate terms and current liability on 31 Dec 2013.

<sup>2</sup> The effect of the commitment fee on the average annual interest rate is 0.02 percentage points.

### INTEREST RATE AND LOAN MATURITY STRUCTURE

To limit the refinancing risk, Diös seeks to maintain an average remaining maturity on its interest-bearing liabilities of two to four years. Another objective is to ensure that the maturity structure of loans is evenly distributed in time. The Group's interest-bearing liabilities totalled SEK 7,664 million (7,893) with an average annual interest rate of 2.8 per cent (3.2), including loan commitments. The average annual interest rate, including costs related to derivative instruments and loan commitments, amounted to 3.6 per cent (3.8). The loans' average interest rate commitment period was 2.8 months (2.3). The average interest rate commitment period was 1.9 years (2.4) when the impact of the derivative portfolio is included. The average capital commitment period was 2.1 years (2.9). Of the Group's total interest-bearing liabilities, SEK 4,200 million (4,200) are hedged through derivative instruments with an average remaining term of 3.0 years (4.1). Diös' financial instruments restrict any impact from increased interest rates on the company's average borrowing rate. If interest rates had been increased by 1 percentage point on 31 December 2013, Diös' average interest rate would have risen by 0.4 percentage points and the value of derivatives would have increased by SEK 132 million.

### DERIVATIVES

Diös holds derivatives for the purpose of reducing the interest risk in the credit portfolio. The company uses only nominal interest rate swaps, exchanging a variable interest rate for a fixed interest rate. The variable rate is three-month STIBOR while fixed interest rates range from 1.9 to 3.7 per cent. In 2013 the company's derivatives holdings remained

unchanged. At year-end Diös had three swaps covering a notional amount of SEK 4,200 million. Coupled with Diös' fixed-rate loans, the effect of using derivatives is that 55 per cent of the company's interest-bearing liabilities have fixed rates of interest. The counterparties for the swaps are Handelsbanken and Swedbank.

As market interest rates change and the remaining maturities decrease, the value of the derivatives changes. At the expiration date the value of the derivatives held by Diös at year-end 2013 will be zero. In 2013 the value of the derivatives increased by SEK 68 million (–76), none of which was realised. The total value of the derivatives at 31 December was SEK –107 million (–175). All changes in value on derivatives have been recognised in the income statement. Hedge accounting has not been applied.

### LENDERS

Diös' credit portfolio is divided between two lenders: Handelsbanken and Swedbank, with the former accounting for by far the larger portion, 89 per cent (89), of the overall credit portfolio.

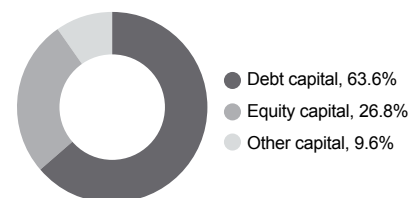
### COLLATERAL AND COVENANTS

At 31 December 2013 mortgage deeds on Diös' property portfolio covered a total value of SEK 8,880 million (9,086). 100 per cent (100) of Diös' total credit volume has collateral in the form of mortgage deeds on real estate. Diös has also posted collateral in the form of shares in real estate-owning subsidiaries as well as a parent company guarantee in Diös Fastigheter AB.

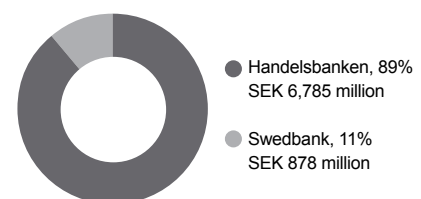
Diös' agreements with its lenders contain limits for various financial key ratios, known as covenants, which are designed to limit the

level of risk in the company. Diös has also defined a set of long-term targets aimed at strengthening the company's financial position. The target for the equity ratio was 30 per cent, and in the agreements with the banks the minimum level is set at 25 per cent. The outcome was 26.8 per cent, following an improvement of 1.5 percentage points during the year. For the loan-to-value ratio Diös had set a target of 65 per cent and the loan covenants specified a limit of 70 per cent. The outcome was 64.8 per cent after Diös succeeded in reducing its loan-to-value ratio by 1.6 percentage points. Finally, Diös' target for the interest coverage ratio was 1.8 times and the banks' requirement 1.5–1.8 times. The outcome was 2.2 times after an increase by 0.2 times.

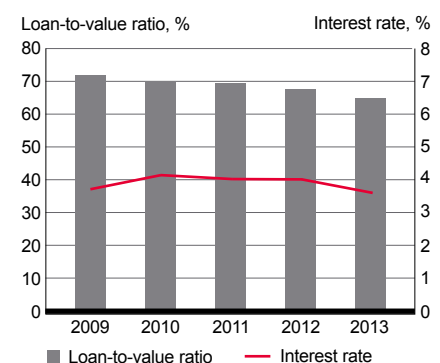
### CAPITAL STRUCTURE



### LENDERS



### LOAN-TO-VALUE RATIO AND INTEREST RATE



### DERIVATIVES

Counterparty	Nominal value, SEKm	Remaining maturity, years	Interest rate level, %	Market value, SEKm
Handelsbanken	2,000	2.7	2.3	–46
Handelsbanken	600	3.8	3.7	–44
Swedbank	1,600	3.1	1.9	–18
<b>TOTAL</b>	<b>4,200</b>	<b>3.0</b>	<b>2.4</b>	<b>–107</b>



# RISK AND SENSITIVITY

*Diös has a well diversified portfolio of properties located in major cities across northern Sweden, which means that Diös is exposed to economic developments in Sweden. But there are also risks and opportunities which relate to the company's own actions.*

A company faces both risks and opportunities. Some of these may be due to the company's own actions while others are a consequence of external events. The real estate industry is strongly influenced by the performance of the economy as a whole.

Macroeconomic factors such as growth, employment and inflation strongly influence supply and demand in the rental and property market, and thus also vacancy rates and rent levels, which constitute important performance indicators for Diös. A faster rate of economic growth is likely to have a positive impact on Diös' revenues and earnings while the opposite applies in a slow-growing economy.

The management of these risks and opportunities is a high-priority issue, as correct management can result in a significant gain while poor management can result in a loss. Risks can be divided into **strategic** and **operational** risks. The strategic risks are linked to the ownership and management of the company's properties while operational risks relate to the effectiveness and quality of internal procedures and systems.

The actual implementation of risk strategies takes place in the company's day-to-day activities. Diös seeks to ensure a high level of risk awareness throughout the organisation with the aim of minimising risk exposures while not excluding opportunities. In the following we describe a number of areas where opportunities and risks exist, and which can therefore have an impact on Diös' outlook, earnings and financial position.

## STRATEGIC RISKS

### PROPERTY HOLDINGS

Although the rental and property market generally follows the general economic cycle, supply and demand for commercial and residential premises as well as properties may vary for different types of properties and different geographic markets. A diversification of property types and premises across different markets thus lowers the risk compared with a concentrated portfolio.

### Exposure and management

Diös' investment properties are reported at fair value in the balance sheet and changes in value are recognised in the income statement. Unrealised changes in value do not affect cash flow. The value of the properties is influenced by a number of property-specific and market-specific factors, including occupancy rates, rent levels and operating costs as well as required yields and the cost of capital, which are derived from comparable transactions in the real estate market.

Diös' valuation model is based on an exterior valuation of 25 per cent of the 100 properties with the highest value every quarter on a rolling basis and an interior valuation of the remaining 75 per cent of the properties. Other properties are valued internally with regard to the degree of change in each property.

Property-specific as well as market-specific changes may require adjustments to the fair values of Diös' investment properties, which has an impact on earnings and financial position. At year-end 2013 Diös' properties had a total value of SEK 11,823 million (11,878), which means decrease of SEK -24 million (189) on 2013. The improvement of properties is an important part of Diös' business model, and all improvement projects are

based on a careful analysis of the costs of the project, expected revenues and the resulting capital appreciation. The following sensitivity analysis shows how the company's equity and loan-to-value ratios are affected by an increase or decrease of 7.5 per cent in the value of the properties. This reflects the uncertainty range indicated by real estate company Savills in its property valuation as at 31 December 2013.

Diös has one of the most geographically diversified real estate holdings of all Swedish real estate companies. Our focus on northern Sweden results in smaller fluctuations in rents as well as property prices compared with the rest of Sweden. The drivers of growth in our Norrland localities vary, reducing our exposure to any individual factor or tendency. Diös' property portfolio is diversified also from a segment perspective, comprising office, retail, residential and industrial space. This limits both risks and opportunities in the event that any individual segment should significantly outperform or underperform the other segments.

Due to the limited number of new builds, a shortage of housing has long been a problem in many of Diös' priority cities. This suggests that demand for housing is likely to remain good. Although demand for commercial and residential space is generally good at present, there can be no guarantee that this situation will continue. Any weakening of demand could have a negative impact on Diös' operations, financial position and results.

### CORPORATE AND PROPERTY ACQUISITIONS

Corporate and property acquisitions are a natural and strategic part of Diös' operations. All acquisitions naturally involve a degree of uncertainty. In corporate acquisitions the goal is to ensure that the acquired businesses

### SENSITIVITY ANALYSIS PROPERTY VALUE

	Change in property value, %		
	-7.5	0	7.5
Property value, SEKm	10,936	11,823	12,709
Equity ratio, %	21.0	26.8	31.8
Loan-to-value ratio, %	70.1	64.8	60.3



or properties add value in excess of the consideration paid, but there can be no guarantee that this will be the case. In a property acquisition the loss of tenants, environmental conditions and technical problems constitute potential risks.

#### Exposure and management

The extent of Diös' acquisitions has varied significantly over the years. After the major Norrvidden acquisition in 2011 Diös acquired just one property in 2012 and none in 2013. Any major corporate or property acquisition is preceded by in-depth analysis, or due diligence, with the aim of identifying any hidden opportunities and risks. Acquiring properties which complement the existing portfolio and in localities that are well known to Diös increases the chances of positive, while reducing the risk of negative, surprises.

#### RENTAL INCOME

A real estate company's revenues are affected by occupancy rates and contracted rents in the properties as well as by the tenants' ability to pay. Occupancy rates and rents are determined partly by factors such as the general level of economic activity, the rate of production of new commercial and residential properties, infrastructural changes, population growth and employment.

#### Exposure and management

The greater the number of large individual tenants a real estate company has the greater the risk of significant fluctuations in vacancy rates and major loss of rental income. Diös' contracted rental income from its ten largest tenants at 31 December 2013 was SEK 207 million (204), accounting for 16 per cent (16) of total rental income. Through the acquisition of Norrvidden in 2011 Diös has established a number of new tenant relationships, which has increased its diversification and reduced its dependence on individual customers. There can be no guarantee, however, that the company's major tenants will renew or extend their leases at the end of their terms, which could lead to reduced rental income and higher vacancies over time.

The average lease term for the ten largest tenants is 3.1 years. Under Diös' policy, leases with a longer duration than three years must be inflation-adjusted by being linked to the consumer price index (CPI). At year-end 49 per cent of the total contract value and 68 per cent of all contracted commercial leases were indexed. If inflation were to increase at a faster pace than the index compensation there is a risk that the company's results would be adversely affected. To ensure that its customers are happy, Diös aims to ensure that contacts are characterised by open dialogue. Each tenant has an account manager, who monitors the customer's satisfaction and circumstances. A customer satisfaction index (CSI) is measured once a year. The CSI is an important instrument for identifying potential issues and is used as a basis for changes that are aimed at achieving improved relations with the tenants and, in the long run, higher and more stable rental income.

For 2013 the index score was 56 (59). Our customers perceive a deterioration in terms of availability and information from Diös. A positive trend was evident in respect of Diös' response to and consideration of its customers' needs in renegotiations. Diös highlighted the customer perspective as a focus area in its business plan work in autumn 2013.

Diös is dependent on tenants paying the contracted rent on time. In some leases the tenant's obligations are guaranteed by a parent company or through a bank guarantee. Nevertheless, in many cases the risk that a tenant will default on its payments or otherwise fail to fulfil its obligations remains. If this happens the Diös' results are negatively affected. In a longer-term perspective rental income for commercial premises is determined more by market mechanisms than in the case of residential, as residential rents are

set by applying the "user-cost method." Diös will normally sell properties where lettings have not been successful over a three-year period.

#### PROPERTY COSTS

Operating and maintenance costs comprise tariff-based costs such as electricity, heating and water, and other costs, which include cleaning, repairs and property tax. To a large extent, the costs are a fact regardless of whether the premises are let or not. Variations in the prices of these services and the impact of abnormal weather can have an impact on earnings. In certain areas, such as electricity, relatively large fluctuations in costs are hard to avoid, as electricity is traded in an open market.

#### Exposure and management

A large portion of the changes in property costs is offset by indexing of the rent and by passing on the actual costs to the tenant. However, the costs are offset with a lag, as indexing affects rent levels only in the following year and final settlement of actual costs takes place only after the end of the year. Changes in vacancies constitute the greatest opportunity as well as the biggest risk, as occupancy is a necessary condition for transferring the cost to the tenant.

In 2013 Diös was able to pass on 30 per cent (28) of utility costs to the tenants. Diös regularly reviews leases with the aim of expanding the use of indexation and increasing the share of utility costs that is passed on to tenants. As energy is one of the single largest expense items, Diös works continuously to reduce energy consumption per square metre, partly by optimising energy solutions in those properties which have the highest consumption per square metre.

#### SENSITIVITY ANALYSIS PROPERTY VALUATIONS

	Change	Change in fair value, SEKm
Rental income	SEK +/-50/sq.m.	+916/-921
Operating costs	SEK -/+25/sq.m.	+481/-481
Yield	-/+0.5 % point	+666/-570
Cost of capital	-/+0.5 % point	+238/-229
Vacancy rate	-/+1.0 % point	+143/-144

## ENVIRONMENT

Property management and the exploitation of real estate affects and leaves a footprint on the environment. Under the Swedish Environmental Code, an entity which has engaged in operations or taken measures that have caused pollution or serious environmental damage is obliged to conduct investigations and bear the cost of remedial measures. If the operator is unable to carry out or bear the cost of decontamination of a polluted property the party which has acquired the property and which at the time of the acquisition was aware of, or ought to have been aware of, the pollution is liable.

### Exposure and management

Diös works actively to minimise the company's environmental and climate footprint, emissions of hazardous substances and transports, and to improve waste management and the immediate surroundings of the properties. Prior to the acquisition of a property or launch of a new project Diös performs analyses to identify any potential environmental problems. Diös' environmental work in the form of energy optimisation also has the effect of reducing costs per square metre. Currently the company is not aware of any significant environmental claims that could be made on Diös.

## FUNDING

A majority of listed real estate companies' funding consists of loans from banks and funding in capital markets, which creates an exposure to financial risks such as interest, financing and credit risk. Interest risk refers to the risk of a decline in the value of the company's assets, liabilities and fixed income derivatives as a result of a change in interest rates. Changes in interest rates can also affect the company's borrowing cost. Market interest rates are influenced primarily by the expected rate of inflation. The Riksbank steers short-term market interest rates by adjusting its repo rate. Longer-term interest rates are to a large degree affected by international regulations, which affect banks' borrowing costs. This makes it difficult to predict the future course

of long-term interest rates. Financing risk refers to the risk that it will prove difficult or expensive to finance the Group's capital requirements. Credit risk refers to the risk of losing money due to the failure of a counterparty to meet its obligations. Credit risk in the funding operations arises partly in connection with the investment of excess liquidity and the conclusion of derivatives contracts.

### Exposure and management

About 64 per cent (65) of Diös' operations is funded through credits from banks. Financial costs constitute Diös' largest expense item, accounting for 31 per cent (33) of total expenses affecting cash flow in the company.

Interest risk is managed by diversifying fixed-rate terms for different credits through the use of swap contracts and by defining targets for fixed-rate terms and the interest coverage ratio. The total volume of swaps, through which Diös exchanges variable interest for fixed interest, stood at SEK 4,200 million at 31 December (4,200). This means that 55 per cent (53) of Diös' credit portfolio had fixed rates of interest. The fixed-rate term was 1.9 years (2.4) and the interest coverage ratio 2.2 times (2.0).

Financing risk is managed partly through the use of relatively long maturities, with credits falling due over several years. Diös' credits are divided between two banks, Handelsbanken and Swedbank, which also reduces the financing risk. The average maturity is 2.1 years (2.9).

Diös' financial policy specifies limits for credit risk, both in terms of volume of derivatives contracts and in terms of eligible counterparties for the investment of liquidity and in derivatives contracts. All credits and swap contracts have been concluded with Swedish banks.

## TAXES, FEES AND SUBSIDIES

Changes in corporation and property tax, as well as other government levies, housing benefits and interest subsidies can affect Diös' operating environment. Sweden's political parties have widely divergent views on the size and application of property tax, and it cannot be excluded that tax rates will change in future or that other changes will be made at central government level which affect the ownership of real estate.

### Exposure and management

Diös has tax losses from previous years, which derive mainly from the dormant limited companies acquired in April 2005. Changed tax legislation, affecting tax depreciation opportunities, for instance, or the possibility of using tax losses, could have an impact on Diös' future tax situation.

As a listed limited company, Diös' ownership structure can change rapidly. Changes in ownership, resulting in a change in controlling interests, could limit opportunities to use tax losses from previous years. This could happen, for example, if a group of natural persons acquired a combined stake of more than 50 per cent of the company over a five-year period and each of these persons owns or acquires at least five per cent of the company. The persons concerned do not need to be acting in concert or even be aware of each other's existence for the rule to apply. Depending on how the rule is interpreted, minor changes in ownership could limit the tax losses.

To ensure that Diös applies the applicable tax legislation correctly, makes use of existing tax allowances and avoids probable risks, the company has engaged the services of Skeppsbron Skatt, which specialises in tax law.

### SENSITIVITY ANALYSIS EARNINGS

	Change	Impact on earnings, SEKm
Contracted rental income	+/-1 %	+/-13
Economic occupancy rate	+/- 1 % point	+/-15
Property costs	-/+1 %	+/-6
Interest rate on interest-bearing liabilities	-/+1 % point	+/-77





## EMPLOYEES AND KEY INDIVIDUALS

A company's future performance depends to a large extent on its ability to attract skilled staff, especially at management level and for other key positions.

### Exposure and management

Diös strives to ensure that it offers terms of employment that are consistent with currently applied in the market as well as an employee-friendly work climate, with the aim of being an attractive employer. Diös conducts an employee survey each year to identify areas where the company is performing well as well as areas of potential improvement. The 2013 survey resulted in a six unit increase in the company's index score, to 65 (59). Progress has been made in areas like leadership, perceived work-leisure time balance, and skills and development opportunities. In 2014 Diös will be focusing on

## OPERATIONAL RISKS

improving the work environment in order to create the best possible conditions for being a sustainable long-term and attractive employer.

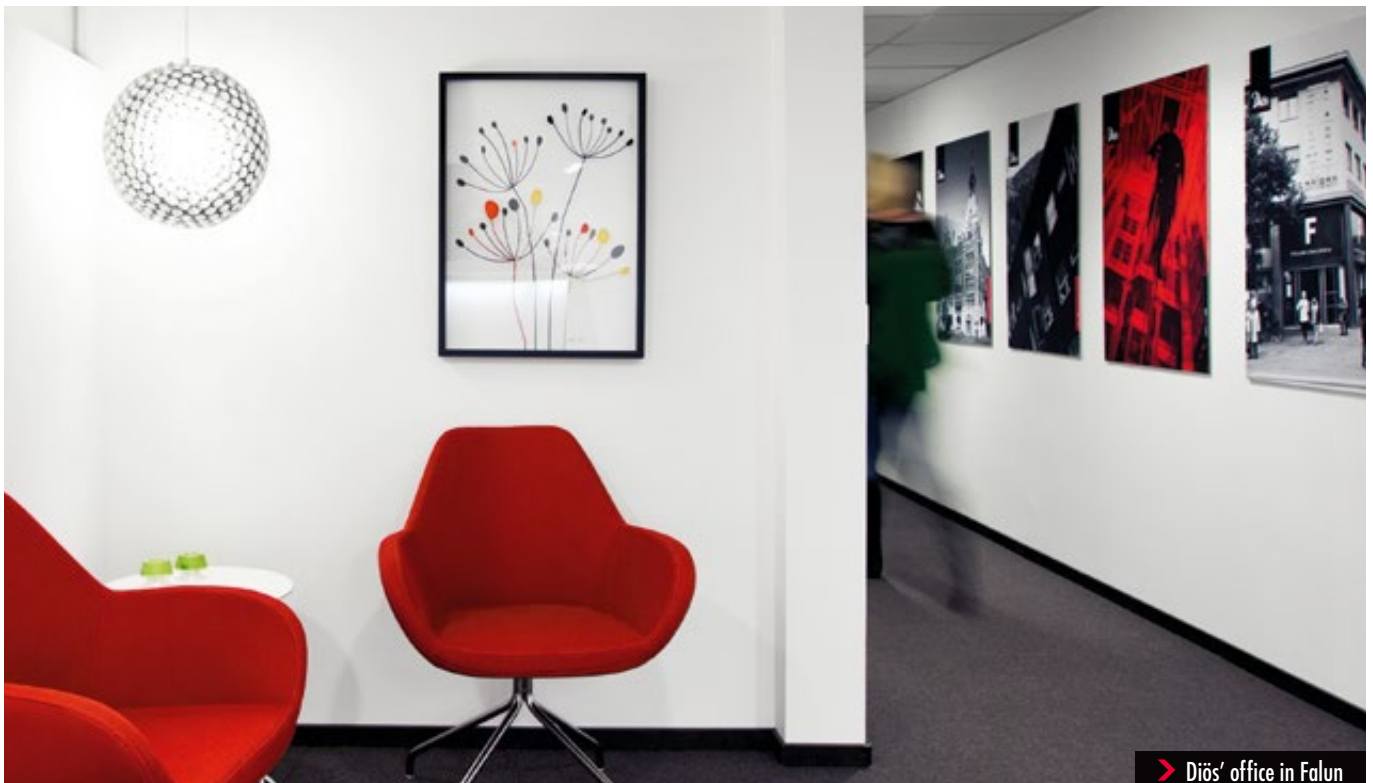
Operational risk refers to the risk of incurring losses due to inadequate or failed processes, human error, faulty systems or external events.

Diös works to identify, assess, monitor and manage operational risks. The assessment is based on what consequences the risks are expected to produce and what the probability of these consequences are. Risk management is based on a set of internal rules, including a standardised work method and control points. The work method is continually developed.

Operational risks can be divided into:

- Administrative risks: Inadequate or inappropriate procedures, poor reporting or control, human errors and skills deficiencies, a poorly defined division of responsibilities.
- IT risks: Malfunctioning computer systems, IT security and the risk of outages.
- Legal risks: Inadequate documentation and poorly written contracts.

Diös' assets and employees are covered by insurance policies to the extent deemed necessary.



➤ Diös' office in Falun



# FINANCIAL STATEMENTS

KORNBOD



# ALLOCATION OF PROFIT AND DIVIDEND

## DIVIDEND

Diös' objective is to distribute at least 50 per cent of the company's profit after tax, excluding unrealised changes in value and deferred tax, to the shareholders in the form of dividends. The Board of Directors proposes that the 2014 Annual General Meeting authorise the payment of a dividend of SEK 2.30 per share. The proposal would mean that 49 per cent of the profit after tax, excluding unrealised changes in value and deferred taxes, is paid out to shareholders.

## PROPOSED ALLOCATION OF PROFIT

The Board of Directors proposes that the available profits in the parent company be distributed as follows:

Retained earnings	SEK 947,946,342
Profit for the year	SEK 51,678,214
<b>Total</b>	<b>SEK 999,624,556</b>
Distributed to ordinary shareholders	SEK 171,877,008
Carried forward	SEK 827,757,548
<b>Total</b>	<b>SEK 999,624,556</b>

At 31 December 2013 the number of registered shares of Diös was 74,729,134. The calculation above is based on the total number of registered shares.

## BOARD OF DIRECTORS' STATEMENT ON THE PROPOSED DIVIDEND

### Diös' financial position

Diös' financial targets, which have been formulated to ensure the financial stability of the company, are:

- an equity ratio of at least 25 per cent in the short term and at least 30 per cent over the longer term.
- an interest coverage ratio of at least 1.8 times.
- a loan-to-value ratio not exceeding 65 per cent.

The financial targets were achieved in 2013, except in respect of the long-term target for the equity ratio. All financial key ratios improved during the year, and the company comfortably meets the financial stability requirements defined by the banks. Diös' equity ratio is 26.8 per cent in the Group and 38.5 per cent in the parent company, as stated in the Annual Report. After the proposed dividend the equity ratio would be 25.8 per cent in the Group and 33.9 per cent in the parent company. The proposed dividend represents 5.3 per cent of consolidated equity and 12.0 per cent of parent company equity.

## Reasoned opinion of the Board of Directors

By reference to the aforesaid the Board of Directors considers that the proposed dividend payment is justifiable in view of the provisions set forth in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act. The nature and scope of the operations do not entail risks to a greater extent than what is normal in the industry. Based on the Board's assessment of the parent company's and Group's financial position, the dividend is justifiable in view of the parent company and consolidated equity requirements arising from the nature, scope and risks of the operations and the consolidation needs, liquidity and position of the parent company and Group.

The Board does not expect that the proposed dividend will affect Diös' ability to meet its short-term and long-term obligations or to make necessary investments. The proposed dividend represents 49 per cent of the consolidated profit after tax, excluding unrealised changes in value and deferred tax, which is in line with the stated objective. The Board of Directors finds there is full coverage for the company's restricted equity after the proposed dividend.

The company and the Group maintain sufficient reserves of cash and cash equivalents in the form of both short-term and long-term credit lines. The lines of credit can be used at short notice, which means that the company and the Group are well prepared for fluctuations in liquidity and unexpected events. The Board of Directors has taken into account all other known circumstances that could have an impact on the financial position of the company and the Group and which have not been taken into account within the scope of the above considerations. In this respect, no circumstances have been found to indicate that the proposed distribution is not justified.

Östersund, 19 March 2014

The Board of Directors of Diös Fastigheter AB (publ)  
CRN 556501-1771



# CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT, SEKm	Note	2013	2012
Revenue	3	1,307	1,331
Property costs	4	–569	–565
<b>Operating surplus</b>		<b>738</b>	<b>766</b>
Central administration	5,6	–58	–60
Restructuring costs	6	–26	–38
Financial income	8	3	1
Financial costs	9	–303	–330
<b>Property management income</b>		<b>354</b>	<b>340</b>
Changes in value, properties	7	–24	189
Changes in value, derivatives		68	–76
<b>Profit before tax</b>		<b>398</b>	<b>452</b>
Current tax	10	–15	–6
Deferred tax	10	–62	–14
<b>PROFIT FOR THE YEAR</b>		<b>321</b>	<b>432</b>
Profit attributable to shareholders of the parent		323	429
Profit attributable to non-controlling interests		–2	3
<b>Total</b>		<b>321</b>	<b>432</b>

STATEMENT OF COMPREHENSIVE INCOME, SEKm	2013	2012
Profit for the year	321	432
<b>Items to be transferred to the income statement</b>		
Hedging reserve/reclassified to income statement	18	–
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>321</b>	<b>444</b>
Comprehensive income attributable to shareholders of the parent	323	441
Comprehensive income attributable to non-controlling interests	–2	3
<b>Total</b>	<b>321</b>	<b>444</b>

DATA PER SHARE	2013	2012
Earnings per share, SEK	4.32	5.73
Average number of shares (thousands)	74,729	74,729
Number of shares at end of year (thousands)	74,729	74,729
Dividend per share, SEK	2.30 <sup>1</sup>	2.30

<sup>1</sup> The Board of Directors' proposal.



# CONSOLIDATED BALANCE SHEET

ASSETS, SEKm	Note	2013	2012
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Investment properties	11	11,823	11,878
Projects in progress		–	3
Intangible fixed assets		4	–
Other tangible fixed assets	12	7	9
<b>Total tangible fixed assets</b>		<b>11,834</b>	<b>11,890</b>
<b>Financial fixed assets</b>			
Shares and interests		6	10
Promissory notes		3	1
<b>Total financial assets</b>		<b>9</b>	<b>11</b>
<b>Total fixed assets</b>		<b>11,843</b>	<b>11,901</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade receivables	15	10	17
Other receivables		53	124
Prepaid expenses and accrued income		28	31
<b>Total current receivables</b>		<b>91</b>	<b>172</b>
Cash on hand and demand deposits		121	120
<b>Total current assets</b>		<b>212</b>	<b>292</b>
<b>TOTAL ASSETS</b>		<b>12,055</b>	<b>12,193</b>

EQUITY AND LIABILITIES, SEKm	Note	2013	2012
<b>Equity<sup>1</sup></b>	16		
Share capital		149	149
Capital contributed		1,820	1,820
Retained earnings		1,266	1,117
<b>Total equity</b>		<b>3,235</b>	<b>3,086</b>
<b>Non-current liabilities</b>			
Deferred tax liability	14	655	593
Other provisions	17	9	9
Liabilities to credit institutions	18	7,657	7,885
<b>Total non-current liabilities</b>		<b>8,321</b>	<b>8,488</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities		7	7
Trade payables		89	79
Other liabilities		114	223
Accrued expenses and deferred income	19	289	310
<b>Total current liabilities</b>		<b>499</b>	<b>619</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,055</b>	<b>12,193</b>

PLEDGED ASSETS AND CONTINGENT LIABILITIES, SEKm	2013	2012
<b>Pledged assets</b>		
For own liabilities		
Shares in subsidiaries	1,872	1,640
Floating charges	239	239
Real estate mortgages	8,880	9,086
<b>Total pledged assets</b>	<b>10,991</b>	<b>10,965</b>
<b>Contingent liabilities</b>		
Other contingent liabilities	1	1
<b>Total contingent liabilities</b>	<b>1</b>	<b>1</b>

<sup>1</sup> Statement of changes in equity, see page 48

# CONSOLIDATED

## STATEMENT OF CHANGES IN EQUITY

SEKm	Number of out- standing shares (thousands)	Share capital	Capital contributed	Hedging reserve <sup>1</sup>	Retained earnings	Total equity
<b>EQUITY 31 DECEMBER 2011</b>	<b>74,729</b>	<b>149</b>	<b>1,820</b>	<b>-12</b>	<b>767</b>	<b>2,724</b>
Hedging reserve/reclassified to income statement				12		12
Profit for the year after tax					428	428
<b>Comprehensive income for the year</b>				<b>12</b>	<b>428</b>	<b>440</b>
Cash dividend					-82	-82
Repurchase of shares					-17	-17
Sale of own shares					18	18
Proportion of equity held by non-controlling interests					3	3
<b>EQUITY 31 DECEMBER 2012</b>	<b>74,729</b>	<b>149</b>	<b>1,820</b>	<b>-</b>	<b>1,117</b>	<b>3,086</b>
Profit for the year after tax					323	323
<b>Comprehensive income for the year</b>					<b>323</b>	<b>323</b>
Cash dividend					-172	-172
Proportion of equity held by non-controlling interests					-2	-2
<b>EQUITY 31 DECEMBER 2013</b>	<b>74,729</b>	<b>149</b>	<b>1,820</b>	<b>-</b>	<b>1,266</b>	<b>3,235</b>

<sup>1</sup> Since 30 September 2012, the hedging reserve is transferred to the income statement in its entirety.





# CONSOLIDATED CASH FLOW STATEMENT

SEKm	Note	2013	2012
<b>Operating activities</b>			
Property management income		354	340
Adjustments for non-cash items, etc. <sup>1</sup>		3	40
Tax paid		-15	-6
<b>Operating cash flow before change in working capital</b>		<b>342</b>	<b>374</b>
<b>Change in working capital</b>			
Decrease (+)/increase (-) in receivables		72	8
Decrease (-)/increase (+) in liabilities		-80	-69
<b>Total change in working capital</b>		<b>-8</b>	<b>-61</b>
<b>Operating cash flow</b>		<b>334</b>	<b>313</b>
<b>Investing activities</b>			
Investment in financial fixed assets		2	-
Proceeds from sale of property, plant and equipment		309	26
Acquisition of intangible fixed assets		-4	-
Acquisition of property, plant and equipment <sup>2</sup>		-239	-133
<b>Investing cash flow</b>		<b>68</b>	<b>-107</b>
<b>Financing activities</b>			
Dividend		-172	-82
Change in borrowings		-229	-108
<b>Financing cash flow</b>		<b>-401</b>	<b>-190</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>1</b>	<b>16</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>120</b>	<b>104</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR<sup>3</sup></b>		<b>121</b>	<b>120</b>

<sup>1</sup> Non-cash flow items.

Depreciation of tangible fixed assets	3	3
Accrued interest and similar items	-	37
<b>Reported value at end of year</b>	<b>3</b>	<b>40</b>

<sup>2</sup> Acquisitions of tangible asset via companies have been reduced by the liabilities assumed and the portion of the payment comprising the value of own shares.

<sup>3</sup> Cash and cash equivalents comprise cash on hand and demand deposits

# PARENT COMPANY

## INCOME STATEMENT

INCOME STATEMENT, SEKm	Note	2013	2012
Net sales	3	105	12
<b>Gross profit</b>		<b>105</b>	<b>12</b>
Central administration	5	-148	-53
Restructuring costs	6	-26	-17
<b>Operating profit</b>		<b>-69</b>	<b>-58</b>
Financial income	8	230	163
Financial costs	9	-109	-104
Current tax	10	-	-
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>52</b>	<b>1</b>

STATEMENT OF COMPREHENSIVE INCOME, SEKm	2013	2012
Profit after tax	52	1
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>52</b>	<b>1</b>

DATA PER SHARE	2013	2012
Earnings per share, SEK	0.70	0.02
Average number of shares (thousands)	74,729	74,729
Number of shares at end of year (thousands)	74,729	74,729
Dividend per share, SEK	2.30 <sup>1</sup>	2.30

<sup>1</sup> The Board of Directors' proposal.



# PARENT COMPANY

## BALANCE SHEET

ASSETS, SEKm	Note	2013	2012
<b>Fixed assets</b>			
<b>Tangible assets</b>			
Projects in progress		5	2
Other tangible fixed assets	12	1	1
<b>Total tangible fixed assets</b>		<b>6</b>	<b>3</b>
<b>Financial fixed assets</b>			
Investments in Group companies	13	171	171
Receivables from Group companies		3,341	3,384
<b>Total financial assets</b>		<b>3,512</b>	<b>3,555</b>
<b>Total fixed assets</b>		<b>3,518</b>	<b>3,558</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies		187	41
Other receivables		10	21
Prepaid expenses and accrued income		–	14
<b>Total current receivables</b>		<b>197</b>	<b>76</b>
Cash on hand and demand deposits		10	–
<b>Total current assets</b>		<b>207</b>	<b>76</b>
<b>TOTAL ASSETS</b>		<b>3,725</b>	<b>3,634</b>

EQUITY AND LIABILITIES, SEKm	Note	2013	2012
<b>Equity<sup>1</sup></b>			
<b>Restricted equity</b>			
Share capital	16	149	149
Statutory reserve		285	285
<b>Total restricted equity</b>		<b>434</b>	<b>434</b>
<b>Unrestricted equity</b>			
Share premium reserve		1,492	1,492
Retained earnings		–544	–373
Profit for the year		52	1
<b>Total unrestricted shareholders' equity</b>		<b>1,000</b>	<b>1,120</b>
<b>Total equity</b>		<b>1,434</b>	<b>1,554</b>
<b>Non-current liabilities</b>			
Liabilities to Group companies		710	415
Liabilities to credit institutions	18	1,476	1,485
<b>Total non-current liabilities</b>		<b>2,186</b>	<b>1,900</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities		7	7
Liabilities to Group companies		58	125
Overdraft facilities		–	27
Trade payables		7	5
Other liabilities		5	1
Accrued expenses and deferred income	19	28	15
<b>Total current liabilities</b>		<b>105</b>	<b>180</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,725</b>	<b>3,634</b>

PLEGGED ASSETS AND CONTINGENT LIABILITIES, SEKm	2013	2012
<b>Pledged assets</b>		
For own liabilities		
Shares in subsidiaries	84	84
Non-current receivables in Group companies	2,593	2,593
<b>Total pledged assets</b>	<b>2,677</b>	<b>2,677</b>
<b>Contingent liabilities</b>		
Other contingent liabilities	1	–
<b>Total contingent liabilities</b>	<b>1</b>	<b>–</b>

<sup>1</sup> Statement of changes in equity, see page 52.



# PARENT COMPANY

## STATEMENT OF CHANGES IN EQUITY

SEKm	Number of out- standing shares (thousands)	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Total equity
<b>EQUITY 31 DECEMBER 2011</b>	<b>74,729</b>	<b>149</b>	<b>285</b>	<b>1,492</b>	<b>-291</b>	<b>1,635</b>
Profit for the year after tax					1	1
<b>Comprehensive income for the year</b>					<b>1</b>	<b>1</b>
Cash dividend					-82	-82
Repurchase of shares					-17	-17
Sale of own shares					17	17
<b>EQUITY 31 DECEMBER 2012</b>	<b>74,729</b>	<b>149</b>	<b>285</b>	<b>1,492</b>	<b>-372</b>	<b>1,554</b>
Profit for the year after tax					52	52
<b>Comprehensive income for the year</b>					<b>52</b>	<b>52</b>
Cash dividend					-172	-172
<b>EQUITY 31 DECEMBER 2013</b>	<b>74,729</b>	<b>149</b>	<b>285</b>	<b>1,492</b>	<b>-492</b>	<b>1,434</b>



# PARENT COMPANY

## CASH FLOW STATEMENT

SEKm	Note	2013	2012
<b>Operating activities</b>			
Operating profit/loss		-69	-58
Adjustments for non-cash items, etc. <sup>1</sup>		1	1
Interest received		160	151
Interest paid		-108	-111
<b>Operating cash flow before change in working capital</b>		<b>-16</b>	<b>-17</b>
<b>Change in working capital</b>			
Decrease (+)/increase (-) in receivables		-51	-8
Decrease (-)/increase (+) in liabilities		-50	66
<b>Total change in working capital</b>		<b>-101</b>	<b>58</b>
<b>Operating cash flow</b>		<b>-117</b>	<b>41</b>
<b>Investing activities</b>			
Change in long-term receivables		44	-8
Purchases of tangible fixed assets		-4	-2
<b>Investing cash flow</b>		<b>40</b>	<b>-10</b>
<b>Financing activities</b>			
Dividend		-172	-82
Change in borrowings		286	-24
<b>Financing cash flow</b>		<b>114</b>	<b>-106</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>37</b>	<b>-75</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>-27</b>	<b>48</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR<sup>2</sup></b>		<b>10</b>	<b>-27</b>
<i>1 Non-cash flow items.</i>			
<i>Depreciation of tangible fixed assets</i>		<i>1</i>	<i>1</i>
<i>Reported value at end of year</i>		<i>1</i>	<i>1</i>

<sup>2</sup> Cash and cash equivalents comprise cash on hand and demand deposits.

## NOTE 1 >>> ACCOUNTING POLICIES

### GENERAL INFORMATION

The Annual Report and the consolidated financial statements were approved and authorised by the Board of Directors for publication on Diös' website on 21 March 2014. The consolidated and parent company income statements and balance sheets will be presented for approval at the Annual General Meeting on 28 April 2014. Diös Fastigheter AB (publ) (CRN 556501-1771) is a Swedish-registered public limited company with its headquarters in Östersund in the county of Jämtland. The address of the Head Office is Ringvägen 4, Östersund. The postal address is Box 188, SE-831 22, Östersund, Sweden.

### OPERATIONS

The Diös Fastigheter Group of companies was formed in April 2005 with the objective of acquiring, managing, improving and selling real estate. Its business activities are concentrated in the area north of Dalälven. Diös' general objective is to create good profitability in its property holding and thereby give its shareholders a sustainably high and stable return. Over the year, its operations were geographically divided into six market areas - Dalarna, Gävleborg, Västernorrland, Jämtland, Västerbotten and Norrbotten - with each market area constituting an administrative district. The staff in each area have operational responsibility for the properties and customer contacts in the market area. The goal is to use efficient, market-oriented property management strategies to create long-term tenant relationships and, through dialogues with clients, offer customised premises in well-maintained, cost-effective properties. In addition to the Managing Director, the parent company, Diös Fastigheter AB, includes the Group-wide functions of finance, valuation/analysis and market/information.

### BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards (IFRS) and interpretations of these as they have been adopted by the European Union. Furthermore, the consolidated financial statements have been prepared in accordance with Swedish law and the Swedish Financial Reporting Board's recommendation RFR 1, "Supplementary Accounting Regulations for Groups". The accounts have been prepared under the historical cost convention, except for investment properties and derivative instruments which are measured at fair value. The parent company's Annual Report has been prepared in conformity with Swedish law and the Swedish Financial Reporting Board's recommendation RFR 2, "Accounting for Legal Entities".

The recommendation states that a legal entity shall apply the IFRS, including interpretations from IFRIC/SIC, with exceptions for legislative provisions of the Swedish Annual Accounts Act and taking into account the relationship between accounting and taxation. The parent company applies the same recognition and measurement standards as the consolidated financial statements with the following exceptions. Derivative instruments are not measured at fair value in the parent company. Property, plant and equipment is recognised at cost less accumulated depreciation and impairment. The carrying amount increases for these in the balance sheet provided that requirements for revaluation exist.

Shares in subsidiaries are recognised using the cost method where the carrying amount is continually reviewed against the subsidiaries' consolidated equity. In cases where the carrying amount exceeds the consolidated value, the resulting impairment is charged to the income statement. Impairment loss is reversed when it is no longer justified. Acquisition-related costs for subsidiaries, which are recognised as an expense in the consolidated financial statements, are included as part of the cost of investments in subsidiaries. Group contribution is recognised as financial income by the recipient and as financial cost by the contributor. Any subsequent impact on tax is recognised as current tax. Shareholder contributions are recognised by the contributor as an increase in shares in subsidiaries and by the recipient as an increase in unrestricted equity.

### NEW AND AMENDED STANDARDS AND INTERPRETATIONS IN 2013

As of the financial year 2013 the Group applies the amendments to IAS 1 Presentation of Financial Statements, the amendments to IAS 19 Employee Benefits, IFRS 13 Fair Value Measurement and the amendments to IFRS 7 Financial Instruments: Disclosures.

The amendment to IAS 1 requires disclosures of other comprehensive income as items that will be transferred to the income statement and items that will not be transferred to the income statement. Diös' application of the amended IAS 1 standard is presented in the consolidated income statement.

The amendment to IAS 19 Employee Benefits affects the reporting of termination benefits. However, this has not had any effect on Diös' financial statements.

The new IFRS 13 standard is used when measuring the fair value of both financial and non-financial items. It supersedes previous guidance in the standard with regard to fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date ("the exit price"). IFRS 13 is to be applied prospectively starting with the financial statements for 2013. The adoption of IFRS 13 has not

had any effect on the Group's financial position or performance with regard to valuation of the Group's investment properties or financial instruments. IFRS 13 requires additional quantitative and descriptive disclosures in the Annual Report about fair value measurements.

The amendments to IFRS 7 require additional disclosures to be made with regard to offsetting financial assets and financial liabilities.

Other new or revised IFRS standards and IFRIC interpretations that became effective on 1 January 2013 have not had a material impact on the financial statements of the Group.

Diös has chosen to apply the amendments to IAS 36, under which disclosures of recoverable amounts only need to be made in connection with impairment.

### PARENT COMPANY

As of the financial year 2013 the parent company applies an amendment to RFR 2 under which Group contributions received are reported as financial income and Group contributions paid are reported as an increase in interests in Group companies. Under an amendment to RFR 2 concerning contingent liabilities, all sureties are recognised as a contingent liability irrespective of the probability of future outflows.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In order to be able to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) and generally accepted accounting practice, management is required to make estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets, liabilities, income and expense in the next financial year. These estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances. The actual results may differ from these estimates if other assumptions are made or other factors exist. Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made, if the change affects that period only, or in the period in which the change is made and future periods if the change affects both the present and future periods. The estimates of the value of investment properties have a significant risk of causing a material adjustment to Group revenue and financial position. The valuation requires an estimation of the future cash flows and also the selection of appropriate discount rates. Details of the estimates and assumptions in respect of the current year are given in Note 11.

### OPERATING SEGMENTS

The financial and operating performance of the identifiable operating segments are reviewed by the chief operating decision maker who, in Diös, is the Managing Director and CEO. The Group's management and financial structure is grouped into six segments. Operationally, the Group is organised into geographic market areas and the internal reporting systems are structured with a view to monitoring the returns generated in each market area. A geographic breakdown thus constitutes the primary basis of division. The company's operations are also monitored based on property type.

The accounting policies applied for segment reporting are consistent with those applied by the Group. Segment information is only provided for the Group.

### CLASSIFICATION

Fixed assets and long-term liabilities consist, in all material respects, exclusively of amounts that are expected to be recovered or paid later than twelve months from the balance sheet date. Current assets and current liabilities consist, in all material respects, exclusively of amounts that are expected to be recovered or paid within twelve months of the balance sheet date.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include both the parent company and the subsidiaries in which the parent holds a direct or indirect controlling interest. Controlling interest exists when the parent company can govern the financial and operating policies of a subsidiary so as to obtain economic benefits from its activities. Control exists when the parent owns, directly or indirectly, half or less of the voting power of an entity. In addition to the parent company, the Group comprises the subsidiaries and associated sub-groups specified in Note 13. The annual accounts are based on reports and statements that have been prepared for all Group companies as at 31 December 2013. The results of subsidiaries acquired in the year are included in the consolidated income statement from the effective date of acquisition. The results of subsidiaries disposed of in the year are included in the consolidated income statement up to the date of disposal. All inter-company transactions with regard to assets, liabilities, income and expense are eliminated on consolidation. Business combinations are accounted for using the acquisition method. Under the acquisition method, assets acquired and liabilities assumed are measured at their fair values at their acquisition date, which is the date on which the acquirer obtains control of the acquired entity. Transaction costs relating to the acquisition are not included in the cost of acquisition of the subsidiary. The difference between the cost of the acquisition, the amount of any non-controlling interest and the fair value of any previous equity interest and the fair value of the identifiable assets acquired and liabilities assumed and any contingent liabilities is recorded as goodwill. Negative difference is





## CONT. NOTE 1 >>> ACCOUNTING POLICIES

recognised directly in the income statement. For each acquisition, the non-controlling interests are either carried at fair value or according to the proportion of the net assets acquired. Additional consideration is recognised at estimated fair value with subsequent changes recognised in the income statement. Business combination achieved in stages (step acquisition) is measured at fair value on the date when control is obtained. Gain or loss resulting from remeasurement of previously held equity interest, before control was obtained, is recognised in the income statement. Increases or decreases in ownership interest are treated as changes in equity if control of the subsidiary is maintained. Non-controlling interests are recognised in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Non-controlling interests are presented in the consolidated income statement and comprehensive income statement and are recognised separately from the parent company's income statement and comprehensive income statement as an allocation of the total profit or loss for the period.

### REVENUE

Revenue is recognised in the income statement when the significant risks and rewards of goods and services have been passed to the buyer. Revenue is not recognised if there are significant uncertainties regarding payment, associated costs or risks, and if the seller retains involvement in the day-to-day management that is normally associated with the ownership.

Revenue comprises the fair value of the consideration received or receivable. Under IAS 17, Diös' leases are classified as operating leases. The rental income is recognised on a straight-line basis over the term of the lease. This means that only the portion of the rental income relevant to the current period is recognised. Rentals invoiced in advance are thus recognised as deferred rental income. Any payment in connection with premature termination of a lease is recognised immediately as income provided there are no remaining obligations towards the lessee. Discounts on leases are recognised on a straight-line basis over the term of the lease. Revenue from sales of properties is recognised on the date of takeover unless the risks and rewards of ownership have already been transferred. If control of the asset has already been transferred, the sale of the property is recognised in income at this earlier date. Income from the sale of property is recognised as the difference between the sale price received, less any costs directly related to the sale, and the latest fair value estimate, plus any improvements made since the last valuation. Interest income is calculated on the basis of the number of days outstanding, current asset balance and the interest rate prevailing at the time. Revenue is reported for the period in which the revenue is earned.

### CENTRAL ADMINISTRATION

Central administration includes costs for general administration and group-wide activities. Parent company costs for Group management, human resources, data, marketing activities, investor relations, audit fees, financial statements and the expense of maintaining a stock exchange listing are included in central administration. Central administration also includes depreciation of other property, plant and equipment. See Note 12.

### FINANCIAL COSTS

Financial costs relates to interest and other costs incurred in connection with borrowings. Costs for registration of mortgage deeds are not considered financial costs, but are disclosed on the balance sheet as investment properties. Financial costs is recognised in the period in which it is incurred. Financial costs also includes costs for interest rate derivative contracts. Flows of payments under these contracts are recognised in the period in which they are incurred.

### FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost or fair value depending on their initial classification. For financial assets and liabilities carried at amortised cost, transaction costs are included at fair value. The company should recognise a financial asset or financial liability on its balance sheet when it becomes a party to the contractual provisions of the instrument. The company should derecognise a financial asset from its balance sheet when it realises the rights to benefits specified in the contract, the rights expire or the company loses control of the contractual rights. The company should derecognise a financial liability from its balance sheet when the obligation specified in the contract is discharged, cancelled or otherwise expires. The same applies to part of a financial liability. Unless otherwise stated in a note, the carrying amount of all financial assets and liabilities is considered to be a good approximation of their fair values. Derivative instruments are recognised on the trade date. Spot purchases and sales of financial assets are recognised on the settlement date. The fair values of derivative instruments are determined using discounted future cash flows, with quoted market rates for the term of each instrument. The future cash flows of the derivative portfolio are calculated as the difference between the fixed rate agreed by the respective derivative contracts and the implied STIBOR reference rate for each period. The present

value of the consequential interest flows are determined using the implied STIBOR curve. The option component of the callable swaps in the portfolio has not been assigned a value, as cancellation does not have an impact on Diös' income. The issuer decides whether to cancel the swap or not. The fair values of borrowings are determined using discounted future cash flows, with quoted market rates for each term. Shares and participations are classified as "Available-for-sale financial assets". These are measured at fair value with changes in value recognised in equity. These shares have been measured at cost as Diös was not able to reliably determine their market value.

Receivables are carried at amortised cost less impairment. Trade receivables are recognised in the balance sheet when the invoice is sent. They are measured at the lower of cost and net realisable value at their nominal amount and are not discounted as they are considered to have a short duration. Doubtful receivables are determined individually. Cash and cash equivalents comprise cash on hand and deposits held at call with banks that are categorised as "Loans and receivables". Recognition is subsequently measured at amortised cost. Because bank deposits are payable on demand, amortised cost corresponds to nominal value.

Trade payables and other liabilities are recognised when the counterpart has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognised in the balance sheet when an invoice has been received and are valued at nominal value without discounting as they are considered to have a short duration. Loans are carried at amortised cost less allowances for any debt reductions.

Interest, dividends, changes in value relating to financial instruments are recognised as income or expense in the income statement. If the company declares distributions to equity holders, these are recognised directly in equity, taking into account any income tax consequences. Derivative instruments are recognised and measured in the balance sheet at fair value. Derivative instruments that have a positive market value are recognised as other current receivables and derivative instruments that have a negative market value are recognised as other current liabilities.

Equity instruments that are issued by the company are recognised at the consideration received less transaction costs.

### EQUITY

When the company repurchases its own shares, the company's equity is reduced by the amount of consideration paid for the shares plus any transaction costs.

Pursuant to the decision of the Annual General Meeting, dividends are recognised as a decrease in equity. The calculation of earnings per share is based on the Group's net earnings for the year attributable to the parent company's shareholders and on the average number of outstanding shares during the year.

### TANGIBLE FIXED ASSETS

#### INVESTMENT PROPERTIES

Investment properties are real estate that is held for the purpose of generating income from rent or lease, or from an increase in value, or a combination of the two. On the balance sheet date, Diös' property holding consists solely of investment properties. The properties are recognised in the balance sheet at fair value based on the valuation performed. Their fair values are subsequently remeasured during the year at quarterly intervals on the basis of external and internal valuations. The changes in value is recognised in the income statement under changes in value on properties. The fair values are based on the market values. These are the estimated sale prices of the properties as agreed upon between a willing and well-informed buyer and seller under usual and ordinary circumstances. No deductions are made for the selling transaction costs. The cost of acquisition comprises the purchase price and costs directly attributable to the acquisition. Other costs that add value are capitalised for properties undergoing major new construction, extension, refurbishment or conversion work. This means that repair and maintenance costs are expensed in the period in which they are incurred. Estimates are conducted continuously throughout the year to ascertain how far ongoing investment projects have progressed, value-adding expenditure is carried forward, other expenditure is charged to the current year's profit and loss account. The changes in value is recognised in the income statement. Transactions concerning the acquisition of properties or companies are normally reported on the takeover date since that is the date on which the risks and rewards associated with ownership are usually passed on. For sales see Revenue.

#### OTHER TANGIBLE FIXED ASSETS

Other tangible fixed assets is recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the company and the cost of the asset can be measured reliably. Other tangible fixed assets is recognised in the balance sheet at cost less accumulated depreciation and impairment. Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Subsequent expenditure is added to the cost to the extent that it improves the performance of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

## CONT. NOTE 1 >>> ACCOUNTING POLICIES

Scheduled depreciation is based on the original cost of the asset and, where applicable, taking into account other costs that add value and write-ups and write-downs. Items are depreciated on a straight-line basis over the estimated useful life of the asset. The date on which the depreciation starts is the date of acquisition.

The following percentages are applied:

Parent company and Group	
Equipment and vehicles	10–20 %
Office equipment	20 %
Computers	33 %

### EMPLOYEE BENEFITS

Short-term employee benefits include salaries, paid annual leave, paid sick leave and social security contributions. These are recognised as the employees perform the work that entitles them to such benefits.

### PENSIONS

Pensions and other post-employment benefits can be classified as defined contribution or defined benefit pension schemes. Diös only operates defined contribution pension schemes. Its legal or constructive liability is thus limited to the amount that the company is contractually required to contribute to the scheme. This means that the amount of retirement benefits provided to an employee will depend on the contributions that the company pays to the scheme, or to an insurance company, and the investment returns from the contributions. Hence, it is the employee who bears the actuarial risk and investment risk. The commitment to retirement and occupational pensions is covered by insurance with Alecta. In compliance with current regulations, these are classified as defined benefit ITP plans, which are covered by several employers.

Where there is insufficient information to account for them as defined benefit schemes, they are accounted for as defined contribution schemes. Obligations in respect of contributions to defined contribution schemes are recognised in the income statement as an expense as incurred.

### TERMINATION BENEFITS

Termination benefits are recognised as a liability. They are only recognised as an expense when the company is demonstrably committed to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The benefits in connection with voluntary redundancy are calculated on the basis of the number of employees expected to accept the offer.

### RELATED PARTIES

IAS 24, Related Party Disclosures requires the disclosure of related-party transactions and outstanding balances. A party is related to an entity if the party directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with the entity. A party is related to an entity if the party has an interest in the entity that gives it significant influence or joint control over the entity. This includes parents, subsidiaries and affiliated companies.

A party is also related to an entity if the party is an associate of the entity, a joint venture in which the entity is a venturer, a key individual in a senior position in the entity or its parent, a close member of the family of any individual defined as a related party, an entity that is controlled, jointly controlled or significantly influenced by a key individual in a senior position in the entity or close family. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but without control over those policies. Significant influence may be gained by share ownership, statute or agreement. Key individuals in senior positions are those persons with the authority and responsibility for directly or indirectly planning, managing and controlling the operations of a company. Close members of the family of a person are the person's children and spouse or domestic partner, the children of that person's spouse or domestic partner, and dependants of that person or that person's spouse or domestic partner.

### TAX

The Company and the Group apply the measurement principles of IAS 12, Income Taxes. Aggregate tax is current and deferred tax. Tax is recognised in the income statement, unless it arises from transactions recognised in other comprehensive income or directly in equity, in which case any related tax effects are also recognised directly in equity. Current tax is the amount of tax the company is liable to pay in respect of the taxable profit (loss) for the year, including adjustments of any current tax pertaining to earlier periods. Diös uses the balance sheet method to calculate deferred tax, where deferred tax is recognised on all temporary differences, except to the extent that the deferred tax is attributable to the initial recognition of goodwill or an asset or liability arising from a transaction that is not a business combination and

at the time of acquisition affects neither recognised profit nor taxable profit. These amounts are calculated based on how the temporary differences are expected to be settled and using the tax rates and tax regulations that have been enacted or announced on the balance sheet date. Deferred taxes are measured using the tax rates and tax regulations enacted or substantively enacted on the balance sheet date.

Deferred tax assets are recognised for deductible temporary differences and loss carryforwards only to the extent that it is probable that they will result in lower tax payments in the future. Deferred tax assets are reduced to the extent that it is no longer probable that a sufficient taxable benefit will arise.

### CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method, which means that net earnings have been adjusted for transactions not involving receipts and payments during the period, and for any income and expense associated with investing or financing cash flows.

### NEW STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board (IASB) has issued a number of new and amended standards and interpretations which are effective from the beginning of the 2014 financial year. These have not been applied when preparing the 2013 consolidated financial statements.

The IASB has issued the following new and amended standards, which have not yet been approved for application in the European Union: IFRS 9 Financial Instruments including subsequent amendments and IFRS 7 Financial Instruments: Disclosures and IAS 39 Financial Instruments: Recognition and Measurement (application not confirmed), improvements to IFRSs 2010–2012 improvements to IFRSs 2011–2013 applicable from 1 July 2014 or later, amendments to IAS 19 Employee Benefits applicable from 1 July 2014 or later and IFRS 14 Regulatory Deferral Accounts applicable from 1 January 2016 or later.

The IASB has also issued the following standards and amendments, which have been approved for use within the European Union. IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Ventures, IFRS 12 Disclosure of Interests of Other Entities and amendments to IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates (all with effect for accounting periods beginning on or after 1 January 2014). Amendments to IFRS 10, IFRS 11 and IFRS 12 (Transitional requirements), Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27), with effect for accounting periods beginning on or after 1 January 2014. Changes have also been made to IAS 32 Financial Instruments: Classification and IAS 39 Financial Instruments: Recognition and Measurement (1 January 2014).

IFRS Interpretation Committee has published IFRIC 21 Levies, which comes into force on 1 January 2014.

IFRS 9 requires all recognised financial assets that are currently within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated at fair value through profit or loss) attributable to changes in the credit risk of that liability.

IFRS 10 Consolidated Financial Statements replaces parts of IAS 27 Consolidated and Separate Financial Statements, which focuses on when and how a holding company should prepare consolidated financial statements, and SIC-12, which addresses the issue of when a special purpose entity (SPE) should be consolidated. The objective of IFRS 10 is to have a single basis for consolidation for all types of investment entities. Under IFRS 10, the only basis for consolidation is control.

IFRS 11 Joint Arrangements supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers. IFRS 11 classifies "joint arrangements" as either "joint operations" or "joint ventures". The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. In accordance with IFRS 11, an investment in a joint venture shall be accounted for using the equity method. Proportional consolidation is no longer an acceptable accounting practice for joint ventures.

The objective of IFRS 12 Disclosure of Interest in Other Entities is for an entity to disclose information about its interests in unconsolidated subsidiaries, joint arrangements, associates and structured entities.

IFRIC 12 Levies deals with the accounting of levies and taxes (which are not income taxes) charged by the government or similar bodies on the company. The interpretation clarifies when a liability for such levies and taxes should be recognised. The obligating event triggering the obligation to pay the levy or tax is the event which determines that liability must be recognised.

In the opinion of the management, the application of IFRS 9 may affect the reported amounts in the financial statements for the Group's financial assets and liabilities. Management has not yet conducted a thorough analysis of the implications of adopting IFRS 9 and is therefore as yet unable to quantify the effects.

Management is currently analysing the implications of other new standards and amendments and a preliminary assessment is that these will not have a material impact on the financial statements of the Group.


**NOTE 2 >>> SEGMENT REPORTING 2013**

By market area, SEKm	Dalarna	Gävleborg	Jämtland	Västernorrland	Västerbotten	Norrbottn	Diös Group
Rental income	251.2	188.6	286.8	273.5	146.9	144.8	1,291.9
Other revenue	4.1	0.9	1.8	3.2	0.8	4.4	15.1
Repairs and maintenance	-21.1	-10.0	-21.4	-19.9	-9.7	-5.3	-87.5
Tariff-based costs	-39.5	-28.0	-52.5	-49.7	-22.8	-16.2	-208.7
Property tax	-11.5	-9.6	-13.9	-13.6	-7.1	-7.9	-63.7
Other property costs	-28.3	-21.3	-32.9	-38.5	-15.8	-16.6	-153.2
Property management	-6.7	-6.7	-13.3	-15.5	-5.0	-8.9	-56.1
<b>Operating surplus</b>	<b>148.2</b>	<b>113.9</b>	<b>154.6</b>	<b>139.5</b>	<b>87.3</b>	<b>94.3</b>	<b>737.8</b>
<b>Undistributed items</b>							
Central administration	-	-	-	-	-	-	-57.9
Restructuring costs	-	-	-	-	-	-	-25.9
Net financial items	-	-	-	-	-	-	-299.8
<b>Property management income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>354.2</b>
<b>Changes in value</b>							
Property, realised	-	-	0.6	8.6	0.3	1.9	11.3
Property, unrealised	-35.4	8.8	9.6	-71.2	4.7	48.1	-35.4
Interest-rate derivatives	-	-	-	-	-	-	67.8
<b>Profit before taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>397.9</b>
Current tax	-	-	-	-	-	-	-15.2
Deferred tax	-	-	-	-	-	-	-61.9
Non-controlling interests	-	-	-	-	-	-	2.0
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>322.8</b>
Leasable area, sq.m.	263,032	253,509	338,654	294,600	177,031	120,075	1,446,900
Construction, extension, conversion investments, SEKm	67.0	33.1	69.7	41.0	16.3	39.4	266.5
Carrying amount, SEKm	2,410.5	1,696.9	2,789.9	2,199.7	1,303.3	1,422.4	11,822.7
Rental value, SEKm	276.6	214.5	333.0	313.5	160.4	158.5	1,456.6
Economic occupancy rate, %	90.8	87.9	86.2	87.2	91.6	91.3	88.7
Surplus ratio, %	59.0	60.4	53.9	51.0	59.4	65.1	57.1



**CONT. NOTE 2 >>> SEGMENT REPORTING 2012**

By market area, SEKm	Dalarna	Gävleborg	Jämtland	Västernorrland	Västerbotten	Norrbottn	Diös Group
Rental income	253.9	184.6	286.5	283.3	149.8	142.2	1,300.2
Other revenue	6.1	4.1	3.6	9.2	0.7	7.4	31.1
Repairs and maintenance	-15.7	-14.2	-20.8	-22.5	-9.7	-7.2	-90.1
Tariff-based costs	-41.4	-27.5	-51.9	-52.4	-21.9	-17.5	-212.7
Property tax	-10.6	-9.1	-13.3	-12.7	-7.1	-6.6	-59.4
Other property costs	-26.1	-20.5	-36.0	-34.2	-14.6	-16.3	-147.6
Property management	-4.8	-7.1	-15.5	-13.1	-4.4	-10.3	-55.3
<b>Operating surplus</b>	<b>161.3</b>	<b>110.3</b>	<b>152.5</b>	<b>157.6</b>	<b>92.7</b>	<b>91.8</b>	<b>766.2</b>
<b>Undistributed items</b>							
Central administration	-	-	-	-	-	-	-60.0
Restructuring costs	-	-	-	-	-	-	-37.9
Net financial items	-	-	-	-	-	-	-328.5
<b>Property management income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>339.8</b>
<b>Changes in value</b>							
Property, realised	4.5	-	1.2	2.2	1.0	-	8.9
Property, unrealised	59.8	-17.0	22.9	28.7	41.2	44.0	179.6
Interest-rate derivatives	-	-	-	-	-	-	-76.3
<b>Profit before taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>452.0</b>
Current tax	-	-	-	-	-	-	-6.2
Deferred tax	-	-	-	-	-	-	-14.2
Non-controlling interests	-	-	-	-	-	-	-3.1
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>428.5</b>
Leasable area, sq.m.	263,032	253,509	341,489	330,631	178,736	137,343	1,504,738
Construction, extension, conversion investments, SEKm	34.7	27.9	41.7	31.7	6.5	9.4	151.9
Carrying amount, SEKm	2,378.9	1,655.0	2,710.6	2,462.7	1,286.6	1,383.8	11,877.6
Rental value, SEKm	278.4	210.7	326.1	327.6	161.9	159.5	1,464.3
Economic occupancy rate, %	91.2	87.6	87.8	86.5	92.5	89.2	88.8
Surplus ratio, %	63.5	59.8	53.2	55.6	61.9	64.6	58.9



### NOTE 3 >>> REVENUE

SEKm	2013	2012
GROUP		
Rental income	1,292	1,300
Other revenue	15	31
<b>TOTAL</b>	<b>1,307</b>	<b>1,331</b>

The total rental income for the Group was SEK 1,292 million (1,300), or SEK 893/sq.m. (864).

Other revenue was SEK 15 million (31). SEK 9 million (11) of this relates to costs that have been charged to tenants for work carried out in leased premises.

SEKm	2013	2012
PARENT COMPANY		
Inter-company revenue	105	12
Other revenue	–	–
<b>TOTAL</b>	<b>105</b>	<b>12</b>

Inter-company revenue in the parent company relates to invoiced administration and management fees. The contract maturity structure for Diös' property holding is shown in the table below, where contracted rental income relates to annual value.

#### Lease maturities on 31 December 2013

	Maturity year	Signed contracts	Rented area, sq.m.	Contracted rental income, SEKm	Share of value, %
Lease for premises	2013	152	30,307	31	2
	2014	648	121,016	129	10
	2015	678	247,540	247	19
	2016	550	257,410	289	23
	2017–	550	362,433	390	31
<b>Total leases for premises</b>		<b>2,578</b>	<b>1,018,706</b>	<b>1,086</b>	<b>85</b>
Residential leases		2,270	161,146	149	12
Other leases		3,446	–	38	3
<b>TOTAL</b>		<b>8,294</b>	<b>1,179,852</b>	<b>1,273</b>	<b>100</b>

### NOTE 4 >>> PROPERTY COSTS

SEKm	2013	2012
GROUP		
Operations costs	362	360
Repair and maintenance costs	87	90
Property tax	64	59
Property management	56	55
<b>TOTAL</b>	<b>569</b>	<b>565</b>

Property costs were SEK 569 million (565) or SEK 389/sq.m. (375). The property costs comprise direct costs for operation, maintenance, property taxes, etc. and indirect costs in the form of leasing and property management. The increase is mainly attributable to increased taxation values in 2013.

Operations costs include electricity, heating, water, property maintenance, cleaning, insurance and property-specific marketing costs. Some of the operations costs are charged to the tenants as additional rent. Operations costs were SEK 362 million

(360) or SEK 247/sq.m. (239). SEK 9 million (11), which is SEK 6/sq.m. (7), of the operations costs is for the work carried out in leased premises which is charged to tenants.

Repair and maintenance costs comprise periodic and ongoing measures necessary to maintain the standards of the properties and their technical systems. Costs in 2013 amounted to SEK 87 million (90) or SEK 60/sq.m. (60).

Property tax is a state tax based on the taxation value of a property. A large proportion of the property tax is charged to the tenants and lessees. The tax rate in 2013 was 1 per cent of the taxation value for office/retail space and 0.5 per cent for warehouse/industrial space. Property tax for residential properties is calculated at SEK 1,210/apartment or 0.3 per cent of taxation value, whichever is the lower. Property tax expenses were SEK 64 million (59) or SEK 44/sq.m. (39).

Property management costs are indirect costs for the ongoing management of the properties. These include costs for employees responsible for lease administration, lease negotiations, consumables and project administration. Consolidated expenses in 2013 were SEK 56 million (55) or SEK 38/sq.m. (37).

### NOTE 5 >>> EMPLOYEES, STAFF COSTS AND BOARD FEES

Since 1 January 2013, all Diös employees are employed in the parent company.

Average number of employees	2013		2012	
		of whom men		of whom men
Parent company	159	65%	28	45%
Other companies	–	–	127	67%
GROUP TOTAL	159	65%	155	63%

At year-end, the Board in the parent company consisted of 6 members, 2 of whom were women. The number of senior executives in the parent company was 7 (4), of whom 2 were women (0).

#### Salaries, other remuneration and social security contributions

	2013		2012	
SEK 000	Salaries and benefits	Social security contributions	Salaries and benefits	Social security contributions
Parent company	78,296	23,176	17,920	6,090
(of which pension costs) <sup>1</sup>	8,388	1,994	2,343	554
<b>GROUP TOTAL</b>	<b>78,296</b>	<b>23,176</b>	<b>69,554</b>	<b>26,249</b>
(of which pension costs) <sup>2</sup>	8,388	1,994	6,306	2,785

<sup>1</sup> SEK 893,000 (825,000) of parent company pension costs relate to the Managing Director.

<sup>2</sup> SEK 893,000 (825,000) of the Group's pension costs relate to the Managing Director.

Diös has a profit-sharing foundation for all its employees. Transfer to the foundation is capped at SEK 35,000 per employee and is based on Diös' performance. The criteria for contributions were not met in 2013, and no contribution was therefore paid to the foundation.

#### Salaries and other remuneration of the Board, the Managing Director and other employees

	2013			2012
	Board and Managing Director	Other employ- ees	Board and Managing Director	Other employ- ees
SEK 000				
Parent company	4,079	72,259	4,684	13,236
(of which bonuses, etc.)	60	–	–	–
<b>GROUP TOTAL</b>	<b>4,079</b>	<b>72,259</b>	<b>4,684</b>	<b>64,870</b>
(of which bonuses, etc.)	60	–	–	–

## CONT. NOTE 5 >>>

### Remuneration and other benefits during the year

SEK 000	Base salary/Board fees	Other benefits	Pension expense	Other remuneration	Total
Chairman of the Board	175	–	–	–	175
Other Board members	625	–	–	–	625
Managing Director	2 326	89	893	60	3 368
Other senior executives (6 people)	5,958	343	1 213	405	7,919
<b>TOTAL</b>	<b>9,084</b>	<b>432</b>	<b>2 106</b>	<b>465</b>	<b>12,087</b>

The other Board members have received SEK 125,000 each. For 2013 the company's Managing Director has received variable remuneration of SEK 60,000 (0). Management refers to the Managing Director and other members of the management team. Remuneration and benefits to the Managing Director are decided by the company's Board of Directors and remuneration to other senior executives is decided by the Managing Director in consultation with the Board of Directors. Variable incentive remuneration plans were introduced in 2012 for the company's Managing Director and senior executives. No other types of share-based remuneration exist. Variable remuneration is capped at one month's salary. The Managing Director is entitled to a company car and insurance and retirement benefits in accordance with the ITP scheme applicable during the period of employment. Individual investment options are available. Insurance and pension premiums are based on cash salary only. The retirement age for the Managing Director is 65 years. The period of notice given by the company to the Managing Director is 12 months. The period of notice given by the Managing Director to the company is 3 months. Remuneration during a period of notice is deducted from income from another employer. Other senior executives are entitled to a company car. During the period of employment with the company, other executives are entitled to insurance and pension benefits in accordance with the ITP scheme applicable at the time. Individual investment options are available. Insurance and pension premiums are based on cash salary only. The retirement age for other senior executives is 65 years. The period of notice given by the company is 6 to 12 months. The period of notice given by an employee is 6 months. Diös has a profit-sharing foundation for all its employees. Provision to the profit-sharing foundation is based on return on equity and is capped at one price base amount per year per employee.

## NOTE 6 >>> CENTRAL ADMINISTRATION

Central administration includes costs for Group-wide functions such as Group management, data, annual reports, auditors' fees, legal advice and so on.

Central administration costs, including restructuring costs relating to integration and reorganisation measures following the acquisition of Norrvidden, were SEK 81 million (95), or SEK 55/sq.m. (63). Restructuring costs were SEK 26 million (38), or SEK 18/sq.m. (25). Restructuring includes costs for reorganisation and move of head office operations to Östersund. These costs will not carry through to 2014.

### Auditors' fees and remuneration

	GROUP		PARENT COMPANY	
SEK 000	2013	2012	2013	2012
<b>Deloitte</b>				
Audit services	1,820	2,116	1,820	850
Audit activities other than the audit assignment	104	431	104	431
Fiscal advice	905	537	905	537
Other services	312	365	312	365
<b>TOTAL</b>	<b>3,141</b>	<b>3,449</b>	<b>3,141</b>	<b>2,183</b>

Auditing refers to the examination of the Annual Report and accounting records and the administration of the Board of Directors and Managing Director. Audit activities other than the audit assignment involve other quality assurance services that must be performed according to statutes, Articles of Association or agreements, as well as

consultation or other assistance resulting from observations made during an audit. Fiscal advice refers to consultations and quality assurance reviews relating to the area of taxation. As of 2013 Diös recognises all costs relating to auditing and audit-related assignments in the parent company and then allocates the cost among the subsidiaries through management fees.

## NOTE 7 >>> CHANGES IN VALUE ON INVESTMENT PROPERTIES

SEKm	2013	2012
<b>GROUP</b>		
Realised changes in value	11	9
Unrealised changes in value	–35	180
<b>TOTAL</b>	<b>–24</b>	<b>189</b>

In 2013, 19 properties were sold (10). The selling price for these exceeded the latest valuation by SEK 11 million (9), resulting in a realised change in value. A valuation of all properties was carried out at year-end in line with annual business plans and based on a 5-year cash flow model with a valuation of future earnings capacity and required rate of return for each individual property. See Note 11. Under Diös' valuation model, the 100 largest properties in terms of value are valued externally over the course of the year, with around 25 per cent being valued in each quarter. For the remaining 75 per cent and for the other properties in the portfolio a breakdown is made between properties in which material changes have taken place, such as the signing of or termination of leases or major projects, and properties where no material changes have taken place. The former are valued internally with the help of the external valuation firm while the latter are valued internally without external assistance. For the remaining portfolio a breakdown is made between properties in which material changes have taken place, such as the signing of or termination of leases or major projects, and properties where no material changes have taken place. The former are valued internally with the help of the external valuation firm while the latter are valued internally without external assistance. These valuations have resulted in an unrealised change in value of SEK –35 million (180) on the properties' market values.

## NOTE 8 >>> FINANCIAL INCOME

SEKm	2013	2012
<b>GROUP</b>		
Interest income, other	3	1
<b>TOTAL</b>	<b>3</b>	<b>1</b>
<b>PARENT COMPANY</b>		
Interest income, Group companies	161	150
Group contributions received	69	13
<b>TOTAL</b>	<b>230</b>	<b>163</b>

All interest income refers to financial instruments that are not classified as fair value through the income statement.





## NOTE 9 >>> FINANCIAL COSTS

SEKm	2013	2012
GROUP		
Interest cost	-293	-322
Other financial costs	-10	-8
<b>TOTAL</b>	<b>-303</b>	<b>-330</b>
PARENT COMPANY		
Interest costs, Group companies	-20	-13
Interest costs	-84	-85
Other financial costs	-5	-5
Income from interests in Group companies	-	-1
<b>TOTAL</b>	<b>-109</b>	<b>-104</b>

All interest costs refers to financial instruments that are not classified as fair value through the income statement. Changes in value on derivatives was SEK 68 million (-76).

### INTEREST COSTS FOR 2013, INCLUDING WEIGHTED AVERAGE INTEREST RATE

In 2013, Diös' average interest-bearing liabilities amounted to SEK 7,778 million (7,946). Actual interest costs, including costs related to undrawn credit facilities and the performance of financial instruments, amounted to SEK 290 million (323), which represents an average annual interest rate of 3.7 per cent (4.1). During the period, unrealised changes in value arising on derivatives held totalled SEK 68 million (-76), which are fully recognised in the income statement.

GROUP, SEKm	Amount	Annual expense	Weighted average interest rate
Interest-bearing liability	7,778	243	3,1%
Undrawn credit facilities <sup>1</sup>	286	2	0,0%
Cost of financial instruments		45	0,6%
		<b>290</b>	<b>3,7%</b>

<sup>1</sup> The impact of costs related to undrawn credit facilities on the average annual interest rate is 0.02 percentage points.

## NOTE 10 >>> TAX ON PROFIT FOR THE YEAR

	GROUP		PARENT COMPANY	
SEKm	2013	2012	2013	2012
Current tax	-15	-6	-	-
Deferred tax	-62	-14	-	-
<b>Total tax</b>	<b>-77</b>	<b>-20</b>	<b>-</b>	<b>-</b>
Pre-tax profit for the year	398	452	52	1
Tax at the applicable rate of 22%	-88	-119	-11	-
Tax effect of adjustments:				
- adjustment loss carry forward and temporary differences	11	-17	11	-
- revaluation deferred tax 22%	-	116	-	-
<b>TAX ON PROFIT FOR THE YEAR</b>	<b>-77</b>	<b>-20</b>	<b>-</b>	<b>-</b>

Tax is reported in the income statement in two line items, current tax and deferred tax. Current and deferred tax for 2013 have been calculated based on a nominal tax rate of 22 per cent. Current tax expense is attributable to tax in subsidiaries which were prevented from offsetting losses against profits through Group contributions during the year. The Group has accumulated tax losses to carry forward to set against future taxable profits and offset against deferred tax liabilities. See Note 14.

## NOTE 11 >>> INVESTMENT PROPERTIES

	GROUP		PARENT COMPANY	
SEKm	2013	2012	2013	2012
Opening cost	11,878	11,562	-	-
Acquisitions	-	5	-	-
Investment in existing properties	266	152	-	-
Sales	-286	-21	-	-
Changes in value	-35	180	-	-
<b>CLOSING COST</b>	<b>11,823</b>	<b>11,878</b>	<b>-</b>	<b>-</b>

Closing costs are consistent with values according to property valuation on 12/31/2013.

In 2013, Diös invested a total of SEK 266 million (152) in new construction, extensions and refurbishments. In 2013 no property was acquired (1) while 19 properties were sold (6 properties and parts of 4 properties).

### Major investments in progress

	Investment, SEKm	Uninvested, SEKm	Completed
Norr 40:3	20	2	Q1, 2014
Sörby Urfjäll 36:4	4	2	Q1, 2014
Totten 1:68	9	3	Q1, 2014
Orion 8	2	2	Q1, 2014
Elevator safety in compliance with EU Directive	34	5	Q2, 2014
Verdandi 10	38	9	Q2, 2014
Sigrid 10	3	1	Q2, 2014
Dalpilen 10	3	2	Q2, 2014
Kräftan 6	7	5	Q2, 2014
Motboken 1	11	3	Q2, 2014
Råttan 18	31	6	Q2, 2014
Björnjägaren 1	3	1	Q2, 2014
Lagret 4	6	5	Q2, 2014
Venus 3	5	1	Q2, 2014
Kansliet 20	12	7	Q4, 2014
Siken 7	18	18	Q4, 2014
Siken 7	4	4	Q4, 2014
Lyckan 6	24	11	Q4, 2014
Barberaren 7	35	30	Q1, 2015

### VALUATION

The value of an asset is the discounted present value of the expected cash flows that the asset is expected to generate. The value of the property holding is calculated as the sum of the present value of net operating profit, less the value of remaining investments for ongoing projects over the next five years, and the present value of the estimated residual value in year 6. The residual value in year 6 is the amount of the present value of net operating profit over the remaining economic life of the property. The estimated market value of undeveloped land is added to this. The measurement is thus made according to Level 3 of the valuation hierarchy in IFRS 13.

## CONT. NOTE 11 >>>

The required rate of return and the assumption regarding future real growth are crucial to the calculated value of the property holding, as they are the most important value-driving factors in the valuation model. The required rate of return is the weighted cost of borrowed capital and equity. The cost of borrowed capital is based on the market interest rate for loans. The cost of equity is based on a risk-free interest rate equivalent to a long-term government bond rate with the addition of a risk premium. Each investment has a unique risk premium which depends on the investor's perception of future risks and potential.

Diös reports its investment properties at fair value. A valuation of all properties was conducted in the year. The fair market value is the most probable price for which a property will sell in a competitive and open market. A property's fair value does not become a reality until it is sold. The valuation was carried out in a uniform manner and was based on a five-year cash flow model. The valuation was based on an individual assessment of future earnings capacity and the required rate of return for each individual property. The assessment of a property's future earnings capacity takes into account an assumed inflation of 2.0 per cent and any changes in rental levels based on each contract's rent and expiry date compared with the estimated current market rent, as well as changes in occupancy rate and property costs. The property costs comprise costs for operation, maintenance, property taxes, ground rent fees and property management.

According to Savills, demand for property investments has been very strong in 2013, with a total transaction volume of SEK 99 billion and an increase of 13 per cent in the number of completed deals compared with 2012. The increase in the number of deals is partly due to a market that is well supplied with equity capital and partly due to improved access bank funding.

The fact that Sweden has an efficient property transaction market is important in many respects, not only for the actual property owners but also for the buyers and sellers so that they feel confident about what they are buying and selling. All property transactions offer valuable information that leads to improvements and provides important guidelines when determining the required rates of return that form the basis of the valuations carried out.

The required rate of return on equity is unique for each property and is based on assumptions about real interest rates, inflation and risk premiums. The risk premium is unique for each property and can be divided into general and individual risk. The general risk makes up for the fact that a real estate investment is not as liquid as a bond and that the asset is affected by the general economic situation. The individual risk is specific to each property and comprises the market's overall assessment of the property's category, the town/city in which it is located, its location within the town/city with regard to the property's category, whether it is properly designed, appropriate and makes efficient use of space, its technical standard in respect of materials, quality of general systems, furnishing, equipment etc. in premises and apartments, and the nature of lease contracts, taking length, size, number and other aspects of the contracts into account.

The average required rate of return on comparable holdings has been raised by 0.12 percentage points (-0.06). This reflects the market trends during the year. Projects in progress have been measured at cost. Sites with building rights and land have been valued on the basis of an estimated market value per square metre.

Required rate of return at 31 Dec 2013	Weighted yield, %	Weighted cost of capital, %
Dalarna	7.13	9.22
Gävleborg	7.35	9.48
Västernorrland	7.04	9.16
Jämtland	6.84	8.92
Västerbotten	7.03	9.13
Norrbottnen	6.87	8.90
DIÖS 2013	7.03	9.12
DIÖS 2012	6.91	9.07

## VALUE OF PROPERTY HOLDING

An estimation of the market value of all of Diös' properties has been performed. The date of valuation is 31 December 2013. Under Diös' valuation model, the 100 largest properties in terms of value are valued externally over the course of the year, with around 25 per cent being valued in each quarter. For the remaining 75 per cent and for the other properties in the portfolio a breakdown is made between properties in which material changes have taken place, such as the signing or termination of leases or major projects, and properties where no material changes have taken place. The former are valued internally with assistance from the external valuation firm while the latter are valued internally without external assistance.

The details on which the valuations are based are all lease contracts, information about premises to let, actual operations and maintenance costs, property taxes and property management as well as information about ongoing and planned investments. Physical inspections were also carried out on the properties upon completion of major investment projects or in conjunction with other changes that would probably have an effect on the value. These valuations showed a fair value of SEK 11,823 million (11,878) and resulted in an unrealised change in value of SEK -35 million (180) in the market values of the properties, a change of -0.3 per cent (1.5). The table below presents the breakdown of fair value by property category and market area.

Property value at 31 Dec 2013, SEKm	Office	Retail	Residential	Industrial/warehouse	Other	Total
Dalarna	1,448	559	196	87	121	2,411
Gävleborg	614	568	100	325	90	1,697
Västernorrland	1,036	736	245	114	69	2,200
Jämtland	694	770	818	104	404	2,790
Västerbotten	516	366	214	124	83	1,303
Norrbottnen	768	516	93	45	—	1,422
<b>TOTAL</b>	<b>5,076</b>	<b>3,515</b>	<b>1,666</b>	<b>799</b>	<b>767</b>	<b>11,823</b>

## UNCERTAINTY RANGE

A property's market value can only be determined when it is sold. Property values are calculated according to accepted principles based on certain assumptions. The value range specified in property valuations is often within +/- 5 to 10 per cent and should be seen as a measure of the uncertainty in the assumptions and calculations. Savills has estimated the uncertainty range at +/- 7.5 per cent, which in Diös' case results in a value range of SEK 10,936–12,709 million.

## NOTE 12 >>> OTHER TANGIBLE FIXED ASSETS

SEKm	GROUP		PARENT COMPANY	
	2013	2012	2013	2012
Opening cost	41	41	4	4
Acquisition for the year	—	—	1	—
<b>Closing cost</b>	<b>41</b>	<b>41</b>	<b>5</b>	<b>4</b>
Opening depreciation	-32	-29	-3	-2
Depreciation for the year	-2	-3	-1	-1
<b>Closing accumulated depreciation</b>	<b>-34</b>	<b>-32</b>	<b>-4</b>	<b>-3</b>
<b>CLOSING RESIDUAL VALUE</b>	<b>7</b>	<b>9</b>	<b>1</b>	<b>1</b>



## NOTE 13 >>> INVESTMENT IN GROUP COMPANIES

SEKm	2013	2012
PARENT COMPANY		
Accumulated cost	171	132
Impairment	–	–1
Purchases	–	40
<b>CARRYING AMOUNT AT END OF PERIOD</b>	<b>171</b>	<b>171</b>

A specification of the parent company's directly owned subsidiaries is given below. Other Group companies can be found in the annual reports of each subsidiary. The principle for consolidation of Group companies is presented in the accounting policies in Note 1.

### Subsidiaries

Name	CRN	Reg. office	Share of equity in %	Carrying amount, SEKm
Diös Fastigheter I AB	556544-4998	Östersund	100	16.0
Diös Fastigheter II AB	556610-9111	Östersund	100	12.8
Diös Fastigheter V AB	556571-9969	Östersund	100	0.1
Diös Fastigheter VI AB	556561-0861	Östersund	100	3.1
Diös Fastigheter VII AB	556589-8433	Östersund	100	11.4
Åre Centrum AB	556624-4678	Åre	72	87.5
Fastighets AB Upprum	556711-2619	Östersund	100	40.1
<b>TOTAL CARRYING AMOUNT</b>				<b>171.0</b>

## NOTE 14 >>> DEFERRED TAX ASSETS/TAX LIABILITIES

SEKm	2013	2012
GROUP		
Deferred tax assets relating to tax losses carried forward	93	124
Deferred tax liabilities relating to temporary differences in properties	–726	–697
Deferred tax liabilities relating to other items	–22	–20
<b>TOTAL DEFERRED TAX ASSETS/LIABILITIES</b>	<b>–655</b>	<b>–593</b>

The reported deferred tax liability was SEK –655 million (–593) on 31 December 2013. The value of a deferred tax asset/liability will be assessed at the end of each accounting period and, if necessary, re-valuation will be carried out. Diös' tax losses carried forward are estimated at SEK 424 million. At a tax rate of 22 per cent, deferred tax assets relating to tax losses carried forward amounted to SEK 93 million, which it is considered can be used against future taxable profits and resulting temporary differences.

Diös' reported temporary differences, i.e. properties' real values less tax residual values, amounted to SEK 3,302 million. At a tax rate of 22 per cent, deferred tax liability relating to temporary differences was SEK 726 million. In Diös' financial statements, deferred tax assets have been offset against deferred tax liabilities. Diös reports other deferred taxes at SEK 22 million. Other deferred taxes are calculated on untaxed reserves and replacement funds.

## NOTE 15 >>> TRADE RECEIVABLES

SEKm	2013	2012
GROUP		
<b>Age structure of trade receivables</b>		
Trade receivables not past due and trade receivables up to 30 days past due	8	13
Trade receivables between 31-60 days past due	2	1
Trade receivables more than 61 days past due	17	17
Doubtful debts	–17	–15
<b>TOTAL</b>	<b>10</b>	<b>17</b>
<b>Doubtful debts</b>		
Doubtful debts at the beginning of the year	15	12
Reserves for the year	8	7
Reversal of reserves	–	–1
Actual credit losses	–6	–3
<b>CLOSING BALANCE</b>	<b>17</b>	<b>15</b>

## NOTE 16 >>> EQUITY

On 31 December 2013, the share capital in Diös Fastigheter AB (publ) was SEK 149,457,668. The total number of shares at year-end was 74,729,134 with a par value of SEK 2 per share. All shares give equal rights to Diös' assets and profits. Each share entitles the holder to one vote. There are no potential shares (e.g. convertible bonds) nor any preferential rights to cumulative dividends (preference shares).

### Change in share capital

Date	Event	Increase in number of shares	Total number of shares	Increase in share capital, SEK	Total share capital, SEK	Par value, SEK
2005-01-01	At beginning of year	–	10,000	–	100,000	10.00
2005-05-30	Split 100:1	990,000	1,000,000	–	100,000	0.10
2005-05-31	New issue	1,489,903	2,489,903	148,990	248,990	0.10
2005-09-01	New issue	1,503,760	3,993,663	150,376	399,366	0.10
2005-11-15	Bonus issue	–	3,993,663	–	39,936,630	10.00
2005-11-15	Split 5:1	15,974,652	19,968,315	–	39,936,630	2.00
2006-05-18	New issue	8,333,400	28,301,715	16,666,800	56,603,430	2.00
2006-07-11	Non-cash issue	5,000,000	33,301,715	10,000,000	66,603,430	2.00
2007-04-19	Non-cash issue	666,250	33,967,965	1,332,500	67,935,930	2.00
2010-10-29	Non-cash issue	99,729	34,067,694	199,458	68,135,388	2.00
2010-12-14	New issue	3,285,466	37,353,160	6,570,332	74,705,720	2.00
2010-12-17	New issue	11,407	37,364,567	22,814	74,728,534	2.00
2011-12-05	New issue	22,854,136	60,218,703	45,708,272	120,436,806	2.00
2011-12-14	New issue	14,510,431	74,729,134	29,020,862	149,457,668	2.00
<b>2013-12-31</b>	<b>AT YEAR-END</b>		<b>74,729,134</b>		<b>149,457,668</b>	<b>2.00</b>

Diös did not hold any of its own shares at the end of 2013.

A dividend payout is proposed by the Board of Directors in conformity with the provisions of the Swedish Companies Act and is adopted by the Annual General Meeting. The Board of Directors of Diös proposes that a dividend of SEK 2.30 (2.30) per share be paid out for the 2013 financial year, representing a total payout of SEK 172 million (172). The proposal means that 50 per cent (53) of earnings, excluding unrealised changes in value and deferred taxes will be paid out to shareholders. The amount is recognised as a liability when the Annual General Meeting has decided on the dividend.

## NOTE 17 >>> OTHER PROVISIONS

Provisions relate to pensions and deferred stamp duty in connection with inter-company sales of properties.

	GROUP	
Other provisions, SEKm	2013	2012
At beginning of year	9	20
Pension provision change	–	–3
Tax change	–	–8
<b>CARRYING AMOUNT AT END OF PERIOD</b>	<b>9</b>	<b>9</b>

## NOTE 18 >>> LIABILITIES TO CREDIT INSTITUTIONS

### Interest rates and loan maturity at 31 December

	Interest maturity		Loan maturity	
Maturity, year	Loan amount, SEKm	Average interest rate, %	Credit agreements, SEKm	Drawn, SEKm
2014	7,664	2,8	–	–
2015	–	–	4,434	4,167
2016	–	–	3,497	3,497
<b>TOTAL</b>	<b>7,664</b>	<b>2,8</b>	<b>7,931</b>	<b>7,664</b>

	GROUP		PARENT COMPANY	
Interest-bearing liabilities, SEKm	2013	2012	2013	2012
Maturity date from the balance sheet date:				
>1 year	–	886	–	149
1-2 years	3,289	–	1,341	–
2-3 years	878	3,309	142	–
3-4 years	3,497	3,698	–	1,343
<b>TOTAL</b>	<b>7,664</b>	<b>7,893</b>	<b>1,483</b>	<b>1,492</b>



**CONT. NOTE 18 >>>**

	GROUP		PARENT COMPANY	
Overdraft facilities, SEKm	2013	2012	2013	2012
Credit limit granted	335	135	100	100
Undrawn	335	107	100	73
Drawn	–	27	–	27

All borrowings have mortgage collateral and the parent company maintains promissory notes with its subsidiaries with the mortgage collateral pledged therein. In addition to mortgages, there are financial covenants which require leverage and interest coverage ratios to be maintained. Whatever the form of borrowing agreement, they include the usual cancellation terms and conditions for renegotiation if there is a change in the direction of the business and this exposes the lender to an unacceptable level of risk. Diös can increase or decrease the credit utilisation during the term of the borrowing agreements at short notice.

**FUNDING AND FINANCIAL RISK MANAGEMENT POLICIES**

As Diös is a net borrower, it is exposed to financial risks. Diös is particularly exposed to interest-rate risk, refinancing risk and credit risk. As of 31 December 2013, there was no foreign currency exposure risk. The company's funding and financial risk management is conducted in accordance with the Board's established financial policy. For a more detailed description of Diös' financial policy, see Note 21.

**INTEREST RATE RISK**

Interest rate risk is the risk associated with change of interest rates that affect the cost of borrowing for the Group and the value of interest-rate derivatives. Interest cost is one of Diös' major cost items. The fixed rate term should be two to four years according to the current financial policy. The Group's interest-bearing liabilities totalled SEK 7,664 million (7,893) with an average annual interest rate of 2.8 per cent (3.2), including loan commitments. The loans' average interest rate commitment period was 2.8 months (2.3). The average interest rate commitment period was 1.9 years (2.4) when the impact of the derivative portfolio is included. The average capital commitment period was 2.1 years (2.9). Of the Group's total interest-bearing liabilities, SEK 4,200 million (4,200) are hedged through derivative instruments. The average remaining term is 3.0 years (4.1). The average annual interest rate, including costs related to derivative instruments, amounted to 3.6 per cent (3.8), including loan commitments. Diös' financial instruments restrict any impact from increased interest rates on the company's average borrowing rate. If interest rates had been increased by 1 percentage point on 31 December 2013, the interest cost, excluding effects of derivative instruments, would have increased by SEK 77 million annually. If interest rates had been increased by 1 percentage point on 31 December 2013, Diös' average interest rate would have risen by 0.4 percentage points and the value of Diös' derivatives would have increased by SEK 132 million. During the period, unrealised changes in value arising on derivatives held totalled SEK 68 million (–76), which are fully recognised in the income statement.

**FINANCING AND LIQUIDITY RISKS**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. Borrowing risk is the risk that it will be costly or difficult to refinance borrowings outstanding. The financial policy states that cash and cash equivalents and undrawn credit facilities must be available to ensure sufficient liquidity levels. The cash and cash equivalents of the Diös Group must be financial instruments with good liquidity or short-term maturity. At year-end the Group had undrawn credit

facilities of SEK 602 million, of which SEK 267 million referred to undrawn loan commitments, as well as cash and bank deposits totalling SEK 121 million. Access to liquidity is deemed to be adequate to meet liquidity requirements over the coming 12 months. Future refinancing requirements will be managed in accordance with the applicable financial policy.

**CREDIT RISK**

Credit risk is the risk of financial loss to the Group due to the failure of a counterpart to meet its contractual obligations. The Group minimises concentrations of credit risk through its policy of only undertaking financial transactions with creditworthy counterparts and by carrying out the usual credit checks before accepting new tenants. The carrying amount of trade receivables and promissory notes represents the maximum credit exposure for the Group. The carrying amount of cash on hand and demand deposits represents the credit risk in financial counterparts. At year-end, there were no concentrations of credit risk with respect to trade and other receivables. Impaired trade receivables amounted to SEK 17 million (14). Diös' ten largest clients accounted for 16 per cent of turnover.

**Financial instruments measured at fair value**

SEKm	2013-12-31	Level 2
GROUP		
Derivative instruments	–107	–107
<b>TOTAL</b>	<b>–107</b>	<b>–107</b>

Financial instruments are measured at fair value on three different levels.

- 1: Measurement is based on quoted prices in an active market for identical assets and liabilities.
- 2: Measurement is mainly based on observable market data for the asset or liability.
- 3: Measurement is mainly based on the entity's own assumptions.

Diös measures all financial instruments in accordance with Level 2 inputs. The fair values of derivative instruments are determined using discounted future cash flows, with quoted market rates for the term of each instrument. The future cash flows of the derivative portfolio are calculated as the difference between the fixed rate agreed by the respective derivative contracts and the implied STIBOR reference rate for each period. The present value of the consequential interest flows are determined using the implied STIBOR curve. The option component of the callable swaps in the portfolio has not been assigned a value, as cancellation does not have an impact on Diös' income. The issuer decides whether to cancel the swap or not.

The fair value of a derivatives transaction can be described as the risk-free market value after adjusting for the value of counterparty risk. The value of the counterparty risk can be calculated by estimating the expected credit exposure at the date of default, the risk of default and the recovery rate for exposed credits. If a derivatives transaction is terminated prematurely due to the default of a counterparty, losses will be incurred on derivatives with positive market values. No loss is incurred on derivatives with negative market values.

To limit the counterparty risk, all of Diös' derivatives transactions are covered by framework agreements with netting provisions. This enables Diös to offset positive and negative market values so that the amount owed by or to the counterparty comprises the net market value of all outstanding derivatives transactions between the parties. In view of Diös' net liability, the counterparty risk in the derivatives transactions is deemed to be negligible in relation to the outstanding market values. Diös has signed up to ISDA's 2013 EMIR Protocol, which describes the risk limitation techniques prescribed in EMIR.

	2013-12-31			2012-12-31		
SEKm	Asset	Liability	Net	Asset	Liability	Net
Interest-rate derivatives	–	–107	–107	–	–175	–175
<b>Gross value derivatives</b>	<b>–</b>	<b>–107</b>	<b>–107</b>	<b>–</b>	<b>–175</b>	<b>–175</b>
Covered by netting	–	–	–	–	–	–
<b>NET VALUE DERIVATIVES</b>	<b>–</b>	<b>–107</b>	<b>–107</b>	<b>–</b>	<b>–175</b>	<b>–175</b>

## CONT. NOTE 18 >>>

The various categories of financial instruments included in the consolidated balance sheet are presented below.

	Loans and receivables		Financial liabilities measured at fair value through profit or loss		Derivatives used in hedge accounting		Financial liabilities measured at amortised cost		Non-financial instruments	
SEKm	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>										
Rent receivables	10	17	–	–	–	–	–	–	–	–
Other receivables	45	109	–	–	–	–	–	–	–	–
Prepaid expenses and accrued income	28	31	–	–	–	–	–	–	–	–
Cash on hand and demand deposits	121	120	–	–	–	–	–	–	–	–
Other business	–	–	–	–	–	–	–	–	8	15
<b>LIABILITIES</b>										
Interest-rate derivatives	–	–	107	175	–	12	–	–	–	–
Non-current liabilities	–	–	–	–	–	–	7,657	7,885	–	–
Trade payables	–	–	–	–	–	–	89	79	–	–
Other liabilities	–	–	–	–	–	–	10	28	–	–
Accrued expenses and deferred income	–	–	–	–	–	–	289	310	–	–
Other business	–	–	–	–	–	–	–	–	4	26
<b>TOTAL</b>	<b>204</b>	<b>277</b>	<b>107</b>	<b>175</b>	<b>–</b>	<b>12</b>	<b>8,045</b>	<b>8,302</b>	<b>12</b>	<b>15</b>

The values indicated in the above table represent Diös' total credit exposure.

Financial instruments such as rent receivables, trade payables, etc. are recognised at amortised cost less any impairment. Fair value is therefore deemed to be the same as the carrying amount. The Group's long-term interest-bearing liabilities mainly have a short interest rate duration, which means that amortised cost is essentially the same as fair value.

### Maturity analysis of financial assets

	2013				2012			
SEKm	0–1 month	1–3 months	3–12 months	1–3 years	0–1 month	1–3 months	3–12 months	1–3 years
<b>GROUP</b>								
Promissory notes	–	1	–	3	–	1	–	–
Trade receivables	–	10	–	–	–	17	–	–
Other receivables	–	81	8	42	–	78	55	39
Cash and cash equivalents	121	15	–	–	120	–	–	–
<b>TOTAL</b>	<b>121</b>	<b>91</b>	<b>8</b>	<b>44</b>	<b>120</b>	<b>96</b>	<b>55</b>	<b>39</b>

### Maturity analysis of financial assets

	2013				2012			
SEKm	0–1 month	1–3 months	3–12 months	1–3 years	0–1 month	1–3 months	3–12 months	1–3 years
<b>PARENT COMPANY</b>								
Trade receivables	–	–	–	–	–	–	–	–
Receivables from Group companies	–	–	137	–	–	3	40	–
Other receivables	–	146	1	–	–	35	1	–
Cash and cash equivalents	10	–	–	–	–	–	–	–
<b>TOTAL</b>	<b>10</b>	<b>146</b>	<b>137</b>	<b>–</b>	<b>–</b>	<b>38</b>	<b>41</b>	<b>–</b>

### Maturity analysis of financial liabilities

	2013				2012			
SEKm	0–1 month	1–3 months	3–12 months	1–3 years	0–1 month	1–3 months	3–12 months	1–3 years
<b>GROUP</b>								
Trade payables	–	89	–	–	–	79	–	–
Amortisation of liabilities	–	7	22	86	–	–	–	–
Interest cost	–	73	220	880	–	63	190	761
Derivative instruments	–	4	12	48	–	11	32	129
<b>TOTAL</b>	<b>–</b>	<b>174</b>	<b>254</b>	<b>1 014</b>	<b>–</b>	<b>153</b>	<b>222</b>	<b>890</b>

**CONT. NOTE 18 >>>****Maturity analysis of financial liabilities**

SEKm	2013				2012			
	0–1 month	1–3 months	3–12 months	1–3 years	0–1 month	1–3 months	3–12 months	1–3 years
PARENT COMPANY								
Trade payables	–	7	–	–	–	5	–	–
Interest cost	–	10	31	123	–	12	35	141
Derivative instruments	–	10	31	126	–	8	24	98
<b>TOTAL</b>	<b>–</b>	<b>28</b>	<b>62</b>	<b>249</b>	<b>–</b>	<b>25</b>	<b>60</b>	<b>239</b>

**NOTE 19 >>> ACCRUED EXPENSES AND DEFERRED INCOME**

SEKm	GROUP		PARENT COMPANY	
	2013	2012	2013	2012
Prepaid rents	190	217	–	–
Accrued interest cost	35	35	5	3
Other items	64	58	23	12
<b>TOTAL</b>	<b>289</b>	<b>310</b>	<b>28</b>	<b>15</b>

**NOTE 20 >>> CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES**

SEKm	2013	2012
GROUP		
Loans and receivables	176	225
Available-for-sale financial assets	6	10
Other liabilities	7,776	7,981
Hedging instruments	107	175
<b>TOTAL</b>	<b>8,065</b>	<b>8,391</b>

**NOTE 21 >>> ASSET MANAGEMENT**

Diös' operations are financed by equity and liabilities. The relationship between equity and liabilities is regulated on the basis of a selected financial risk level and the amount of equity required to meet the lenders' requirements for loans received. The cost of capital is set at a level to meet the required rate of return on equity, to make it possible to obtain necessary loan financing and to create room for investment. The target for the capital structure is to maintain an equity ratio of at least 25 per cent over the short term and at least 30 per cent over the long term and an interest coverage ratio of at least 1.8 times. At 31 December 2013 Diös' assets had a total value of SEK 12,055 million (12,193). These were financed partly through equity of SEK 3,235 million (3,086) and liabilities of SEK 8,820 million (9,107), of which SEK 7,664 million (7,893) were interest-bearing.

Diös' funding and financial risk management is conducted in accordance with the Board's established financial policy. The financial activities are centralised in the parent company. The parent company's finance department acts as the Group's internal bank, with responsibility for the Group's financing, financial risk management and cash management. The financial policy specifies mandates and thresholds for managing the financial risks as defined in the policy, and the general areas of responsibilities. The financial activities will be conducted in a manner that minimises financial risk management costs. This means that financial transactions are based on an estimate of the Group's requirements for funding, liquidity and interest rate risk. An inter-

company transaction, such as an internal loan, does not therefore necessarily mean that an identical external loan transaction is carried out. External loans are taken up once the Group's aggregate borrowing requirements have been assessed. Diös uses group account systems to enable net management of the Group's payment flows. The Group's interest rate risk is managed cost-effectively by assessing the interest rate risk that arises from a single loan with a short interest rate duration, after which interest-rate derivative transactions are carried out when necessary to achieve the desired fixed interest term for total borrowings.

Policy	Target	Outcome
Loan-to-value ratio	Capped at 65%	64,8%
Interest coverage ratio	At least 1.8 times	2.2 times
Interest rate risk – average fixed interest term	2–4 years	1.9 years
Currency risk	Not allowed	No exposure
Liquidity risk	Liquidity reserve to meet payment obligations	SEK 602 million in committed undrawn credit facilities
Equity ratio	Short-term at least 25% Long-term at least 30%	26,8%

**NOTE 22 >>> RELATED PARTY TRANSACTIONS**

There were no significant related party transactions in the period. Those related party transactions which did occur are deemed to have been concluded on market terms. None of the Board members, senior executives or auditors of Diös Fastigheter AB or its subsidiaries have themselves, via companies or related parties, had any involvement in business transactions conducted by Diös which were or are unusual in nature or terms and which took place in 2013.

**NOTE 23 >>> EVENTS AFTER THE END OF THE YEAR****TRANSACTIONS**

No property acquisitions or sales have taken place after the end of the financial year.

**LETTINGS****Espresso House sets up shop in Diös property**

On 10 January it was announced that Espresso House will be opening a store in McDonald's old premises in Sundsvall. The opening is the first step in a drive by the company to establish a presence in Norrland and is expected to lead to further contracts with Diös. When the redevelopment of this former inner city retail and entertainment complex in the Barberaren property is completed in 2015 Espresso House will be opening a store in the new premises on Prästgatan in Östersund.

**OTHER EVENTS**

Diös will be included in the EPRA index (EPRA NAREIT) from 24 March 2014. The index is regarded as the leading index for listed property investments.

# ANNUAL REPORT SIGNATURE

The Board of Directors and the Managing Director of Diös Fastigheter AB (publ) hereby affirm that the Annual Report has been prepared in conformity with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 and that it gives a true and fair view of the company's financial position and performance and that the Director's Report gives a true and fair view of the development of the company's business operations, financial position and performance, and describes significant risks and uncertainties faced by the Company.

The Board of Directors and the Managing Director hereby affirm that the consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards (IFRS) as they have been adopted by the European Union, and that they give a true and fair view of the Group's financial position and performance and that the Directors' Report for the Group gives a true and fair view of the development of the Group's business operations, financial position and performance, and describes significant risks and uncertainties faced by the Group's companies.

Östersund, 19 March 2014

Bob Persson  
*Chairman*

Thorsten Åsbjer  
*Board member*

Gustaf Hermelin  
*Board member*

Ragnhild Backman  
*Board member*

Anders Bengtsson  
*Board member*

Tomas Mellberg  
*Board member/  
Employee representative*

Maud Olofsson  
*Board member*

Christer Sundin  
*Managing Director*

Our Auditors' Report was submitted on 20 March 2014

Deloitte AB

Svante Forsberg  
*Authorised public accountant*





# AUDITORS' REPORT

TO THE ANNUAL GENERAL MEETING OF DIÖS FASTIGHETER AB (PUBL). CRN 556501-1771

## STATEMENT ON THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

We have conducted an audit of the Annual Report and consolidated financial statements of Diös Fastigheter AB (publ) for the financial year 1 January–31 December 2013. The company's Annual Report and consolidated financial statements are included in the printed version of this document on pages 28–68.

## RESPONSIBILITIES OF THE BOARD AND THE MANAGING DIRECTOR FOR THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of an Annual Report that gives a true and fair view, as required by the Swedish Annual Accounts Act, and consolidated financial statements that give a true and fair view, as required by the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act, and for the internal control that the Board of Directors and the Managing Director consider necessary in the preparation of an Annual Report and consolidated financial statements that are free from material misstatement, whether due to irregularities or errors.

## RESPONSIBILITIES OF AUDITORS

Our responsibility is to express an opinion on the Annual Report and the consolidated financial statements based on our audit. We have conducted our audit in compliance with the requirements of the International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require us to comply with professional requirements and plan and conduct the audit to obtain reasonable assurance that the Annual Report and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report and consolidated financial statements. The auditor decides which procedures to use, by assessing the risks of material misstatement in the Annual Report and the consolidated financial statements, whether due to irregularities or errors. In making those risk assessments, the auditor considers the components of the internal control that are relevant to how the company prepares the Annual Report and consolidated financial statements to give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the Annual Report and the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the Annual Report has been prepared as required by the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the parent company on 31 December 2013, and its financial performance and its cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly,

in all material respects, the financial position of the Group on 31 December 2013, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other sections of the Annual Report and the consolidated financial statements.

We therefore recommend that the Annual General Meeting adopts the income statement and the balance sheet of the parent company and the Group.

## STATEMENT ON OTHER LEGAL AND STATUTORY REQUIREMENTS

In addition to our audit of the Annual Report and consolidated financial statements, we have conducted an audit of the proposal for the appropriation of the company's profit or loss, and an audit of the management of Diös Fastigheter AB by the Board of Directors and the Managing Director for the financial year 1 January–31 December 2013.

## RESPONSIBILITIES OF THE BOARD AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for the appropriation of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for the management of the company in accordance with the Swedish Companies Act.

## RESPONSIBILITIES OF AUDITORS

Our responsibility is to express an opinion, with a reasonable level of assurance, on the proposal for appropriation of the company's profit or loss and on its management based on our audit. We have conducted our audit in compliance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board's proposal for appropriation of the company's profit or loss, we have examined the Board's statement and a selection of the underlying information for this in order to be able to determine whether the proposal is consistent with the Swedish Companies Act.

As a basis for our opinion on whether discharge shall be granted to the members of the Board and the Managing Director for their activities during the financial year, in addition to our audit of the Annual Report and consolidated financial statements, we have examined significant decisions, actions taken and circumstances in the company in order to determine the possible liability to the company of any member of the Board or the Managing Director. We have also examined whether any member of the Board or the Managing Director has, in any other way, acted in contravention of the Swedish Companies Act (Aktiebolagslagen), the Swedish Annual Accounts Act (Årsredovisningslagen) or the company's Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

We recommend that the Annual General Meeting appropriate the profit as proposed in the Directors' Report and grant the members of the Board and the Managing Director discharge from liability for the financial year.

Östersund, 20 March 2014  
Deloitte AB

Svante Forsberg  
*Authorised public accountant*

# CORPORATE GOVERNANCE





# CORPORATE GOVERNANCE REPORT

*Diös Fastigheter AB (publ) (Diös) is a Swedish property company listed on the Mid Cap list of the Nasdaq OMX Stockholm exchange. The company's corporate governance report describes the structure and processes for Diös' governance, management and control in 2013.*

## CORPORATE GOVERNANCE

Corporate governance describes how Diös' owners, directly and indirectly, govern the company and how risks are managed. The company's governance is based on external and internal regulations which are developed and improved continually.

## EXTERNAL REGULATIONS

- The Swedish Companies Act
- NASDAQ OMX Stockholm's regulations for the issuance of shares
- The Swedish Corporate Governance Code
- Applicable accounting legislation

## INTERNAL REGULATIONS

- The company's Articles of Association
- Instructions and rules of procedure for the Board and the Managing Director
- Internal policies, manuals and guidelines

## ANNUAL GENERAL MEETING

Diös' highest decision-making body is the Annual General Meeting, which, along with

any extraordinary general meetings, give the shareholders an opportunity to govern the company by exercising their decision-making power. The AGM appoints the Board of Directors and Chairman of the Board and adopts principles for the composition of the Nominating Committee and for remuneration of senior executives. The AGM also appoints auditors for the auditing of the consolidated financial statements and the Board of Directors' and Managing Director's management. The Board appoints the Managing Director as well as representatives to the Remuneration Committee and Audit Committee.

## ARTICLES OF ASSOCIATION

In accordance with the Articles of Association, Diös is a public limited company with its registered office in Östersund. The company's business is to own and manage real estate, either directly or indirectly through subsidiaries, and engage in related business activities. The Board of Directors is elected each year at the AGM and shall consist of no less than three and no more than ten members, with a maximum of ten deputies. The full text of the Articles of Association is available at [www.dios.se](http://www.dios.se).

## SHARE CAPITAL AND SHAREHOLDERS

At year-end Diös had 5,524 shareholders (2,669) holding a total of 74,729,134 shares (74,729,134). Each share has a par value of SEK 2. The share of foreign shareholders was 7 per cent. The largest individual shareholder

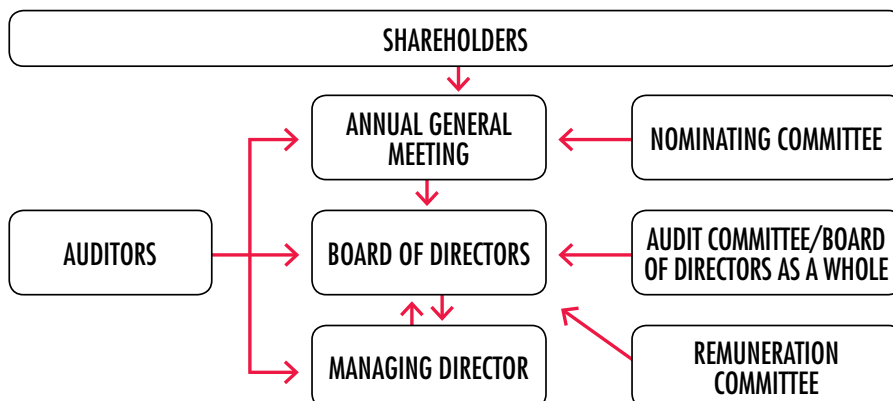
ers at 31 December 2013 were AB Persson Invest with 15.4 per cent of the votes and capital, Brinova Inter AB with 12.0 per cent, Bengtssons Tidnings AB with 10.1 per cent and Länsförsäkringar Fondförvaltning AB with 7.5 per cent. The company's ten largest shareholders together owned 64.6 per cent of the votes and capital. Diös shall have a share capital of at least SEK 74,000,000 and no more than SEK 296,000,000. The number of shares must be at least 37,000,000 and no more than 148,000,000. Each share entitles the holder to one vote and refers to one portion of Diös' share capital.

## ANNUAL GENERAL MEETING

The 2013 Annual General Meeting was held on 25 April at Diös' head office in Östersund. At the AGM 29 shareholders participated, in person or by proxy. The number of shares represented was 50,462,288, which is approximately 68 per cent of the total number of shares. The AGM adopted the consolidated balance sheet and income statement for 2012 and released the Board of Directors and Managing Director from liability in respect of their management of the company in 2012. A dividend payment of SEK 2.30 per share to shareholders was approved in accordance with the proposal of the Board. At the Meeting, the shareholders voted to approve the Board's proposal for policies for the remuneration and other terms of employment of the company's senior executives. The Board was authorised to acquire and transfer company shares, according to the Board's proposal. The authorisation remains in effect until the next Annual General Meeting.

## NOMINATING COMMITTEE

The composition and duties of the Nominating Committee are defined by the AGM based on the report submitted by the Nominating Committee. The applicable instructions state that the Nominating Committee shall be appointed annually and consist of the Chairman of the Board and one representative for each of Diös' four largest shareholders. The members of Committee jointly represent around 51 per cent of the shares and votes of the company. The chairman of





the Nominating Committee may not be a member of the Board. If a member of the Nominating Committee steps down from the Committee during the course of the year he or she shall be replaced by another representative of the same shareholder. A member who no longer represents one of the four largest shareholders shall be replaced by a new owner. If the applicable principles result in a Nominating Committee consisting of less than three members, a representative of the Swedish Shareholders' Association shall be offered a seat on the Committee.

#### Duties of the Nominating Committee

The remit of the Nominating Committee is to safeguard the interests of all shareholders. The members' principal duty is to prepare resolutions for adoption by the AGM on the choice of Chairman and other members of the company's Board of Directors and, where applicable, auditors as well as the fees to be paid.

The Nominating Committee's work is based on the Chairman's report for the evaluation of the work of the Board over the past year and of the members' knowledge and experience. The Managing Director's presentations on the company's operations and strategic focus also constitute an important basis. In accordance with the Nominating Committee's instructions, the members of the Committee, and the shareholders they represent, are announced no later than six months before the AGM. The representatives on the Nominating Committee are based on known shareholdings at 15 September 2013.

#### Composition of the Nominating Committee

In accordance with the principles adopted at the Annual General Meeting 2013, Diös' Nominating Committee consists of representatives for the company's four largest shareholders: Bob Persson (AB Persson Invest), Bo Forsén, chairman of the Nominating Committee (Brinova Inter AB), Jonas Bengtsson (Bengtssons Tidnings AB) and Sofia Aulin (Länsförsäkringar Fondförvaltning AB). Shareholders who wish to submit proposals to the Nominating Committee may do so by e-mail to [nominatingcommittee@dios.se](mailto:nominatingcommittee@dios.se) or by letter to: Diös Fastigheter AB, Valberedningen, Box 188, SE-831 22 Östersund, Sweden.

#### THE BOARD OF DIRECTORS

##### Responsibilities of the Board of Directors and Chairman

The Board of Directors consists of six members and one employee representative with no deputies. The members are elected annually by the Annual General Meeting for the period until the end of the next AGM. The Board has overall responsibility for the organisation and management of the company by ensuring that the guidelines for the management of the company are appropriate. This includes a responsibility for developing and following up the company's strategies and goals, and for adopting the business plan and annual accounts. Other responsibilities include deciding on the acquisition and sale of operations, major investments or appointments and remuneration of Group management. The Chairman's responsibilities include ensuring that the Board of

Directors fulfils its duties through well organised and effective work.

#### The work of the Board

The basis for the Board's work is the Chairman's dialogue with the Managing Director along with documents provided to the members of the Board as a basis for discussion and resolutions. The Board's rules of procedure are drawn up annually at the inaugural Board meeting and are revised when necessary. The rules of procedure specify the responsibilities and duties of the Board, the duties of the Chairman and audit issues, and include the instructions for the Managing Director. They also specify which reports and financial information the Board should receive prior to each scheduled Board meeting. The most recent rules of procedure were adopted at the inaugural Board meeting on 25 April 2013.

In 2013 eleven minuted Board meetings were held, at which financial results and balances, interim reports, annual reports and property transactions were discussed. Forward-looking issues relating to market assessments, the focus of the company's commercial activities and organisational issues were also addressed.

#### Evaluation of the work of the Board

In accordance with the company's rules of procedure, the Chairman has ensured that the work of the Board has been evaluated and that the Chairman of the Nominating Committee has been informed of the results of the evaluation prior to the nominating process of the Nominating Committee.

## BOARD OF DIRECTORS

	Elected	Dependent/ independent	Attendance, out of total no. of meetings			
			Board meetings	Remuneration Committee	Audit Committee	Fees, SEK 000
Bob Persson, chairman	2007	Dependent in relation to owners	11/11	1/1	3/3	175
Gustaf Hermelin, member	2005	Dependent in relation to owners	10/11	–	3/3	125
Thorsten Åsbjer, member	2005	Independent <sup>1</sup>	10/11	1/1	3/3	125
Anders Bengtsson, member	2011	Dependent in relation to owners	11/11	–	3/3	125
Maud Olofsson, member	2011	Independent	11/11	–	3/3	125
Ragnhild Backman, member	2011	Independent	11/11	–	3/3	125
Tomas Mellberg, employee representative	2012	Dependent in relation to company	11/11	–	–	–

<sup>1</sup> Dependent in relation to owners until May 2013.





The evaluation comprises a number of pre-defined and open questions, which each Board member answers individually.

#### Audit Committee

The Board of Directors has resolved that the Board as a whole should constitute the Audit Committee. The Committee's work is defined in the rules of procedure for the Board. The Audit Committee's duty includes quality-assuring the company's financial reporting as well as the effectiveness of the company's internal control and risk management. The Committee is also required to keep itself informed on the auditing of the Annual Report and consolidated financial statements. The Audit Committee ensures that the auditor is impartial and independent, evaluates the audit work and reports the results of the evaluation to the company's Nominating Committee. The company's auditor attended two meetings during the year to report the audit findings and assessment of the company's internal controls for financial reporting.

#### Remuneration Committee

The Remuneration Committee consists of two Board members. Its duties include preparing a proposal for remuneration of the Managing Director subject to the guidelines adopted by the 2013 AGM. The Remuneration Committee held one meeting in 2013, at which guidelines for remuneration to senior executives were reviewed.

#### AUDITORS

The Annual General Meeting appoints one or two auditors and, at most, two deputies to audit the company's Annual Report, its accounts, and the Board of Directors' and Managing Director's management of the company. At the 2013 AGM, Deloitte AB was appointed auditors with Svante Forsberg as chief auditor for a one-year period until the 2014 AGM. The auditing fees paid to Deloitte AB in 2013 were SEK 3,151,000 (3,449,000), of which SEK 1,830,000 (2,116,000) were for the audit assignment, SEK 104,000 (431,000) were for additional audits and SEK 312,000 (365,000) were for other regular consultation.

#### GROUP MANAGEMENT

##### Responsibilities of Group management and the Managing Director

The Group Management was changed in spring 2013. In addition to the Managing Director, CFO and two Market Area Managers, HR Director Kristina Grahm-Persson, Group Account Manager Ida Magnusson and acting Property Manager Thomas Nilsson joined the management team. The team's work is led by the Managing Director in accordance with the applicable instructions. The Group management team's duties include presenting relevant information and decision guidance documents prior to Board meetings as well as the reasoning behind their proposed resolutions. The Chairman of the Board annually conducts a performance appraisal with the Managing Director in accordance with the applicable instructions and the current requirements specification. Group management holds meetings every three weeks at which strategic and operational issues are discussed. The team also prepares an annual business plan which it follows up through monthly reports with a focus on financial performance, improvements to existing properties, new investments and growth.

##### Principles of remuneration

The 2013 Annual General Meeting approved the following principles for remuneration to senior executives:

- Remuneration and benefits to the Managing Director are decided by the Board of Directors.
- Remuneration to other senior executives is decided by the Managing Director in consultation with the Board of Directors.
- As of 2012 an incentive plan has been in place, under which the Managing Director and senior executives have the potential to earn variable remuneration. No other forms of share-based remuneration exist.
- Variable remuneration is capped at one month's salary.
- During their term of employment the Managing Director and other members of the Group management team are entitled to a company car and receive insurance and

retirement benefits in accordance with the applicable ITP plan. Individual investment options are available. Insurance and pension premiums are based on cash salary only.

- The retirement age for the Managing Director is 65 years. The period of notice given by the company to the Managing Director is twelve months. The period of notice given by the Managing Director to the company is three months.
- The contracts of other members of Group management are terminable by either party on six to twelve months' notice, subject to the terms of the contract.
- Diös has a profit-sharing foundation for all its employees. Provision to the profit-sharing foundation is based on return on equity and is capped at SEK 35,000 per year per employee.

##### Remuneration for 2013

The Managing Director received fixed remuneration of SEK 2,326,000, other benefits worth SEK 89,000 and pension plan contributions of SEK 893,000. Other members of Group management received total fixed remuneration of SEK 5,958,000, SEK 343,000 in other benefits and pension plan contributions of SEK 1,213,000. For more information, see Note 5.

#### THE BOARD ON INTERNAL CONTROL

The Board of Directors is responsible for ensuring that Diös has effective internal control procedures in place. The Board fulfils this quality assurance duty by reviewing critical accounting issues as well as the financial reports prepared by the company. This means that the Board assesses compliance with applicable laws and regulations, material uncertainties in the carrying amounts, any uncorrected irregularities or errors, events after the balance sheet date, changes in estimates and judgements, any noted inconsistencies and inaccuracies, and other circumstances that affect the quality of the financial statements.

The internal control complies with the regulatory guidance, Internal Control – Integrated Framework, COSO, which consists of the following components: control environ-

ment, risk assessment, control activities, information and communication, and monitoring.

#### **Control environment**

Effective work by the Board of Directors is the basis for good internal control. The Board has therefore adopted rules of procedure along with defined work processes with the aim of creating clear guidelines for its work. The Board's responsibilities include formulating and adopting a number of fundamental policies, guidelines and frameworks relating to the company's financial reporting activities. The company's main policy document is entitled "Instructions for the Managing Director, including financial reporting, financial policy and credit policy". The instructions are monitored and reviewed on a regular basis and findings are communicated to all employees who are involved in the financial reporting process, all for the purpose of establishing a platform for good internal control.

The Board conducts regular evaluations of the company's performance and results, using an adapted reporting package, which includes an income statement, projected key ratios and other material operational and financial information. In its role as Audit Committee the Board has monitored the risk management and internal control systems in 2013 to ensure that the company's operations are conducted in compliance with applicable legislation and regulations, that they are efficient and that financial reporting is reliable.

The Board has familiarised itself with and assessed the procedures for accounting and financial reporting, and has followed up and assessed the work, qualifications and independence of the external auditors. In 2013, the Board conducted a review with and received a written report from the company's external auditors.

#### **Risk assessment**

Diös works continuously and pro-actively with risk assessment and risk management activities to ensure that identified risks are managed in an appropriate manner subject to the defined criteria. Diös' Group manage-

ment conducts an annual analysis which involves the analysis and assessment of the risks according to a risk scale. Risk assessment considers factors such as the company's administrative procedures for invoicing and contract management. Balance sheet and income statement items are also reviewed regularly wherever there is a risk of material misstatement.

#### **Control activities**

Control activities are performed at all stages of the accounting and reporting process. The aim is to manage the risks that the Board considers may materially affect the internal control over financial reporting. Examples of control activities include reporting of processes and procedures for making critical decisions, such as decisions on major new tenants, major investments and current contracts. Reviewing submitted financial statements is another control activity. An organisation with a clear division of responsibilities and clearly defined procedures and roles constitute the basis for company's control structure.

#### **Information and communication**

The company's general governing documents, including policies, guidelines and manuals, are updated continually and can be accessed through the company's intranet. In 2013 the company started developing a new intranet with the aim of promoting increased transparency and employee participation through an improved structure, search function and new communication functions. The company's external communications are formulated in accordance with Diös' communication policy, which sets forth guidelines aimed at ensuring that the company meets its disclosure obligations.

#### **Follow-up**

Internal control is followed up continuously at individual property, subsidiary company and Group level. The Board reviews the current situation with the company's auditor at least once a year. This is done without the presence of the Managing Director or any other member of Group management. The

Board also ensures that the company's auditors conduct a general review of the third quarter interim report. The need to appoint a separate internal audit function is assessed each year. So far, the need has been deemed to be small. The financial operations and accounting and leasing administration are managed from Diös' head office. The company's balance sheets and income statements are reviewed quarterly by accounts staff as well as by Group management and the Board of Directors. The company's financial management and reporting practices are reviewed by the company's auditor and the findings of the review are reported to the Board.

#### **AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT**

To the Annual General Meeting of Shareholders in Diös Fastigheter AB (publ),  
CRN 556501-1771

The Board of Directors is responsible for the Corporate Governance Report for 2013 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act. We have read the Corporate Governance Report and, based on this reading and our knowledge of the company and the Group, we believe that we have obtained sufficient basis for our opinion. This means that our statutory review of the Corporate Governance Report has a different aim and is of significantly smaller scope than the aim and scope of an audit as per the International Standards on Auditing and good auditing practice in Sweden.

We believe that a Corporate Governance Report has been prepared and its statutory content is consistent with the Annual Report and consolidated financial statements.

Östersund, 20 March 2014

Deloitte AB

Svante Forsberg,  
Authorised public accountant



# BOARD OF DIRECTORS



> Bob Persson



> Ragnhild Backman



> Anders Bengtsson



> Gustaf Hermelin



> Tomas Mellberg



> Maud Olofsson



> Thorsten Åsbjær

## > Bob Persson

*Chairman of the Board since 2011, Board member since 2007, born 1950.*  
Current function. Chairman of the Board and partner, Persson Invest.  
Previous experience: CEO and other positions at Persson Invest.  
Other directorships: Board member of Volvofinans and NHP Eiendom.  
Education: Studies in economics, Umeå University.  
Shareholding in Diös: 30,000 directly owned shares.  
Indirect share ownership of 11.5 million shares through Persson Invest.

## > Ragnhild Backman

*Board member since 2011, born 1963.*  
Current function. Managing Director, Byggnads AB O. Tjärnberg, Backmans Fastighets- och Företagsutveckling.  
Previous experience: Property Management Director, Piren.  
Other directorships: Deputy Chairman, Fastighetsägarna MittNord and Board member of Malux AB and Fastighetsägarna Sverige.  
Education: M.Sc. Engineering, KTH Royal Institute of Technology.  
Shareholding in Diös: None.

## > Anders Bengtsson

*Board member since 2011, born 1963.*  
Current function. Board member and partner of Bengtssons Tidnings AB.  
Previous experience: 20 years as Managing Director of SMEs and several years as a management consultant for Semcon, etc.  
Other directorships: Board member of Scandinavian Biogas Fuels International, Nordic Iron Ore and of a number of property development projects.  
Education: MBA from Monterey Institute of International Studies, USA.  
Shareholding in Diös: No direct shareholding, indirectly through 1/9 of Bengtssons Tidnings AB's holding of 7,518,222 shares.

## > Gustaf Hermelin

*Board member since 2005, born 1956.*  
Current function. Managing Director of Catena.  
Previous experience: Managing Director of Klövern.  
Other directorships: Board member of Catena, Fabege and Platzter.  
Education: Studies in economics, Stockholm School of Economics.  
Shareholding in Diös: 2,070 shares in the family.

## > Tomas Mellberg

*Board member (employee representative) since 2012, born 1959.*  
Current function. Property Controller, Diös.  
Previous experience: Internal Auditor and Accounting Officer at Skanska, Economist at Hallström & Nisses Fastigheter and Norrvidden Fastigheter.  
Other directorships: None.  
Education: Economics degree, Umeå University.  
Shareholding in Diös: 400 shares.

## > Maud Olofsson

*Board member since 2011, born 1955.*  
Current function. Own company, RomoNorr.  
Previous experience: Leader of the Swedish Centre Party, Deputy Prime Minister, Minister for Enterprise and Energy.  
Other directorships: Board member of LKAB, Arise, Envac and AF.  
Education: Secondary school.  
Shareholding in Diös: 3,000 shares.

## > Thorsten Åsbjær

*Board member since 2005, born 1948.*  
Current function. Deputy Managing Director of Humlegården Fastigheter.  
Previous experience: Managing Director of Callander Arkitektkontor and FFNS Fastigheter, Deputy Managing Director of FFNS Gruppen.  
Other directorships: Board member of a number of subsidiaries in Humlegården Holding I-III and of Kista Qvadrat.  
Education: Architect, Faculty of Engineering at Lund University.  
Shareholding in Diös: 75,000 shares.

# GROUP MANAGEMENT



> Christer Sundin



> Kristina Grahn-Persson



> Anders Hedström



> Rolf Larsson



> Ida Magnusson



> Thomas Nilsson



> Bo Tjälldén

## > Christer Sundin

*Managing Director since 2005, born 1949.*

Directorships: Board member of Peak Business & Sport, Repallet, Destination Östersund, Fastigo and Subo Konsult.

Previous experience: Managing Director of Hallström & Nisses Fastighets and contracted CFO for Knowit and Korsnäs.

Education: M.Sc. in Economics and Business.

Shareholding in Diös: 295,124 directly held shares and 50,572 shares through companies.

## > Kristina Grahn-Persson

*HR Director since 2013 and employed since 2011, born 1973.*

Directorships: None.

Previous experience: Recruitment Consultant at Manpower, HR Administrator at Jämtland County Council, Team Assistant at McKinsey & Company.

Education: Degree in Human Resources and Labour Relations.

Shareholding in Diös: None.

## > Anders Hedström

*Market Area Manager for Gävleborg since 2012 and employed since 2005, born 1973.*

Directorships: Board member of Gävle Centrumsamverkan and Fastighetsägarna Gävle/Dala.

Previous experience: Market Area Manager, AP Fastigheter.

Education: Degree in Real Estate Economics.

Shareholding in Diös: None.

## > Rolf Larsson

*CFO since 2005, employed since 2005, born 1964.*

Directorships: None.

Previous experience: Acting Managing Director of Inlandsbanan, Administrative Director of Haninge Bostäder and Director of Accounting at Haningehem.

Education: M.Sc. in Economics and Business and Executive MBA.

Shareholding in Diös: 3,754 shares.

## > Ida Magnusson

*Group Account Manager since 2009, employed since 2007, born 1981.*

Directorships: Board member of Swedbank Östersund and Almi Mitt.

Previous experience: Auditor, PwC.

Education: M.Sc. in Economics and Business.

Shareholding in Diös: None.

## > Thomas Nilsson

*Acting Property Manager since 2013, born 1952.*

Directorships: None.

Previous experience: Property Manager at Klöver, Head of Region at Wahlborgs and Storheden.

Education: Degree in Business Studies.

Shareholding in Diös: None.

## > Bo Tjälldén

*Market Area Manager for Västernorrland since 2012 and employed since 2011, born 1959.*

Directorships: Board member of the Chamber of Commerce Mid Sweden's regional board.

Previous experience: Market Area Manager at Norrvidden Fastigheter, Managing Director of Fastighetsägarna Norr and Market Area Manager at Norrland Ecuo Sverige.

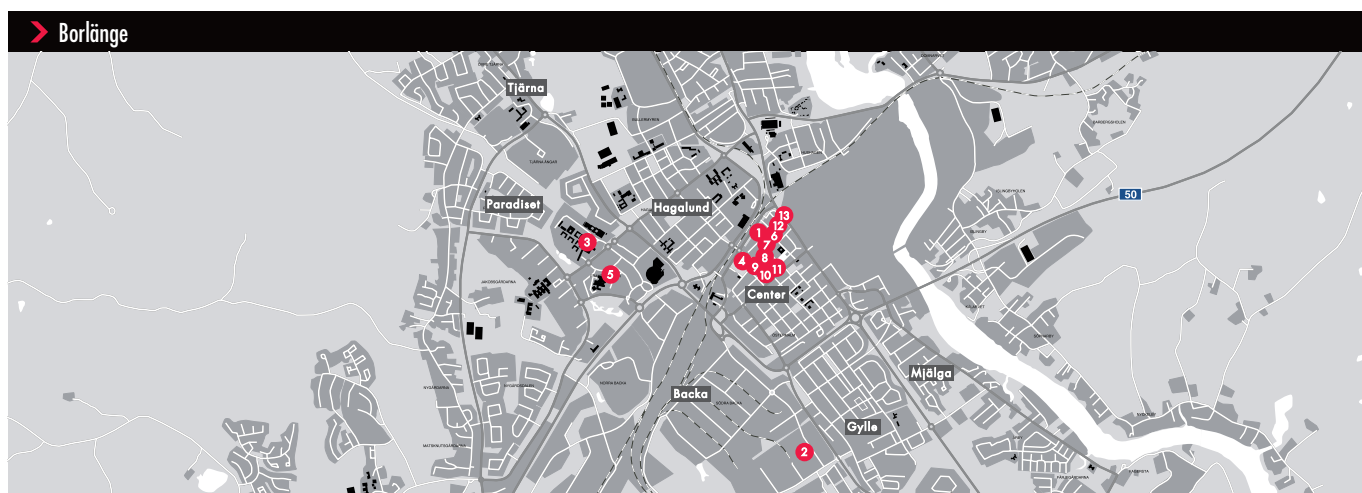
Education: Construction engineer.

Shareholding in Diös: None.



# PROPERTY REGISTER

# PROPERTIES DALARNA



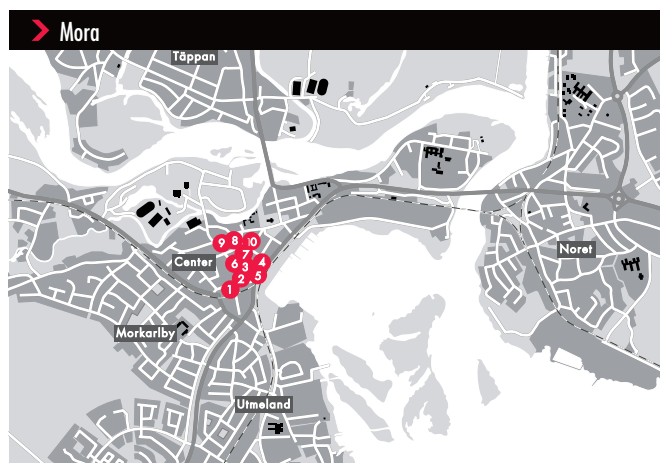
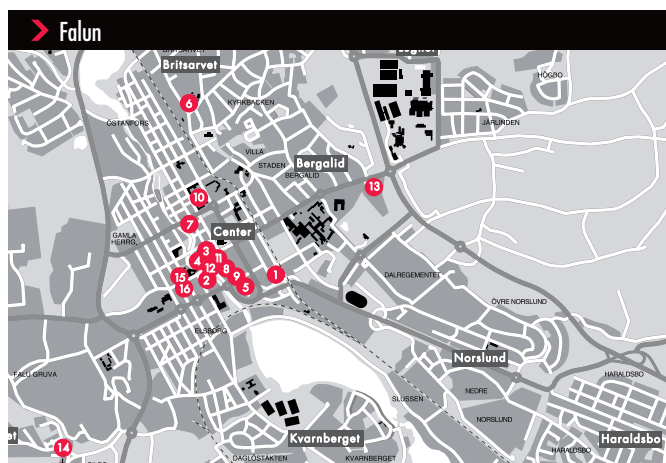
## BORLÄNGE

Municipality	No.	Property name	Address	Year of construction/ value year	sq.m.					Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
					Office	Industrial/ ware- house	Retail	Residential	Other	Total		
Borlänge	1	Frigga 7	Målaregatan 1	1983/1983	2,196	122	1,276	–	–	3,594	4.2	17.6
Borlänge	2	Hammaren 6	Hammargatan 4-6	1973/1983	1,002	400	4,475	–	–	5,877	4.6	18.6
Borlänge	3	Intagan 1	Röda Vägen 1	1978/1980	32,681	49	–	–	795	33,525	40.9	158.0
Borlänge	4	Mimer 1	Stationsgatan 2-4	1967/1988	2,773	370	2,646	–	1,302	7,091	9.2	38.8
Borlänge	5	Mälaren 3	Skomakargatan 18	1986/1986	883	–	–	–	350	1,233	1.4	9.4
Borlänge	6	Rolf 2	Borganäsvägen 43	1972/1983	5,628	58	560	–	482	6,728	5.8	–
Borlänge	7	Rolf 5	Borganäsvägen 37, 39, 41, Målaregatan 5	1952/1973	2,119	–	341	207	335	3,002	2.1	8.9
Borlänge	8	Saga 25	Borganäsvägen 30	1960/1960	1,631	823	3,589	401	–	6,444	5.1	20.7
Borlänge	9	Sigrid 10	Borganäsvägen 26	1974/1974	3,466	275	2,431	–	–	6,172	6.4	28.2
Borlänge	10	Sigrid 11	Stationsgatan 12	1971/1971	978	12	1,482	–	–	2,472	2.5	8.7
Borlänge	11	Tyr 10, Valhall 1 (2 properties)	Wallingatan 37	1972/1974	6,534	32	72	–	–	6,638	6.2	25.5
Borlänge	12	Verdandi 9	Borganäsvägen 42-44	1929/1949	861	2,727	834	–	4,701	9,123	2.6	11.4
Borlänge	13	Verdandi 10	Borganäsvägen 46-48	1971/1971	1,415	361	1,192	195	–	3,163	6.0	27.6
<b>TOTAL BORLÄNGE: 14 PROPERTIES</b>					<b>62,167</b>	<b>5,229</b>	<b>18,898</b>	<b>803</b>	<b>7,965</b>	<b>95,062</b>	<b>97.0</b>	<b>373.4</b>

## MALUNG

Municipality	Property name	Address	Year of construction/ value year	sq.m.					Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
				Office	Industrial/ ware- house	Retail	Residential	Other	Total		
Malung	Fisken 5	Grönlandsvägen 23	1967/1967	93	–	2,298	–	390	2,781	2.9	8.4
Malung	Mobyarna 113:4	Västra Industrigatan	1966/1977	15	24,413	–	–	–	24,428	7.5	21.0
<b>TOTAL MALUNG: 2 PROPERTIES</b>				<b>108</b>	<b>24,413</b>	<b>2,298</b>	<b>–</b>	<b>390</b>	<b>27,209</b>	<b>10.4</b>	<b>29.4</b>





## FALUN

				sq.m.							Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
Municipality	No.	Property name	Address	Year of con- struction/ value year	Office	Industrial/ warehouse	Retail	Residential	Other	Total			
Falun	1	Björken 8	Bergmästaregatan 2	1981/1981	2,277	41	–	86	–	2,404	2.3	38.3	11.8
Falun	2	Dalpilen 10	Myntgatan 20	1989/1989	2,273	–	224	–	662	3,159	3.2	96.8	15.0
Falun	3	Falan 20	Stora torget	1966/1975	15,905	518	5,854	–	1,084	23,361	35.6	92.2	181.4
Falun	4	Falan 22	Ö:a Hamngatan 16, 18	1938/2009	–	–	619	471	600	1,690	1.9	98.6	21.5
Falun	5	G:a Bergsskolan 15	Holmgatan 14,26	1979/1979	1,670	–	8,420	–	–	10,090	10.0	86.1	48.4
Falun	6	Gullvivan 18	N Järnväggsgatan 2-4, Seminariegatan 3	1929/–	–	–	–	–	6,000		6.0	100.0	–
Falun	7	Hattmakaren 16	Nybrogatan 21, Slaggatan 19, Ö:a Hamngatan	1980/1980	2,263	60	709	–	259	3,291	3.8	50.9	20.5
Falun	8	Holmen 7	Holmgatan 11	1978/1978	495	–	743	64	–	1,302	2.2	69.4	12.1
Falun	9	Holmen 8	Holmgatan 9	1970/1973	1,757	17	15,891	–	1,062	18,727	31.0	94.5	178.2
Falun	10	Kansliet 20	Nybrogatan 20	1950/1950	15,314	342	–	124	4,979	20,759	19.4	87.7	95.5
Falun	11	Köpmannen 3	Holmgatan 13	1929/1997	180	–	530	670	400	1,780	3.2	100.0	17.6
Falun	12	Köpmannen 4	Falugatan 5	1984/1984	325	33	1,395	1,687	–	3,440	4.6	99.7	26.6
Falun	13	Lasarettet 16	Svårdsjögatan 28	1987/1987	233	–	–	86	1,655	1,974	1.9	100.0	1.7
Falun	14	Nedre Gruvriset 33:156	Krontallsvägen 1, 3, 16	2003/2003	–	5,325	–	–	–	5,325	5.6	100.0	18.5
Falun	15	Nya Bergsskolan 4	Engelbrektsgatan 25, Sturegatan 60, Stigaregatan 8 & 10	1929/1950	1,183	984	–	–	–	2,167	1.5	0.0	6.2
Falun	16	Teatern 6	Engelbrektsgatan 25, Stigare- gatan 7A-B, Sturegatan 58	1929/1988	1,925	–	63	–	–	1,988	2.0	83.2	8.6
TOTAL FALUN: 16 PROPERTIES					45,800	7,320	34,448	3,188	16,701	107,457	134.2	89.5	663.6

## MORA

					sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
Municipality	No.	Property name	Address	Year of con- struction/ value year	Office	Industrial/ warehouse	Retail	Residential	Other	Total			
Mora	1	Stranden 11:4	Fridhemsgatan 9	1981/1981	2,816	89	–	–	–	2,905	3.2	98.8	14.4
Mora	2	Stranden 16:1	Kyrkogatan 31	1958/1958	349	327	713	2,389	156	3,934	3.2	96.4	14.3
Mora	3	Stranden 16:2	Kyrkogatan 27	1975/1975	1,026	105	447	–	223	1,801	2.4	97.3	9.2
Mora	4	Stranden 17:4	Moragatan 13	1960/1963	308	531	333	3,497	276	4,945	4.6	98.1	20.0
Mora	5	Stranden 17:6	Strandgatan 24	1964/1964	–	30	246	1,538	–	1,814	1.5	98.8	6.6
Mora	6	Stranden 18:2	Kyrkogatan 25	1970/1972	1,106	410	3,167	–	475	5,158	5.1	80.3	22.2
Mora	7	Stranden 19:6	Kyrkogatan 20	1977/1977	2,082	50	573	–	–	2,705	3.8	97.9	14.7
Mora	8	Stranden 20:2	Millåkersgatan 6	1968/1974	3,895	369	–	–	298	4,562	5.0	98.0	16.3
Mora	9	Stranden 20:4	Hantverkaregatan 14	1989/1989	2,365	–	–	–	507	2,872	3.7	100.0	17.1
Mora	10	Stranden 35:7, 35:8 (2 properties)	Kyrkogatan 10	1920/2001	287	20	904	1,397	–	2,608	2.5	98.0	10.6
TOTAL MORA: 11 PROPERTIES					14,234	1,931	6,383	8,821	1,935	33,304	35.0	95.7	145.4

## TOTAL DALARNA

	Office	Industrial/ warehouse	Retail	Residential	Other	Total	sq.m.	Ec. occu- pancy rate, %	Taxation value, SEKm
43 PROPERTIES	122,309	38,893	62,027	12,812	26,991	263,032	276.6	90.8	1,211.8

# PROPERTIES GÄVLEBORG



## GÄVLE

Municipality	No.	Property name	Address	Year of construction/ value year	sq.m.						Rental value, SEKm	Ec. occupancy rate, %	Taxation value, SEKm
					Office	Industrial/ warehouse	Retail	Residential	Other	Total			
Gävle	1	Alderholmen 18:1	Hamntorget 6, 2:a Magasinsgatan 1	1929/1970	1,829	1,180	–	–	–	3,009	1.9	87.5	8.1
Gävle	2	Alderholmen 19:2	Hamntorget 4, Första Magasinsgatan 1, Andra Magasinsgatan 2, 4A	1977/1977	793	–	–	–	–	793	0.7	76.6	3.1
Gävle	3	Alderholmen 19:3	1:a Magasinsgatan 3, 2:a Magasinsgatan 4	1929/1991	809	–	–	–	–	809	0.9	82.5	3.6
Gävle	4	Alderholmen 23:1	Elfbrinksgatan 2, Första Magasinsgatan 8, Norra Skeppsbron 7	1929/1950	1,766	–	–	–	–	1,766	1.7	71.1	6.9
Gävle	5	Alderholmen 24:3	Norra Skeppsbron 5A	1929/1929	1,155	–	–	–	–	1,155	1.0	65.0	4.3
Gävle	6	Alderholmen 24:5	Norra Skeppsbron 5B	1929/1950	1,181	–	–	–	–	1,181	1.2	76.1	4.3
Gävle	7	Brynäs 12:1	S:a Fältskärsgatan 10	1970/–	3,425	1,995	1,026	–	–	6,446	4.9	71.0	–
Gävle	8	Brynäs 34:9	Atlasgatan 12	1968/1968	–	3,498	–	–	–	3,498	1.0	100.0	7.9
Gävle	9	Hemlingby 56:10	Kryddstigen 1-3	1980/1980	1,255	–	3,415	–	–	4,670	3.5	91.5	16.5
Gävle	10	Hemsta 12:16	Skolgången 18-20	1984/1989	2,384	–	625	–	–	3,009	2.6	83.3	13.9
Gävle	11	Hemsta 12:17	Skolgången 10	1988/1988	–	3,425	–	–	–	3,425	2.5	80.9	14.1
Gävle	12	Järvsta 63:3	Uljordsvägen 9A-H, 9J-O	1991/1991	848	2,232	–	–	–	3,080	1.8	93.9	8.6
Gävle	13	Kungsback 2:13	Nobelvägen 1	2001/2001	5,327	–	–	–	–	5,327	5.3	0.3	37.7
Gävle	14	Norr 11:4	Kaplangsgatan 12, 14, Norra Stapeltorgsgatan 11-13; Nygatan 9-11, 9A-I, 9K-N, 11A-I, 11K-M (Gävle)	1964/1986	1,132	489	3,467	4,940	180	10,208	9.2	78.2	75.6
Gävle	15	Norr 14:5	Norra Kansligatan 7-9, Norra Slottsgatan 8, 10, Nygatan 21, 23 (Gävle), Ruddammsgatan 24, 26	1971/1971	1,109	289	6,784	–	193	8,375	19.5	94.1	134.3
Gävle	16	Norr 16:5	Norra Köpmangatan 13, Norra Rådmansgatan 12, 12C, Nygatan 29-31 (Gävle)	1973/1973	6,385	479	258	–	–	7,122	9.3	98.1	53.2





				Year of construction/ value year	sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
Municipality	No.	Property name	Address		Office	Industrial/ ware- house	Retail	Residential	Other	Total			
Gävle	17	Norr 19:4	Hattmakargatan 10, Nygatan 41	1966/1966	2,000	–	866	–	–	2,866	3.8	99.3	21.4
Gävle	18	Norr 23:5	Nygatan 22, N Rådmansgatan 8A-C, Drottninggatan 21	1959/1959	2,358	5	2,211	1,415	136	6,125	7.5	96.9	47.5
Gävle	19	Norr 26:1	Nygatan 34, Hattmakargatan 8	1909/1950	1,168	200	–	88	–	1,456	1.3	64.4	8.0
Gävle	20	Norr 26:3	Hattmakargatan 6, Drottninggatan 33	1990/1990	2,578	–	220	209	–	3,007	3.4	97.8	23.2
Gävle	21	Norr 29:5	Drottninggatan 6, N Skeppargatan 5, N Stapeltorgsgatan 6	1985/1985	2,911	25	332	–	2,289	5,557	8.1	97.1	46.0
Gävle	22	Norr 30:5	N:a Slottsgatan 3A-B	1946/1946	–	–	303	1,464	1,245	3,012	2.9	98.6	20.7
Gävle	23	Norr 31:9	Kyrkogatan 17, Drottninggatan 16-18	1973/1973	6,491	1,572	11,500	–	2,972	22,535	29.0	94.0	157.8
Gävle	24	Norr 34:3	Kyrkogatan 25, N Kopparslagsgatan 3	1995/1995	89	–	–	–	5,991	6,080	0.8	100.0	4.7
Gävle	25	Norr 40:3	Kyrkogatan 16, 18, Norra Kungsgatan 1, Norra Strandgatan 15-17	1971/1981	5,172	–	1,920	–	–	7,092	8.6	95.6	45.8
Gävle	26	Norr 6:7	Norra Köpmangatan 21, Norra Rådmansgatan 20, Staketgatan 32, 34	1971/1971	2,473	–	959	–	68	3,500	2.9	49.0	19.4
Gävle	27	Näringen 11:3	Strömsbrovägen 18	1955/1977	1,981	2,057	–	–	–	4,038	2.2	96.7	8.1
Gävle	28	Näringen 12:2	Strömsbrovägen 12	1990/1990	–	592	–	–	–	592	0.5	85.3	2.1
Gävle	29	Näringen 13:11	Förrådsgatan 7	1968/1968	780	1,150	–	–	–	1,930	0.8	85.5	3.8
Gävle	30	Näringen 16:6	Kanalvägen 6	1981/1992	819	5,859	–	–	400	7,078	4.0	100.0	19.8
Gävle	31	Näringen 22:3	Beckasinvägen 15	Land	–	–	–	–	–	–	0.2	89.2	1.4
Gävle	32	Näringen 05:15	Lötängsgatan 6-12	1966/1976	–	25,400	–	–	–	25,400	4.6	78.3	48.6
Gävle	33	Näringen 6:4	Lötängsgatan 13	1968/1978	904	624	–	–	–	1,528	0.8	14.2	4.8
Gävle	34	Näringen 8:5	Strömsbrovägen 19	1963/1995	–	5,945	–	–	–	5,945	2.4	95.1	14.1
Gävle	35	Sätra 107:7	Bromsargatan 3, Marielundsvägen 2	1991/1991	3,134	75	–	–	–	3,209	4.0	97.2	22.2
Gävle	36	Söder 38:5	Södra Kansligatan 27, Södra Kungsgatan 32, 32A-H, 32J-P	1957/1978	–	130	1,401	1,320	–	2,851	3.8	96.8	27.8
Gävle	37	Södertull 33:1	S Kungsgatan 59, Helgögatan 2,	1910/1970	2,466	791	3,113	–	4,678	11,048	10.5	89.3	21.3
Gävle	38	Sörby Urfjäll 27:2	Rälsgatan 2-4	1972/1973	354	4,688	–	–	–	5,042	2.8	76.5	10.5
Gävle	39	Sörby Urfjäll 28:3	Utmarksvägen 35	1979/1983	–	2,223	–	–	–	2,223	1.6	100.0	5.6
Gävle	40	Sörby Urfjäll 36:4	Utmarksvägen 15	1975/1991	1,295	5,087	142	–	–	6,524	4.0	92.3	19.6
Gävle	41	Sörby Urfjäll 37:3	Utmarksvägen 10	1979/1979	688	9,928	2,530	–	123	13,269	9.9	95.6	33.9
Gävle	42	Väster 4:17	V:a Vägen 52	1973/1980	159	2,336	–	–	–	2,495	1.7	95.8	6.6
Gävle	43	Öster 10:1	Ö Hantverkargatan 62	1988/1988	1,193	–	–	–	–	1,193	1.0	59.8	5.0
TOTAL GÄVLE: 43 PROPERTIES					68,411	82,274	41,072	9,436	18,275	219,468	190.1	87.8	1,041.8

## LJUSDAL, SANDVIKEN, SÖDERHAMN

				sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
Municipality	Property name	Address	Year of con- struction/ value year	Office	Industrial/ warehouse	Retail	Residential	Other	Total			
Ljusdal	Norrkåmsta 16:3	Norrkåmstaleden 6	1977/1982	1,924	13,515	500	50	8	15,997	7.2	84.2	22.5
Ljusdal	Norrkåmsta 17:2	Norrkåmstaleden 7	1992/1992	2,300	–	–	–	–	2,300	2.3	86.1	7.7
Ljusdal	Östernäs 14:4	Löjtnantsgatan 9	1965/1979	658	20	3,337	–	–	4,015	1.4	100.0	4.7
Ljusdal	Tälle 23:8	Bokhandlarsgränd 12, Norra Järnvägsgatan 39, Stationsgatan 1-5	1963/1986	1,695	–	–	–	–	1,695	3.7	87.4	12.1
Sandviken	Klappsta 8:1	–	Land	–	–	–	–	–	–	–	–	–
Söderhamn	Furan 1	Köpmangatan 13	1970/1991	–	–	2,481	–	–	2,481	3.4	88.0	13.1
Söderhamn	Furan 10	Kungsgatan 10	1984/1984	–	–	257	709	316	1,282	1.0	88.4	4.6
Söderhamn	Furan 9	Köpmangatan 15	1964/1972	334	–	3,566	1,059	162	5,121	4.2	88.1	16.9
Söderhamn	Svalan 6	Västra Tullgatan 12	1998/1998	1,150	–	–	–	–	1,150	1.2	100.0	4.2
TOTAL LJUSDAL, SANDVIKEN, SÖDERHAMN: 9 PROPERTIES				8,061	13,535	10,141	1,818	486	34,041	24.4	88.1	85.8

TOTAL GÄVLEBORG	sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
	Industrial/ ware- house								
	Office	Retail	Residential	Other	Total				
52 PROPERTIES	76,472	95,809	51,213	11,254	18,761	253,509	214.5	87.9	1,127.6

# PROPERTIES VÄSTERNORRLAND

## > Härnösand



## HÄRNÖSAND

Municipality	No.	Property name	Address	Year of construction/ value year	sq.m.					Rental value, SEKm	Ec. occupancy rate, %	Taxation value, SEKm	
					Office	Industrial/ warehouse	Retail	Residential	Other				Total
Härnösand	1	Adjunkten 3	Backgränd 16, Brunnhusgatan 8	1935/1940	751	–	–	684	–	1,435	1.1	84.9	4.3
Härnösand	2	Barkassen 3	Stationsgatan 2, Strandgatan 3-5	1956/1956	246	67	424	–	13	750	0.5	100.0	1.6
Härnösand	3	Barken 9	Strandgatan 4	1970/1970	1,702	1,318	–	–	–	3,020	2.3	80.4	3.7
Härnösand	4	Börsen 1	Köpmangatan 9, Nybrogatan 1, Skeppsbron 7	1929/1973	1,485	100	928	1,074	–	3,587	2.7	90.0	12.7
Härnösand	5	Fyrvaktaren 19	Långgatan 41, Skeppsbron 69-71	1974/1974	–	1,649	–	–	–	1,649	1.2	100.0	–
Härnösand	6	Guldsmeden 9	Stora Torget 3A-D, 4A-D, Trädgårdsgatan 2, Västra Kyrkogatan 1	1962/1973	2,259	91	1,479	–	–	3,829	3.6	65.0	13.8
Härnösand	7	Guldsmeden 10	Storgatan 23	1880/1930	–	–	424	591	–	1,015	0.8	88.6	3.3
Härnösand	8	Guldsmeden 11	Storgatan 25, Trädgårdsgatan 4-6	1962/1962	698	65	1,009	–	4	1,776	1.9	77.4	7.3



				sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm	
Municipality	No.	Property name	Address	Year of con- struction/ value year	Office	Industrial/ ware- house	Retail	Residential	Other				Total
Härnösand	9	Kandidaten 3	Seminariegatan 11-33, Eriksbergsgårnd 12A-B	1929/1986	–	150	–	1,789	–	1,939	1.7	99.3	6.6
Härnösand	10	Kopparslagaren 28	Storgatan 15, Västra Kyrkogatan 2-4	1958/1970	1,462	90	2,260	–	–	3,812	3.5	83.6	14.2
Härnösand	11	Kostern 1	Stationsgatan 7	1943/1964	–	1,172	–	–	–	1,172	0.8	68.4	1.4
Härnösand	12	Kullen 1:35	Bergsstigen 18	1993/1993	–	–	–	241	–	241	0.2	100.0	1.2
Härnösand	13	Köpmannen 9	Köpmangatan 5-7, Nybrogatan 2, Skeppsbron 3	1974/1983	2,519	361	1,142	759	1,035	5,816	5.3	79.9	23.5
Härnösand	14	Motorn 3	Matrosgatan 5	1974/–	50	1,576	–	–	90	1,716	0.4	64.1	–
Härnösand	15	Notarien 5	Eriksbergsgårnd 6A-C, Norra Kyrkogatan 16A-C, 18A-D	1979/1979	328	–	–	5,467	–	5,795	5.2	92.3	19.8
Härnösand	16	Saltvik 2:68	Saltviksvägen 11	1989/1990	2,578	–	–	–	–	2,578	1.5	90.9	6.3
Härnösand	17	Skepparen 5,8 (2 properties)	Storgatan 44A-D	1929/1986	216	–	–	767	–	983	0.9	91.0	3.3
Härnösand	18	Skepparen 6,7 (2 properties)	–	Land	–	–	–	–	–	–	–	–	–
Härnösand	19	Skutan 8	Djuphamnsvägen 3-7	1965/1965	912	1,528	39	–	–	2,479	1.3	72.9	3.3
Härnösand	20	Stenhammar 1:209	Talgoxevägen 6	1993/1993	–	–	–	456	–	456	0.3	100.0	–
Härnösand	21	Smultronet 4	Utsiktsvägen 2	1989/1989	–	–	–	298	–	298	0.4	100.0	–
Härnösand	22	Städet 2,15 Svarven 1,3,15 (5 properties)	Fiskaregatan 6, Strengbergsgatan 1, Brunnhusgatan 37, Fiskaregatan 4, Strengbergsgatan 2-4	1960/1960	20,187	3,523	126	–	840	24,676	5.5	38.3	19.4
Härnösand	23	Tullen 10	Köpmangatan 13	1983/1994	2,318	2,191	–	–	–	4,509	4.5	94.6	20.8
Härnösand	24	Åland 2:87	Ramsåsvägen 55A-B, 57A-B, 59A-B, 61A-B, 63A-B, 65A-B, 67A-B, 69A-B, 71A-B, 73A-B, 75A-B, 77A-B, 79A-B, 81A-B, 83A-B, 85A-B, 87A-B, 89A-B, 91A-B, 93A-B, 95A-B, 97A-B, 99A-B, 101A-B, 103A-B, 105A-B, 107A-B, 109A-B	1991/1992	–	–	–	3,548	–	3,548	2.5	72.2	6.0
Härnösand	25	Ön 2:53	Storgatan 28-30, Trädgårdsgatan 5	1983/1983	4,562	283	1,110	495	813	7,267	7.9	96.3	32.7
TOTAL HÄRNÖSAND: 31 PROPERTIES					42,273	14,164	8,941	16,169	2,795	84,342	56.0	81.8	205.2



## SUNDSVALL

Municipality	No.	Property name	Address	Year of construction/ value year	sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
					Office	Industrial/ ware- house	Retail	Residential	Other	Total			
Sundsvall	1	Aeolus 5	Köpmangatan 8B-C, 10, Tullgatan 18	1937/1982	2,722	110	332	—	—	3,163	4.0	81.2	25.2
Sundsvall	2	Aeolus 9	Trädgårdsgatan 7-9	1992/1992	2,768	—	—	—	—	2,768	4.1	97.0	24.2
Sundsvall	3	Alliero 20	Universitetsallén 14, Universitetsallén 20	1929/1929	314	1,288	787	—	—	2,389	1.1	85.6	6.2
Sundsvall	4	Apollo 3, 7, 8 (3 properties)	Trädgårdsgatan 1-3	1956/1956	77	1,201	1,005	933	193	3,409	2.7	88.7	19.5
Sundsvall	5	Arbetet 3	Centralgatan 11, Espla- naden 8-10, Rådhusgatan 25, Trädgårdsgatan 24	1969/1969	3,087	151	794	—	520	4,552	5.3	95.4	29.0
Sundsvall	6	Balder 3	Norrmalmsgatan 8-10	1957/1957	—	526	—	3,676	—	4,202	7.1	92.6	29.2
Sundsvall	7	Bisittaren 1	Thulegatan 25, Södra Järnvägsgatan 29	1929/1981	1,300	185	263	—	—	1,748	1.8	83.7	9.8
Sundsvall	8	Björneborg 11	Björneborgsgatan 37	1968/1968	6,709	—	—	—	—	6,709	2.0	0.0	9.6
Sundsvall	9	Borgmästaren 10	Köpmangatan 19, N.a Järnvägsgatan 24	1956/1956	4,244	368	—	—	873	5,485	7.0	97.4	38.0
Sundsvall	10	Cupido 5	Köpmangatan 16	1947/1957	100	—	700	1,052	—	1,852	1.8	93.9	10.4
Sundsvall	11	Fryshuset 2	Nya Hamngatan 12	2004/2004	5,853	—	—	—	—	5,853	10.5	99.8	66.4





Municipality	No.	Property name	Address	Year of construction/ value year	sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
					Office	Industrial/ ware- house	Retail	Residential	Other	Total			
Sundsvall	12	Försöket 2	Storgatan 24, Centralgatan 7, Esplanaden 4	1929/1951	513	–	651	–	–	1,164	1.3	95.9	8.8
Sundsvall	13	Glädjen 4,9 (2 properties)	Storgatan 30-34, Thulegatan 3, Torggatan 2-4, Sjögatan 23	1929/1969	4,644	792	10,979	537	–	16,951	33.2	92.7	199.7
Sundsvall	14	Hälsan 6	Storgatan 26, Centralgatan 6	1891/1930	1,039	77	989	1,281	–	3,385	5.6	95.2	33.0
Sundsvall	15	Hälsan 7	Storgatan 28, Centralgatan 4, Torggatan 1-3, Sjögatan 15-17, 16-18	1929/1965	3,329	559	7,785	–	8	11,680	20.6	90.9	129.0
Sundsvall	16	Högom 3:170	Bergsgatan 130	1993/1993	4,623	244	–	–	–	4,867	4.7	79.4	20.4
Sundsvall	17	Högom 3:186	Tegelvägen 20-22	1990/1990	1,500	1,888	–	–	–	3,388	2.7	92.7	9.5
Sundsvall	18	Högom 3:189	Tegelvägen 17	-/1990	367	2,213	–	–	–	2,580	1.7	100.0	6.1
Sundsvall	19	Lagmannen 9	Fredsgatan 3-5, Södra Järnvägsgränd 23	1976/1976	4,501	22	–	–	–	4,523	4.7	83.4	23.1
Sundsvall	20	Lagret 4	Heffnersvägen 34	1942/1960	8,322	438	384	–	–	9,144	8.6	63.7	44.2
Sundsvall	21	Ljusta 3:10	Gesällvägen 20, Läringsvägen 9, 13B	1978/1989	38	2,741	–	–	–	2,779	1.0	0.8	14.0
Sundsvall	22	Lyckan 6	Storgatan 36-40, Ägatan 1-5, 2-4, Thulegatan 2, Varvsgränd 1	1929/2012	107	162	8,973	152	2	9,396	19.0	84.1	143.6
Sundsvall	23	Mälås 3:20	Birstavägen 21	1990/1990	–	3,116	–	–	–	3,116	2.0	99.3	5.7
Sundsvall	24	Nolby 7:139	Sandslävägen 3	1970/1970	150	5,561	–	–	–	5,711	2.1	75.6	4.3
Sundsvall	25	Norrbacka 12	Baldersvägen 15, Kungsvägen 17A-D, 19A-C, 21, 23A-B, 25	1968/1968	2,172	24	–	90	6,164	8,450	10.6	88.8	1.8
Sundsvall	26	Norrmalm 1:24	Universitetsallén 32	1987/1987	11,771	199	462	–	1,467	13,898	18.5	84.7	91.8
Sundsvall	27	Penningen 12	Storgatan 29, Varvsgränd 3	1929/1970	1,522	–	–	–	–	1,522	2.0	80.3	11.5
Sundsvall	28	Penningen 9	Storgatan 23-27, Thulegatan 4	1929/1960	1,469	124	2,371	96	1,759	5,819	9.3	92.7	14.5
Sundsvall	29	Rätten 1	Centralgatan 9, Esplanaden 6, Kyrkogatan 17, Rådhusgatan 20	1929/1993	1,185	–	–	935	–	2,120	2.8	99.5	20.6
Sundsvall	30	Rävsund 1:338	Pionvägen 5	1974/1995	–	14,249	–	–	–	14,249	2.0	38.1	12.5
Sundsvall	31	Sköns Prästbord 01:59	Arbetsledarvägen 14	1991/1991	–	1,774	–	–	–	1,774	1.1	93.2	4.0
Sundsvall	32	Sköns Prästbord 1:69	Norra Förmansvägen 22	1989/1989	–	–	2,632	–	–	2,632	1.6	93.0	14.2
Sundsvall	33	Skönsberg 1:7, 1:8 (2 properties)	Industrigatan 1, Ortviksvägen 2-4	1969/1969	3,333	73	1,252	–	–	4,658	5.4	100.0	23.4
Sundsvall	34	Skönsberg 1:73	Lagergatan 12-14	1988/1988	5,762	–	–	–	–	5,762	5.7	92.7	30.8
Sundsvall	35	Skönsmon 2:13	Kontorsvägen 8	1981/1981	481	3,332	–	–	–	3,813	2.5	99.4	8.5
Sundsvall	36	Skönsmon 2:4	Kolvägen 15	1989/1989	2,215	300	850	–	–	3,365	3.1	85.7	16.0
Sundsvall	37	Skönsmon 2:5	Kolvägen 19-21	1930/1980	2,719	–	–	–	–	2,719	3.3	95.5	14.5
Sundsvall	38	Skönsmon 2:97	Kolvägen 17	1959/1999	2,560	11	–	–	–	2,571	4.6	89.7	22.1
Sundsvall	39	Solhöjden 31	Bjälkvägen 13	1929/1940	–	–	–	–	–	–	0.0	0.0	0.5
Sundsvall	40	Stenstaden 1:14	Nya Hamngatan 21	2006/2006	1,488	–	–	–	73	1,561	2.3	96.5	1.2
Sundsvall	41	Venus 3	Storgatan 11, Kyrkogatan 12, Nybrogatan 9-11	1929/1950	2,380	13	1,624	1,202	–	5,219	5.8	88.3	34.8
Sundsvall	42	Vesta 4	Esplanaden 13 / Trädgårdsgatan 22	1892/1930	354	–	200	574	274	1,402	2.0	98.1	10.9
Sundsvall	43	Västland 26:3	Finstavägen 36	1968/–	–	600	546	–	1,140	2,286	1.5	85.8	–
<b>TOTAL SUNDSVALL: 47 PROPERTIES</b>					<b>95,715</b>	<b>42,338</b>	<b>43,577</b>	<b>10,528</b>	<b>12,473</b>	<b>204,630</b>	<b>238.7</b>	<b>88.8</b>	<b>1,242.5</b>

## SOLLEFTEÅ, TIMRÅ, ÅNGE

			Year of construction/ value year	sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
Municipality	Property name	Address		Office	Industrial/ warehouse	Retail	Residential	Other	Total			
Sollefteå	Staden 2:26, 2:29 (2 properties)	–	Land	–	–	–	–	–	–	–	–	–
Timrå	Vivsta 3:39	Köpmangatan 44	1983/1983	2,122	59	205	–	–	2,386	1.7	54.0	6.6
Ånge	Mallberget 1:15	Verkmästargatan 11	1995/1995	326	2,912	–	–	–	3,238	1.3	66.5	2.9
TOTAL SOLLEFTEÅ, TIMRÅ, ÅNGE: 4 PROPERTIES				2,448	2,971	205	–	–	5,624	3.0	56.7	9.5

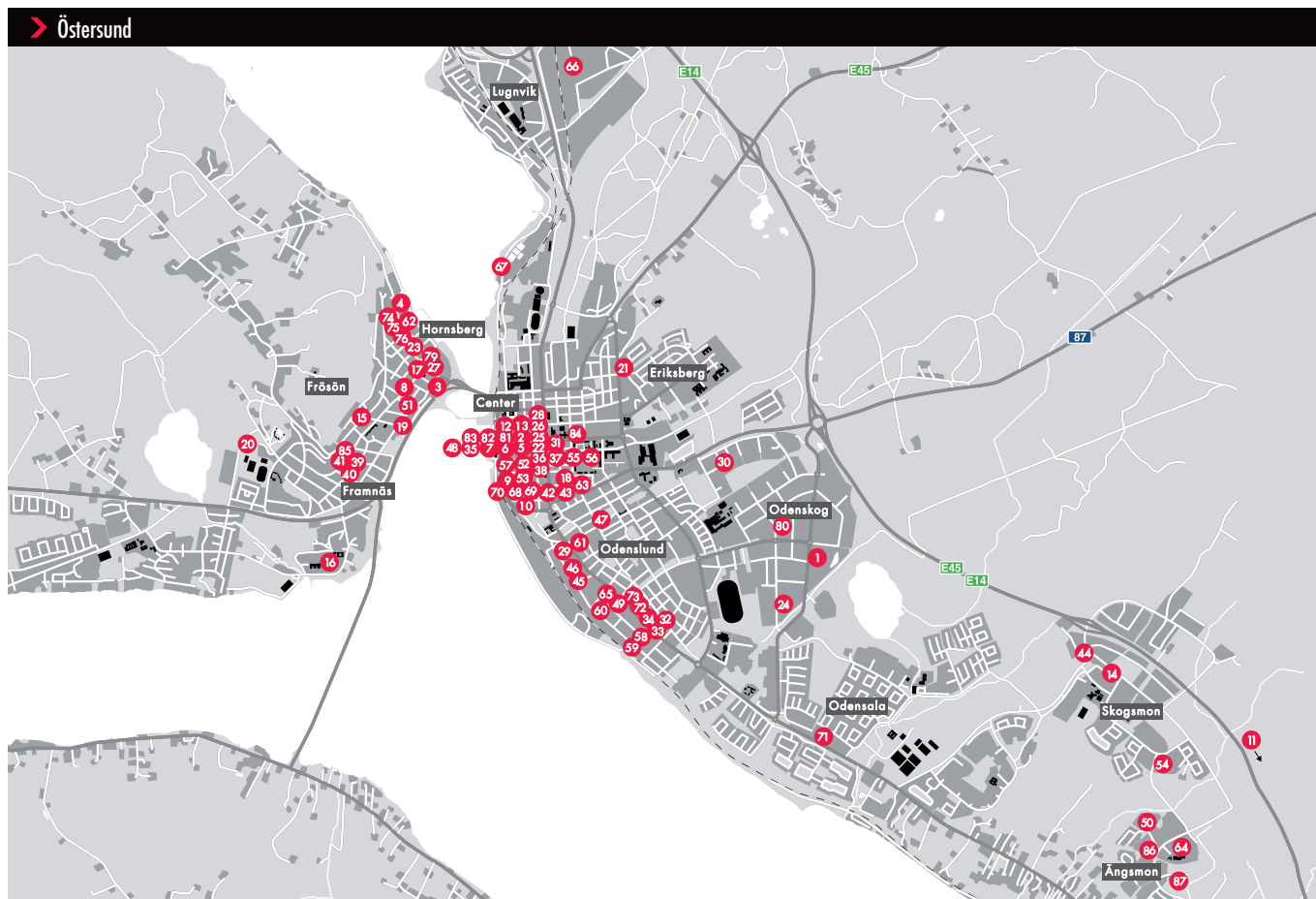
				sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
<b>TOTAL VÄSTERNORRLAND</b>				Office	Industrial/ warehouse	Retail	Residential	Other	Total			
<b>82 PROPERTIES</b>				<b>140,436</b>	<b>59,473</b>	<b>52,723</b>	<b>26,697</b>	<b>15,268</b>	<b>294,600</b>	<b>297.7</b>	<b>87.2</b>	<b>1,457.2</b>

# PROPERTIES JÄMTLAND



## ÅRE

Municipality	No.	Property name	Address	Year of construction/ value year	sq.m.					Rental value, SEKm	Ec. occupancy rate, %	Taxation value, SEKm
					Office	Industrial/ warehouse	Retail	Residential	Other	Total		
Åre	1	Arvesund 2:185 etc. (24 properties)	–	Land	–	–	–	–	–	–	–	3.7
Åre	2	Hästen 4	Grönvägen 6A-C (Järpen)	1964/1980	–	–	–	971	–	971	0.8	3.1
Åre	3	Lien 2:7	Kabinbaneanvägen 1	1929/2005	–	–	443	4,565	–	5,008	8.9	97.6
Åre	4	Mörviken 1:107	Kabinbaneanvägen 22 (Hotell Åre Torg)	1985/2007	–	–	–	–	1,400	1,400	0.9	14.5
Åre	5	Mörviken 2:102	Sankt Olavs väg 33, 37	2006/2007	–	149	4,368	–	3,435	7,952	12	104.0
Åre	6	Totten 1:68	Kurortsvägen 20	1929/1929	3,173	830	–	–	6,870	10,873	9.9	74.2
Åre	7	Åre Lund 1:17	–	Land	–	–	–	–	–	–	–	–
Åre	8	Åre Prästbord 1:37	Årevägen 55	1990/1997	2,240	–	1,419	–	479	4,138	5.4	40.8
Åre	9	Åre Prästbord 1:76	Årevägen 78	2007/2007	–	22	2,006	648	399	3,075	8.6	64.2
<b>TOTAL ÅRE: 32 PROPERTIES</b>					<b>5,413</b>	<b>1,001</b>	<b>8,236</b>	<b>6,184</b>	<b>12,583</b>	<b>33,417</b>	<b>46.5</b>	<b>402.1</b>



## ÖSTERSUND

Municipality	No.	Property name	Address	Year of construction/ value year	sq.m.					Rental value, SEKm	Ec. occupancy rate, %	Taxation value, SEKm
					Office	Industrial/ ware- house	Retail	Residential	Other	Total		
Östersund	1	Bandsågen 11	Hagvägen 17	1978/1978	1,106	299	—	—	—	1,405	1.3	4.9
Östersund	2	Barberaren 7	Biblioteksgatan 11, Prästgatan 28-30	1917/1992	—	—	381	775	200	1,356	2.0	21.5
Östersund	3	Befälhavaren 2	Frösövägen 3A-C	1983/1983	1,888	—	—	—	—	1,888	1.9	8.7
Östersund	4	Bergvik 10	Bergsgatan 44	1948/1987	—	—	—	746	—	746	0.8	5.6
Östersund	5	Boktryckaren 1	Köpmangatan 39, Biblioteksgatan 6A-C, 8, Storgatan 32-34, 34A-B	1929/1929	1,231	159	1,488	489	—	3,367	3.2	22.2
Östersund	6	Boktryckaren 5	Köpmangatan 43, Postgränd 5	1929/1930	—	—	320	90	—	410	0.5	3.7
Östersund	7	Boktryckaren 6	Köpmangatan 41, 41B	1930/1991	341	—	—	212	—	553	0.6	4.3
Östersund	8	Bonden 3	Fritzhemsgatan 14	1988/1988	90	—	—	855	—	945	1.0	6.7
Östersund	9	Borgmästaren 4	Strandgatan 22, 22B-C	1992/1992	—	—	—	1,075	—	1,075	1.1	8.3
Östersund	10	Brandenburg 5	Brunnsgränd 6, Storgatan 61A-C	1960/1969	—	15	38	1,225	887	2,165	2.1	14.0
Östersund	11	Brunflo-Viken 5:2	Mariebyvägen 10A-A, 12A-T	1992/1992	—	—	—	4,514	200	4,714	3.8	18.6
Östersund	12	Buntmakaren 2	Törnstens Gränd 11, Stortorget 8	1929/1950	842	124	575	153	—	1,694	2.1	14.5
Östersund	13	Buntmakaren 3	Prästgatan 22-24, Stortorget 10, Törnstens Gränd 13	1963/1963	1,178	170	1,107	—	81	2,536	2.7	21.6
Östersund	14	Busken 1	Splintvägen 5	1991/1991	2,012	—	—	—	—	2,012	1.6	5.4
Östersund	15	Fabrikören 3	Byvägen 74	1945/1986	—	—	—	458	—	458	0.5	3.2
Östersund	16	Frösö 3:7	Öneslingan, Önevägen	1929/2004	12,884	1,670	140	1,418	23,879	39,991	36.7	44.4
Östersund	17	Frösö 6:22,6:30 (2 properties)	Fjällgatan 10A-B	1945/1984	—	10	—	926	—	936	0.9	6.3
Östersund	18	Förskinnets 6	S:a Gröngatan 39	1971/1971	208	—	—	1,431	—	1,639	1.7	11.3
Östersund	19	Gubbåkern 8	Frösövägen 19	1937/1937	—	—	94	561	5	660	0.6	3.9
Östersund	20	Guckuskon 1	Lövstavägen 6	1992/1992	1,643	—	—	—	—	1,643	1.4	5.6

Municipality	No.	Property name	Address	Year of construction/ value year	sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
					Office	Industrial/ ware- house	Retail	Residential	Other	Total			
Östersund	21	Gårdvaren 1	Eriksbergsvägen 19A-H, 21A-D	1963/1992	–	59	–	2,791	–	2,850	2.6	98.7	17.9
Östersund	22	Gästgivaren 3,6 (2 properties)	Hamngatan 11, Prästgatan 40	1945/1945	449	–	1,162	465	182	2,258	2.4	72.8	15.8
Östersund	23	Handlanden 4	Hornsgatan 16A-B	1954/1954	–	30	–	1,225	–	1,255	1.2	97.2	7.4
Östersund	24	Hejaren 5	Odenskogsvägen 35-37	1960/1978	617	9,733	725	–	–	11,075	5.9	76.1	27.2
Östersund	25	Häradshövdingen 1	Prästgatan 29, Törnstens Gränd 14	1965/1965	173	49	697	465	432	1,816	2.2	97.8	15.4
Östersund	26	Häradshövdingen 6	Prästgatan 31, 31A, 31C-D	1910/1948	476	70	691	416	624	2,277	2.6	87.5	19.8
Östersund	27	Kommunalmannen 4	Bergsgatan 5, Fjällgatan 4A-C, Fritzhemsgatan 1A-F	1966/1971	3,461	1,710	–	–	–	5,171	4.6	17.9	15.1
Östersund	28	Kopparslagaren 3	Prästgatan 21, Samuel Permans Gata 7-9	1929/1978	3,513	–	595	990	5	5,103	4.9	97.5	33.9
Östersund	29	Kräftan 6	Rådhusgatan 82	1969/1989	1,203	–	–	–	1,615	2,818	3.2	73.0	21.6
Östersund	30	Körfältet 11	Körfältsvägen 4	1973/1973	–	–	–	–	2,187	2,187	2.1	88.6	9.2
Östersund	31	Logen 6	Kyrkgatan 47, 49, Thoméegränd 18A-C	1938/1975	1,622	–	985	1,450	1,959	6,016	5.9	81.0	42.7
Östersund	32	Lutfisken 2	Odensviksvägen 19, Brunflövågen 66	1987/1987	110	–	–	1,447	–	1,557	1.5	95.4	10.9
Östersund	33	Lutfisken 4.5 (2 properties)	Odensviksvägen 15A-B, Odensviksvägen 17	1989/1989	24	–	–	2,003	–	2,027	2.0	99.7	14.9
Östersund	34	Lutfisken 9	Tjalmargatan 14-16, 18A-B	1988/1988	–	47	–	2,684	–	2,731	2.9	97.9	20.0
Östersund	35	Läkaren 12,13,14 (3 properties)	Storgatan 27, Zätagränd 2-4, Biblioteksgatan 10, Storgatan 29, Zätagränd 1-11, 6-8, Postgränd 11, Prästgatan 32-36, Storg- gatan 31, Zätagränd 10-14	1970/1970	4,860	252	6,084	1,306	822	13,324	16.6	97.4	120.2
Östersund	36	Magistern 1	Kyrkgatan 43, 43B	1984/1984	2,080	–	335	–	–	2,415	3.0	85.4	17.5
Östersund	37	Magistern 2	Postgränd 20, Rådhusgatan 46	1990/1990	1,954	–	–	–	–	1,954	2.4	85.9	15.7
Östersund	38	Magistern 5	Hamngatan 17-19, Kyrkgatan 45	1954/1964	1,843	65	1,408	86	–	3,402	3.7	81.1	23.9
Östersund	39	Majoren 5	Örjansvägen 10, Östbergsvägen 11	1955/1955	–	–	–	488	–	488	0.4	98.6	2.9
Östersund	40	Majoren 6	Örjansvägen 12	1991/1991	–	–	–	708	–	708	0.8	89.6	–
Östersund	41	Majoren 9	Fritzhemsgatan 49, Östbergsvägen 13A-B	1956/1956	38	–	–	1,409	10	1,457	1.2	99.2	8.3
Östersund	42	Motboken 1	Rådhusgatan 37	1984/1984	2,109	742	–	–	12	2,863	3.8	74.0	14.8
Östersund	43	Motboken 3	Södra Gröngatan 38A-B	1939/1939	30	9	–	1,070	–	1,109	1.3	98.7	8.2
Östersund	44	Motorsågen 2	Kolarevägen 2	1984/1984	–	918	–	–	–	918	0.7	100.0	2.4
Östersund	45	Musslan 13	Bangårdsgatan 27	1956/1956	–	1,017	–	–	–	1,017	0.4	63.8	3.3
Östersund	46	Musslan 16	Bangårdsgatan 21, 23-25, Fabriksgatan 3, Furutorpsgränd 2, Rådhusgatan 90, 94	1938/1977	1,252	1,558	3,929	145	–	6,884	4.4	84.1	25.0
Östersund	47	Myrten 5	Allégatan 13, Bryggar- gränd 6, Ringvägen 31, Tingsgatan 12	1969/1979	2,835	–	–	–	–	2,835	3.0	100.0	14.3
Östersund	48	Månadsmötet 8	Kyrkgatan 64, Prästgatan 45	1966/1966	1,983	408	4,805	–	27	7,223	13.9	79.9	87.0
Östersund	49	Nejonögat 3	Rådhusgatan 104	1945/1973	4,991	630	–	–	–	5,621	6.6	96.0	37.1
Östersund	50	Nordsvensken 1	Havrevägen 36-168	1991/1991	–	–	–	6,779	–	6,779	5.6	98.4	37.9
Östersund	51	Odlaren 5	Ruuthsvägen 3	1991/1991	–	–	–	938	–	938	1.1	97.8	7.4
Östersund	52	Pantbanken 1	Hamngatan 10, 10B, Storgatan 39	1929/1929	1,429	100	661	337	–	2,527	3.0	96.3	17.0
Östersund	53	Pantbanken 5	Prästgatan 46, 46B, Thoméegränd 11	1985/1985	698	–	640	597	–	1,935	2.8	96.3	18.0
Östersund	54	Parketten 6	Skogvaktarvägen 1-139	1989/1989	–	–	–	5,331	–	5,331	4.5	98.8	23.6
Östersund	55	Postiljonen 6	Kyrkgatan 60-62	1913/1967	6,261	1,541	175	–	18	7,995	8.6	86.5	51.0
Östersund	56	Postiljonen 9	Hamngatan 13, Prästgatan 39-43	1966/1991	1,559	20	3,632	910	74	6,195	7.9	83.7	58.7
Östersund	57	Riksbanken 7	Storgatan 46	1974/1979	4,153	–	–	–	–	4,153	6.1	100.0	29.9
Östersund	58	Rudan 2	Tjalmargatan 4-8	1959/1972	1,726	977	855	–	–	3,558	1.9	50.6	11.1
Östersund	59	Rudan 4	Bangårdsgatan 55-57, Odensviksvägen 5, 7, Tjalmargatan 2	1966/1966	2,483	100	1,375	–	–	3,958	3.6	81.6	1.3





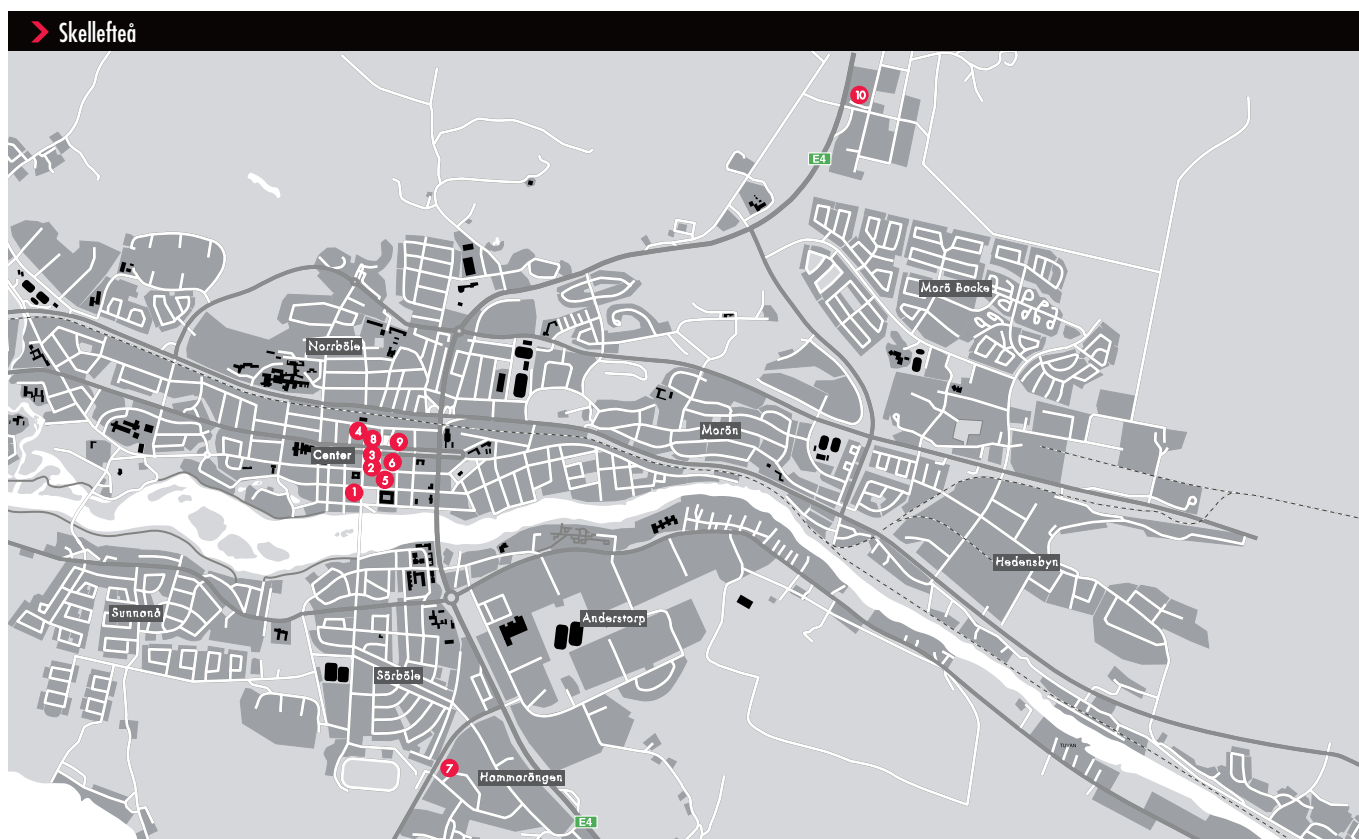
Municipality	No.	Property name	Address	Year of construction/ value year	sq. m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
					Office	Industrial/ ware- house	Retail	Residential	Other	Total			
Östersund	60	Sarven 21	Bangårdsgatan 41-43	1964/1964	—	450	3,709	—	—	4,159	2.2	66.4	12.5
Östersund	61	Siken 10	Nedre Frejagatan 5	1989/1989	—	8	—	342	—	350	0.4	97.6	2.8
Östersund	62	Sjökaptenen 8	Bergsgatan 30A-B	1946/1946	—	—	—	710	—	710	0.7	95.0	4.4
Östersund	63	Skogsskiftet 5	Tullgatan 26; Regements- gatan 44-48	1986/1986	—	—	—	2,531	—	2,531	2.7	99.3	19.9
Östersund	64	Slätterängen 7	Nekvägen 2-92, Skylvägen 5-59	1992/1992	—	—	—	5,727	—	5,727	4.7	98.6	26.0
Östersund	65	Snäckan 25	Rådhusgatan 100	1985/1985	1,519	1,949	—	—	—	3,468	3.4	95.8	20.3
Östersund	66	Sprinten 4	Ställverksvägen 1	1975/1975	456	12,736	—	—	—	13,192	4.9	45.9	19.2
Östersund	67	Spökis 1	Lugnaviksvägen 3	1950/1999	—	1,045	—	—	—	1,045	1.0	67.8	3.3
Östersund	68	Staben 14	Prästgatan 54, 54A-D, Storgatan 51A-B	1992/1992	180	—	262	3,181	30	3,653	4.3	91.5	12.7
Östersund	69	Staben 2	Prästgatan 48A, 48B, 48C, Thoméegränd 12	1985/1985	1,002	—	—	202	15	1,219	1.6	91.6	11.7
Östersund	70	Staben 6	Storgatan 53A-D	1931/1990	—	50	—	1,287	216	1,553	1.4	99.7	11.3
Östersund	71	Stallet 10	Lingonvägen 7B	1951/1951	1,700	—	—	—	—	1,700	3.4	100.0	0.3
Östersund	72	Strömningen 6	Rådhusgatan 107A-B	1948/1950	163	—	—	750	—	913	0.9	95.2	5.4
Östersund	73	Strömningen 7	Rådhusgatan 105A-B	1952/1952	125	—	33	849	—	1,007	0.9	97.2	5.6
Östersund	74	Svarvaren 1	Bergsgatan 31A-B	1948/1991	50	—	60	599	—	709	0.7	97.2	4.9
Östersund	75	Svarvaren 2	Bergsgatan 29A-B	1948/1948	—	50	50	578	—	678	0.6	98.9	3.8
Östersund	76	Svarvaren 4	Bergsgatan 25, 25A-B, Kaptensgatan 6A-E	1946/1988	48	—	141	976	—	1,165	1.2	99.2	8.0
Östersund	77	Söre 5:26	Ängevägen 2A-E (Lit)	1989/1989	—	—	—	2,176	—	2,176	2.0	97.2	7.7
Östersund	78	Söre 5:74	Näsvägen 1A-B (Lit)	1989/1989	—	—	95	923	—	1,018	0.9	94.4	3.3
Östersund	79	Tivolit 2	Hornsgatan 8, 8A-B	1943/1986	93	24	—	1,110	—	1,227	1.2	99.4	8.0
Östersund	80	Traktorn 6	Odenskogsvägen 13-17	1975/1990	2,351	—	—	—	—	2,351	2.2	61.9	9.8
Östersund	81	Traktören 10	Prästgatan 25	1929/1960	1,520	23	—	667	10	2,220	2.8	89.5	19.5
Östersund	82	Traktören 5	Prästgatan 27, Törnstens Gränd 15	1930/1930	426	—	994	260	—	1,680	2.1	91.7	12.5
Östersund	83	Traktören 9	Kyrkgatan 42, Samuel Permans Gata 10	1937/1937	—	10	470	625	—	1,105	1.1	100.0	7.0
Östersund	84	Vadmalsväven 5	Regementsgatan 13-15	1988/1992	—	—	—	2,101	—	2,101	2.3	99.3	16.5
Östersund	85	Valkyrian 1	Fritzhemsgatan 58-62, Östmundstigen 5-11	1963/1963	—	—	—	1,982	—	1,982	1.8	98.7	12.5
Östersund	86	Varmblodet 1	Havrevägen 9-43	1991/1991	—	—	—	5,671	183	5,854	5.2	98.0	28.3
Östersund	87	Ängsbetet 4	Skördevägen 1-44	1992/1992	—	—	—	3,600	—	3,600	3.0	98.5	21.5
TOTAL ÖSTERSUND: 92 PROPERTIES					86,987	38,827	38,711	85,814	33,673	284,012	277.4	87.1	1,461.7

## BRÄCKE AND SVEG, HÄRJEDALEN

				sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
Municipality	Property name	Address	Year of con- struction/ value year	Office	Industrial/ ware- house	Retail	Residential	Other	Total			
Bräcke	Bräcke 4:4	Svedjegatan 20	2000/2000	–	12,000	–	–	–	12,000	2.4	0.0	4.5
Sveg	Kilen 1	Fjällvägen 7, Genvägen (1)	1960/1980	1,238	–	–	–	–	1,238	1.4	90.7	3.3
Sveg	Kopparslagaren 5	Södra Hantverksgatan 4	1983/1987	1,300	4,041	–	–	–	5,341	3.5	68.2	5.5
Sveg	Moroten 9	Grängsgatan 17	1979/1979	1,192	1,242	213	–	–	2,647	1.8	42.9	3.9
TOTAL BRÄCKE AND SVEG, HÄRJEDALEN: 4 PROPERTIES				3,730	17,283	213	–	–	21,226	9.1	49.5	17.2

TOTAL JÄMTLAND	sq.m.						Rental value, SEKm	Ec. occupancy rate, %	Taxation value, SEKm
	Office	Industrial/ warehouse	Retail	Residential	Other	Total			
128 PROPERTIES	96,130	57,111	47,160	91,998	46,256	338,654	333.0	86.2	1,881.0

# PROPERTIES VÄSTERBOTTEN

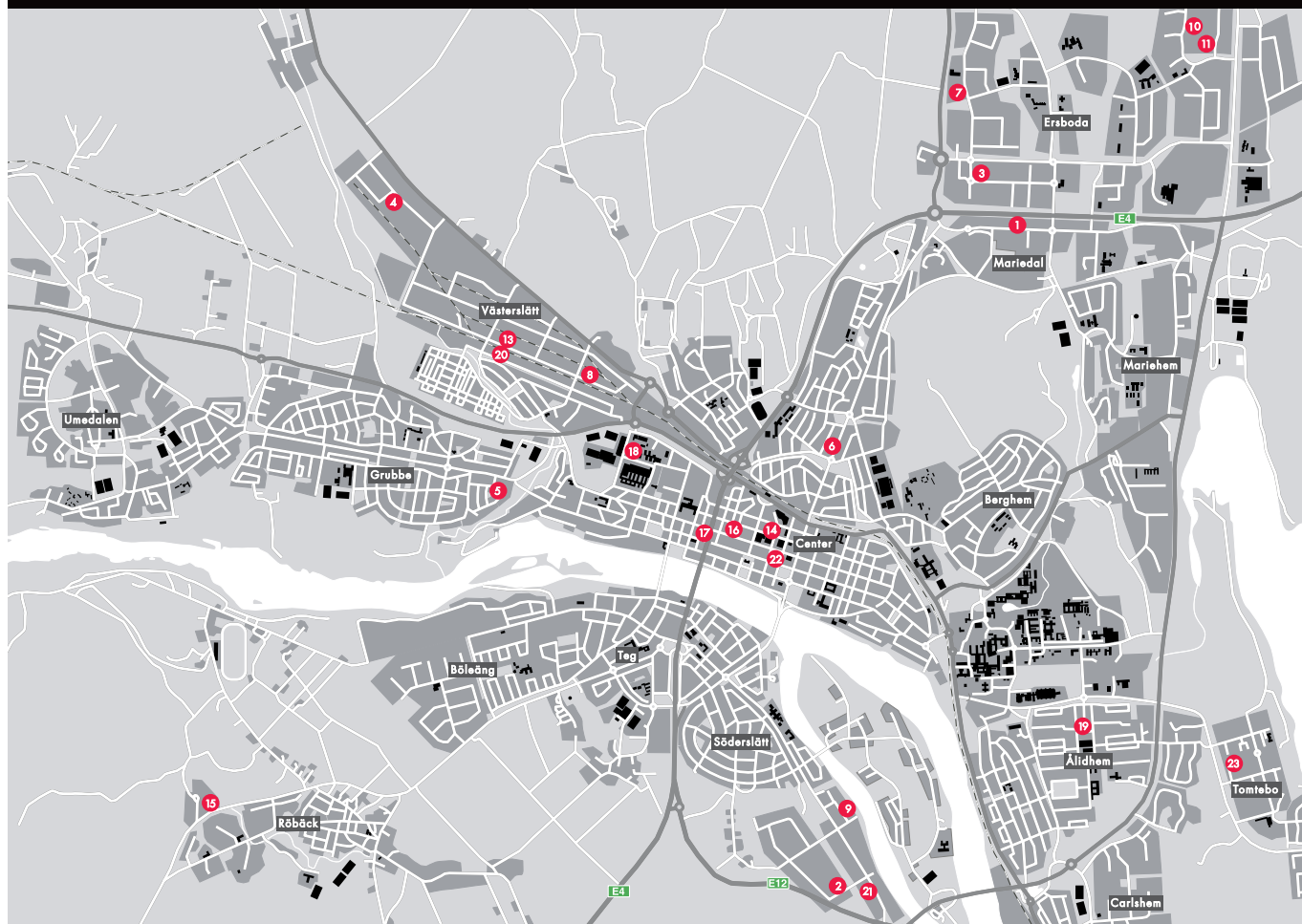


## SKELLEFTEÅ

Municipality	No.	Property name	Address	Year of construction/ value year	sq.m.					Rental value, SEKm	Ec. occupancy rate, %	Taxation value, SEKm
					Office	Industrial/ warehouse	Retail	Residential	Other	Total		
Skellefteå	1	Höken 2	Stationsgatan 5, Storgatan 38-40	1944/1960	2,546	335	–	871	–	3,752	4.0	20.7
Skellefteå	2	Idun 6	Nygatan 47	1933/1960	993	342	4,196	–	1,103	6,634	2.4	11.7
Skellefteå	3	Idun 12	Kanalgatan 40, Trädgårdsgatan 13-15	1961/1985	30	13	1,485	240	–	1,768	7.5	46.8
Skellefteå	4	Kastor 6	Stationsgatan 21	1966/1973	1,650	–	–	–	–	1,650	1.8	6.5
Skellefteå	5	Lekatten 9	Nygatan 46-48, Storgatan 43A-B, Trädgårdsgatan 8	1960/1960	2,423	171	7,117	2,893	710	13,314	14.7	78.0
Skellefteå	6	Loke 7	Hörmellgatan 13, Nygatan 51, Torget 2	1975/1986	3,041	272	1,232	364	3,835	8,744	9.9	63.4
Skellefteå	7	Motorn 18	Plåtvägen 3	1990/1990	2,624	952	926	–	–	4,502	2.7	10.1
Skellefteå	8	Orion 8	Kanalgatan 41A-B, Kanalgatan 43, Trädgårdsgatan 17	1966/1985	883	397	873	979	394	3,526	3.2	14.9
Skellefteå	9	Polaris 8	Kanalgatan 45A-B Kanalagatan 49, Torggatan 2	1945/1960	1,830	401	629	–	–	2,860	3.6	13.2
Skellefteå	10	Service 1	Servicegatan 1	1991/1993	3,442	2,622	–	–	–	6,064	4.4	18.7
<b>TOTAL SKELLEFTEÅ: 10 PROPERTIES</b>					<b>19,462</b>	<b>5,505</b>	<b>16,458</b>	<b>5,347</b>	<b>6,042</b>	<b>52,814</b>	<b>54.2</b>	<b>284.0</b>



## Umeå



## UMEÅ

Municipality	No.	Property name	Address	Year of construction/ value year	sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
					Office	Industrial/ ware- house	Retail	Residential	Other	Total			
Umeå	1	Björnjägaren 1	Björnvägen 9	1976/1981	—	—	4,008	—	—	4,008	4.2	91.4	24.6
Umeå	2	Cisternen 3,4 (2 properties)	Läringsgatan 33, Läringsgatan 31	1980/1981	1,509	739	—	—	—	2,248	1.4	42.1	9.6
Umeå	3	Formen 2	Formvägen 3	1978/1978	—	—	1,941	—	—	1,941	1.9	87.2	11.8
Umeå	4	Grubbe 9:55	Mätarvägen 11B	1991/1991	240	960	—	—	—	1,200	0.9	100.0	3.8
Umeå	5	Hantverkaren 1	Per Jans Väg 1-3	1960/1970	—	35	—	1,222	—	1,257	1.1	99.0	10.2
Umeå	6	Karbinen 13	Östra Kyrkogatan 45-47	1976/1992	100	—	—	1,508	—	1,608	1.6	99.5	16.4
Umeå	7	Kedjan 4	Gräddvägen 7	1991/1991	1,783	98	—	—	—	1,881	2.2	97.8	9.9
Umeå	8	Kolven 4	Spårvägen 8	1967/1975	1,007	1,861	2,697	—	—	5,565	4.2	92.5	12.5
Umeå	9	Kopplingen 6	Pendelgatan 2, Rondellgatan 3	1986/1986	3,815	399	—	—	—	4,214	4.6	85.0	19.5
Umeå	10	Krukan 16	Mjölkvägen 28-56	1991/1991	—	—	—	4,133	—	4,133	4.1	99.2	25.8
Umeå	11	Krukan 18	Filgränd 11-21, 25-29	1991/1991	—	—	—	2,330	—	2,330	2.3	98.1	16.2
Umeå	12	Kärran 9	Löpevägen 15-17	1991/1991	—	955	—	—	—	955	0.5	99.4	4.3
Umeå	13	Pumpen 3	Spårvägen 20	1967/1967	4,060	5,835	497	—	—	10,392	4.2	51.7	13.6
Umeå	14	Rind 5	Nygatan 23-25, Vasagatan 17-19	1964/1972	6,239	—	—	342	—	6,581	9.0	99.8	60.8
Umeå	15	Röbbäck 30:94;30:113 (2 properties)	Täktvägen 4, Täktvägen 6	1989/1991	—	5,110	—	—	—	5,110	3.0	99.0	16.5
Umeå	16	Saga 3	Götgatan 1-3, Magasins- gatan 4, Nygatan 16, Skolgatan 47	1964/1972	2,466	101	1,119	—	630	4,316	6.3	93.7	34.2
Umeå	17	Skarpskytten 3	Bankgatan 10, 10A-B, Kungsgatan 45, Skolgatan 44, Västra Esplanaden 7A-B, 9A-B	1957/1990	1,508	286	1,142	2,884	556	6,376	6.7	94.2	52.7
Umeå	18	Stigbygel 2	Signalvägen 12	1973/—	—	4,321	—	—	—	4,321	3.3	98.8	—

Municipality	No.	Property name	Address	Year of construction/ value year	sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
					Office	Industrial/ ware- house	Retail	Residential	Other	Total			
Umeå	19	Stipendiet 2	Ekonomstråket 1-3, 7, 11, Examensvägen 3	1970/1980	1,717	–	5,871	1,673	–	9,261	9.6	83.8	54.2
Umeå	20	Syllen 14	Industrivägen 28	1967/1976	760	1,377	273	–	–	2,410	1.6	82.0	7.6
Umeå	21	Tändstiftet 2	Norra Obbolavägen 118	1987/1987	2,260	–	–	–	–	2,260	1.5	100.0	9.1
Umeå	22	Vale 17	Kungsgatan 69-73, 69B-C, 71B, 73B, Vasagatan 10, 10B-C, Västra Kyrkogatan 9	1969/1975	5,689	576	5,327	913	1,808	14,313	21.0	91.6	168.3
Umeå	23	Vittergubben 1,4 (2 properties)	Folktrövägen 32-78, Folktrövägen 1-27, 29A-B	1989/2000	–	–	–	2,963	66	3,029	2.7	99.4	21.9
<b>TOTAL UMEÅ: 26 PROPERTIES</b>					<b>33,153</b>	<b>22,653</b>	<b>22,875</b>	<b>17,968</b>	<b>3,060</b>	<b>99,709</b>	<b>97.9</b>	<b>90.7</b>	<b>603.5</b>

## LYCKSELE, VILHELMINA

Municipality	Property name	Address	Year of construction/ value year	sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
				Office	Industrial/ warehouse	Retail	Residential	Other	Total			
Lycksele	Stadshuset 7	Fabriksgatan 12, Storgatan 24	1984/–	278	816	394	–	50	1,538	1.3	95.1	–
Vilhelmina	Matsdal 1:144	Matsdal 611	Land	–	–	–	–	–	–	–	–	–
Vilhelmina	Plasten 1	Sälggatan 1	1972/1972	374	12,732	–	–	–	13,106	1.7	100.0	6.3
Vilhelmina	Granberg 1:59,1:76 (2 properties)	Terminalgatan 2A, 2B, Terminalgatan 2C-D, 4-6	1982/1988	2,737	7,127	–	–	–	9,864	5.2	70.1	11.9
<b>TOTAL LYCKSELE, VILHELMINA: 5 PROPERTIES</b>				<b>3,389</b>	<b>20,675</b>	<b>394</b>	<b>–</b>	<b>50</b>	<b>24,508</b>	<b>8.2</b>	<b>80.5</b>	<b>18.2</b>

				sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
				Office	Industrial/ warehouse	Retail	Residential	Other	Total			
<b>TOTAL VÄSTERBOTTEN</b>												
<b>41 PROPERTIES</b>				<b>56,004</b>	<b>48,833</b>	<b>39,727</b>	<b>23,315</b>	<b>9,152</b>	<b>177,031</b>	<b>160.3</b>	<b>91.6</b>	<b>905.7</b>





# PROPERTIES NORRBOTTEN



Municipality	No.	Property name	Address	Year of construction/ value year	sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
					Office	Industrial/ ware- house	Retail	Residential	Other	Total			
Luleå	1	Abborren 11	Storgatan 36, 36A, Köpmangatan 45, Skomakargatan 19	1962/1986	–	543	9,161	–	12	9,715	30.5	95.6	186.0
Luleå	2	Bergnäset 2:671	Västra Skolgatan 10, Upplagsvägen 28A-B	1962/1986	7,335	3,798	–	–	2,090	13,223	7.9	43.7	16.6
Luleå	3	Braxen 1	Köpmangatan (32), 34, Smedjegatan 12-16, Stationsgatan 45	1987/1987	7,468	174	324	–	144	8,110	11.9	99.4	72.0
Luleå	4	Braxen 2	Köpmangatan 36A- Stationsgatan 47A-B	1985/1985	303	–	448	–	–	751	3.6	99.0	23.9
Luleå	5	Djuret 3	Blomgatan 17	1946/–	628	6,626	107	–	266	7,627	5.9	87.4	–
Luleå	6	Gösen 7	Sandviksgatan 81	1987/1987	2,003	158	–	–	290	2,451	2.3	99.3	15.7
Luleå	7	Humlan 6	Sandviksgatan 12, Varvsgatan 9A-D, 11, 11A	1970/1980	7,685	530	–	–	1,544	9,759	8.1	90.6	39.6
Luleå	8	Mörten 1	Köpmangatan 38, 40A-C	1985/1986	4,673	314	270	–	12	5,269	6.4	98.7	40.0
Luleå	9	Pelikanen 6	Smedjegatan 1	1942/1990	3,930	90	–	–	–	4,020	5.1	88.6	30.2
Luleå	10	Porsön 1:423	Aurorum	1989/2002	19,528	68	–	–	185	19,781	25.8	89.4	126.0
Luleå	11	Rudan 7	Skomakargatan 18B, Storgatan 40A-G	1936/1961	–	–	850	1,288	–	2,138	3.5	100.0	25.5
Luleå	12	Rättan 18	Storgatan 53, Kungsgatan 23	1953/1953	3,350	–	10	–	90	3,450	4.1	65.4	31.8
Luleå	13	Siken 7	Sandviksgatan 55, Smedje- gatan 8-10, 10A, Stations- gatan 50 (52)	1989/1989	4,079	10	859	–	–	4,948	6.7	98.3	42.0
Luleå	14	Simpan 1	Köpmangatan 42, 44A-B, 46, Kungsgatan 11-13, 13A-B	1951/1960	3,721	–	385	675	5	4,786	6.2	96.8	40.4
Luleå	15	Strutsen 6	Nygatan 18, Storgatan 27, 27A-C	1958/1958	1,023	–	436	1,598	20	3,077	4.1	99.7	30.9
Luleå	16	Stören 17	Bangårdsgatan 12, 12A, Småbåtsgatan 3-7	1989/1990	4,630	2,781	5,230	–	10	12,651	10.2	97.1	27.5
Luleå	17	Tjädern 17	Nygatan 13-15, Skeppsbrogatan 24, Storgatan 25, 25A	1965/1988	–	–	4,360	–	54	4,414	8.0	96.3	42.8
Luleå	18	Vattenormen 8	Midgårdsvägen 19	1964/1964	3,905	–	–	–	–	3,905	5.0	100.0	20.9
<b>TOTAL LULEÅ: 18 PROPERTIES</b>					<b>74,262</b>	<b>15,091</b>	<b>22,439</b>	<b>3,561</b>	<b>4,722</b>	<b>120,075</b>	<b>155.3</b>	<b>91.5</b>	<b>811.8</b>

**TOTAL NORRBOTTEN**

18 PROPERTIES	sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
	Office	Industrial/ ware- house	Retail	Residential	Other	Total			
18 PROPERTIES	74,262	15,091	22,439	3,561	4,722	120,075	155.3	91.5	811.8

**TOTAL DIÖS**

364 PROPERTIES	sq.m.						Rental value, SEKm	Ec. occu- pancy rate, %	Taxation value, SEKm
	Office	Industrial/ warehouse	Retail	Residential	Other	Total			
364 PROPERTIES	565,613	315,210	275,289	169,636	121,149	1,446,900	1,437	88.7	7,395.1



# DEFINITIONS

## > FINANCIAL

### CAPITAL EMPLOYED

Total assets at the end of the period minus non-interest bearing liabilities and provisions. Average capital employed is calculated by adding the opening and closing balances and dividing by two.

### DEBT/EQUITY RATIO

Interest-bearing liabilities in relation to shareholders' equity at the end of the period.

### EQUITY RATIO

Equity divided by total assets at the end of the period.

### INTEREST COVERAGE RATIO

Profit after financial items, excluding unrealised changes in value, plus financial costs, in relation to financial costs during the period.

### LOAN-TO-VALUE RATIO, PROPERTIES

Interest-bearing and other liabilities relating to properties divided by the properties' fair value at the end of the period.

### RETURN ON CAPITAL EMPLOYED

Profit before tax plus financial costs in relation to average capital employed.

### RETURN ON EQUITY

Profit for the period in relation to average equity. Average equity is calculated as the sum of the opening and closing balance divided by two.

### RETURN ON TOTAL ASSETS

Profit before tax plus financial costs divided by average assets. Average assets are calculated by adding the opening and closing balances and dividing by two.

## > SHARE-RELATED

### AVERAGE NUMBER OF OUTSTANDING SHARES

Number of shares outstanding at the beginning of the period, adjusted by the number of shares issued or withdrawn during the period weighted by the number of days that the shares were outstanding in relation to the total number of days in the period.

### CASH FLOW PER SHARE

Profit before tax, adjusted for unrealised changes in value, plus depreciation less current tax divided by the average number of outstanding shares.

### DIVIDEND PER SHARE

Approved or proposed dividend divided by the number of shares outstanding at the end of the period.

### EARNINGS PER SHARE

The profit for the period after taxation, attributable to shareholders, divided by the average number of outstanding shares.

### EQUITY PER SHARE

Equity at the end of the period divided by the number of shares outstanding at the end of the period.

## > PROPERTY-RELATED AND OTHER

### ECONOMIC OCCUPANCY RATE

Rental income for the period divided by the rental value at the end of the period.

### MARKET VALUE OF PROPERTIES

Estimated market value from the most recent valuation.

### OPERATING COSTS

Costs of electricity, heating, water, property caretaking, waste, insurance and regular maintenance.

### OPERATING SURPLUS

The rental income less operating and maintenance costs, ground rent fees, property taxes and property management.

### PHYSICAL OCCUPANCY RATE

Leased area divided by total leasable area.

### PROPERTY CATEGORY

The main use of the properties is based on the distribution of their areas. Properties are defined according to the purpose and use of the largest proportion of the property's total area.

### RENTAL INCOME

Rents invoiced for the period minus rent losses and rent discounts.

### RENTAL VALUE

Rent invoiced for the period plus estimated market rent for vacant area. In the property register rental value refers to the value at year-end.

### SURPLUS RATIO

Operating surplus for the period divided by the rental income for the period.

### YIELD

Operating surplus divided by the properties' market value at the end of the period.

# FIVE-YEAR SUMMARY

On 30 December 2011, Diös acquired Norrvidden Fastigheter AB in a business combination. The acquisition does not impact the income statement for 2011, while the acquired business is included in the balance sheet which has also impacted some of the key ratios.

## INCOME STATEMENT

SEKm	2013	2,012	2011	2010	2009
Rental income	1,292	1,300	587	486	463
Other revenue	15	31	15	13	15
Property costs	-569	-565	-274	-214	-204
<b>Operating surplus</b>	<b>738</b>	<b>766</b>	<b>327</b>	<b>286</b>	<b>273</b>
Central administration	-84	-98 <sup>1</sup>	-51 <sup>2</sup>	-35	-36
Net financial items	-300	-329	-144	-122	-106
<b>Operating profit</b>	<b>354</b>	<b>340</b>	<b>132</b>	<b>128</b>	<b>131</b>
Unrealised changes in value	68	-76	-88	4	32
Realised changes in value, properties	11	9	32	11	1
Unrealised changes in value, properties	-35	180	175	163	-53
<b>Profit before tax</b>	<b>398</b>	<b>452</b>	<b>251</b>	<b>306</b>	<b>111</b>
Current tax	-15	-6	-8	-10	-2
Deferred tax	-62	-14	-66	-62	-3
Minority interest	-2	3	-5	4	1
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>	<b>323</b>	<b>428</b>	<b>182</b>	<b>230</b>	<b>104</b>

1 Of which SEK 38 million refers to restructuring costs attributable to the acquisition of Norrvidden.

2 Of which SEK 14 million refers to transaction costs attributable to the acquisition of Norrvidden.

## BALANCE SHEET

SEKm	2013	2012	2011	2010	2009
Investment properties	11,823	11,878	11,562	5,204	3,906
Other tangible fixed assets	7	12	14	9	11
Intangible fixed assets	4	–	–	–	–
Financial fixed assets	9	11	19	6	8
Deferred tax asset	–	–	–	37	120
Current receivables	91	172	180	52	46
Cash and cash equivalents	121	120	104	61	49
<b>ASSETS</b>	<b>12,055</b>	<b>12,193</b>	<b>11,879</b>	<b>5,369</b>	<b>4,140</b>
Shareholders' equity	3,235	3,086	2,724	1,518	1,155
Deferred tax liability	655	593	556	–	–
Non-current liabilities	7,666	7,895	8,013	3,654	2,472
Current liabilities	499	619	585	196	514
<b>LIABILITIES AND EQUITY</b>	<b>12,055</b>	<b>12,193</b>	<b>11,879</b>	<b>5,369</b>	<b>4,141</b>

## CASH FLOW STATEMENT

SEKm	2013	2012	2011	2010	2009
Operating cash flow	334	313	173	39	87
Investing cash flow	68	-107	-592	-537	-49
Financing cash flow	-401	-190	462	510	-26
Cash flow for the year	1	16	43	12	12
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>121</b>	<b>120</b>	<b>104</b>	<b>61</b>	<b>49</b>

## FINANCIAL KEY RATIOS

	2013	2012	2011	2010	2009
Return on equity, %	10.2	14.7	8.6	17.2	9.3
Return on total assets, %	5.8	6.5	4.6	9.0	5.3
Return on capital employed, %	6.1	6.8	4.8	9.8	6.0
Equity ratio, %	26.8	25.3	22.9	28.3	27.9
Loan-to-value ratio, properties, %	64.8	66.4	69.2	69.9	71.1
Interest coverage ratio, times	2.2	2.0	1.9	2.0	2.2
Debt/equity ratio, times	2.4	2.6	2.9	2.4	2.4

## DATA PER SHARE

	2013	2012	2011	2010	2009
Earnings per share, SEK	4.3	5.7	4.6	6.7	3.1
Equity per share, SEK	43.3	41.3	36.5	40.6	34.0
Cash flow per share, SEK	4.6	4.5	3.2	3.6	3.9
Average number of shares outstanding at year-end (thousands)	74,729	74,729	39,771	34,148	33,968
Number of shares outstanding at end of period (thousands)	74,729	74,729	74,729	37,365	33,968
Dividend per share, SEK	2.30 <sup>1</sup>	2.30	1.10	1.75	1.75

<sup>1</sup> The Board's proposal.

## PROPERTY-RELATED KEY RATIOS

	2013	2012	2011	2010	2009
Number of properties	364	378	385	142	114
Leasable area, sq.m.	1,446,900	1,504,738	1,516,549	699,670	547,350
Carrying amount of investment properties, SEKm	11,823	11,878	11,562	5,204	3,906
Rental value	1,457	1,464	655	537	512
Economic occupancy rate, %	88.7	88.8	89.6	90.5	90.4
Surplus ratio, %	57.1	58.9	55.8	58.8	59.0



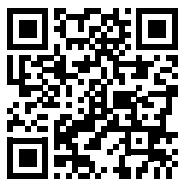


Diös' annual report has been produced by Diös Fastigheter AB in collaboration with Solberg and Novus Kommunikation AB. Lyssna Kommunikation contributed to the sections in Sustainability and Market, among other contributions.

**Photos:** Tina Stafrén (the majority of photos) and Kristofer Lönnå.

**Printed by:** Göteborgstryckeriet.

**Paper:** Cocoon Silk, FSC-certified and made from 100 per cent recycled fibre.



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