

Diös

Q2

INTERIM REPORT **JANUARY – JUNE 2013**



OVERVIEW OF THE PERIOD

JAN - JUNE 2013

- Rental income for the period was SEK 643.5 million (648.8)
- Property management income was SEK 172.7 million (166.9)
- Value movement on investment properties was SEK -62.7 million (79.5)
- Movements in the value of derivatives amounted to SEK 95.5 million (11.7)
- Earnings per share were SEK 2.24 (2.62)
- Shareholders' equity per share was SEK 41.24 (38.10)

	2013 6 months Jan-June	2012 6 months Jan-June	2012 12 months Jan-Dec
NET PROFIT FOR THE PERIOD, SEK million			
Rental income	643.5	648.8	1,300.2
Other revenue	12.9	13.9	31.1
Operating and central costs	-319.7	-311.8	-625.1
Restructuring costs	-15.9	-14.6	-37.9
Net finance income/expense	-148.1	-169.9	-328.5
Property management income	172.7	166.9	339.8
Value movement, real estate and derivatives	32.8	91.2	112.2
Current tax	-11.1	-3.0	-6.2
Deferred tax	-27.0	-58.6	-14.2
Profit after taxation	167.4	196.5	431.6

FOR FURTHER INFORMATION, PLEASE CONTACT

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CHRISTER SUNDIN, MANAGING DIRECTOR
**PROPERTY MANAGEMENT
INCOME CONTINUES
POSITIVE TREND**

The first six months of the year can be summed up with the words tough winter, nine properties sold, consolidation following the merger and stronger performance indicators.

As a result of the general downturn in the economy, it is taking slightly longer to sign new contracts and thus close new deals with our tenants. We are seeing continued rent growth in our property holding, taking into account that we have sold properties in the period.

We are pleased to report good overall performance for the period, given the higher costs that we incurred in the winter months of the first quarter. The new, expanded Diös, with an even stronger presence in the market, is thus generating positive earnings.

In April, we sold our only property in Gällivare. The sale was fully in line with our plans to dispose of properties outside of our core growth areas. We have sold a total of nine properties in the period and this naturally has an impact on revenue and profitability compared to last year. Taking this into account, I am delighted to report that we are right on course to meet our forecasts.

An increase in market rates has led to a higher unrealised change in value of SEK 95.5 million on our swaps. Our profit margin has improved and the economic occupancy rate remains strong, which means that the equity/assets ratio has increased and the loan-to-asset value is decreasing.

Negative value movement on investment properties in the quarter is entirely due to a 0.02% increase in the required rates of return.

All in all, the figures for the period are completely in line with our forecasts for the financial year, taking sold properties into account. Now that the market seems relatively stable and the occupancy rate is rising slightly, we expect our positive performance to continue through the year. We are also hoping for a strong year of growth in our key performance indicators.



REVENUE, EXPENSES AND INCOME, JANUARY - JUNE 2013

The property management income for the period, i.e. income excluding changes in value and tax, was SEK 172.7 million (166.9).

The operating surplus amounted to SEK 365.4 million (378.3), representing a surplus ratio of 56.8% (58.3%).

- The rental income for the reporting period was SEK 643.5 million (648.8), representing an 88.6% (89.1%) economic occupancy rate.
- Other property management income amounted to SEK 12.9 million (13.9) and consisted mainly of re-billing to tenants regarding work carried out in leased premises.
- Total property costs were SEK 291.1 million (284.4). SEK 4.1 million (4.6) of the property costs were for work in leased premises which were re-billed to tenants. The increase is mainly attributable to higher costs for heating and for clearing snow and ice.

VALUE MOVEMENT, REAL ESTATE AND DERIVATIVE INSTRUMENTS

A valuation of all properties was conducted in the period. Diös' valuation model is based on an exterior valuation of 25% of the 100 properties with the highest value every quarter on a rolling basis and an interior valuation of the remaining 75% of the properties. Internal valuations are carried out quarterly on other properties and the quality is assessed by external valuers. The valuation shows a decrease of -0.55% (0.61%), which is equivalent to SEK -64.7 million (71.7). On 30 June, the market value was SEK 11,681.4 million (11,681.6). The increase since the beginning of the year can mainly be attributed to the changing cash flows and required rates of return.

During the period, nine (five) properties were sold with a realised gain of SEK 2.0 million (7.8) before tax.

Diös uses interest-rate derivatives to obtain the desired interest-rate maturity profile. The derivative portfolio is valued at the present value of future cash flows. The market value of the derivative is always zero upon maturity. If the agreed interest rate deviates from the market rate, a theoretical maximum or minimum value arises for the interest-rate derivative. The change in value is of a reporting nature and does not affect the cash flow. The change in value relating to the interest-rate derivative is recognised in the income statement. During the period, unrealised gains arising on Diös' derivatives totalled SEK 95.5 million (19.6), which are fully recognised in the income statement.

NET FINANCE INCOME/EXPENSE

Net financial items for the period totalled SEK -148.1 million (-169.4). The interest expense for the period, including costs for interest-rate derivatives, represent borrowings at an average annual interest rate of 3.73% (4.19%) excluding loan commitment costs. The average annual interest rate is 3.75% (4.20%) if the loan commitment costs are included.

PROFIT BEFORE TAXATION

Profit before taxation was SEK 205.6 million (258.1). This change in profit is mainly attributable to lower unrealised movements in the value of properties.

PROFIT AFTER TAXATION

Profit after taxation was SEK 167.4 million (196.5). Current tax totalled SEK -11.1 million (-3.0), attributable to tax in subsidiaries, which may not offset losses against Group profits. A new valuation of deferred tax has caused a deferred tax expense of SEK -27.0 million (-58.6).

SECOND QUARTER OF 2013

Second quarter profit after taxation was SEK 88.5 million (42.8). The profit was negatively impacted by SEK -36.0 million (44.7) relating to change in value of properties and was positively impacted by SEK 48.4 million (-59.2) relating to the market values of interest rate derivatives. The change in the derivatives' market values that does not impact cash flows is attributable to a long-term forecast for higher interest rates.

Deferred tax of SEK -15.8 million (-35.9) and current tax of SEK -9.7 million (-1.8) had a negative impact on the income statement. The change in respect of current tax is attributable to the changed taxation of costs relating to derivative instruments. The operating surplus totalled SEK 201.7 million (202.5) and net financial items SEK -74.3 million (-87.5). The cash flow was SEK -0.9 million (-59.8). SEK -34.8 million (-32.1) of this was invested in property, plant and equipment. Net borrowings in the period were SEK -43.1 million (-1.8). Amortisation in the period is attributable to property sales.



PROPERTY HOLDING ON 30 JUNE 2013

Diös owned 369 properties in 15 locations, from Borlänge in the south to Luleå in the north. The gross leasable area was 1,469,419 square metres, of which 39% was office space, 19% retail space, 22% industrial and warehouse space, 12% residential and 8% other leasable space. Diös invested SEK 65.9 million in the construction, extension and conversion of premises in this period. In terms of value, the largest share of the portfolio is property in Gävle, Sundsvall and Östersund. The total market value of the properties was SEK 11,681.4 million.

By market area	Dalarna	Gävleborg	Jämtland	Västernorrland	Västerbotten	Norrbottn	Diös- The Group
Rental income	123.4	93.4	143.4	139.1	73.0	71.2	643.5
Other revenue	3.4	2.1	1.2	2.2	0.6	3.4	12.9
Repair and maintenance	-7.2	-3.2	-7.7	-10.4	-5.0	-2.2	-35.7
Tariff-based costs	-21.5	-15.4	-28.0	-27.6	-12.4	-8.6	-113.5
Property tax	-5.3	-4.5	-6.9	-6.1	-3.5	-3.2	-29.5
Other property costs	-14.3	-11.2	-16.6	-24.0	-9.2	-8.1	-83.5
Property management	-4.3	-3.2	-7.2	-7.1	-2.5	-4.6	-28.9
Operating surplus	74.2	58.1	78.2	66.1	40.9	47.9	365.4
Value movement							
Property, realised	-	-	0.6	-	-0.1	1.5	2.0
Property, unrealised	-21.7	-7.7	-18.2	-20.9	-15.3	19.1	-64.7
Profit	52.5	50.4	60.6	45.2	25.5	68.5	302.7
Undistributed items							
Value movement on interest-rate derivatives	-	-	-	-	-	-	95.5
Depreciation of property, plant and equipment	-	-	-	-	-	-	-1.4
Central administration	-	-	-	-	-	-	-27.2
Restructuring	-	-	-	-	-	-	-15.9
Net finance income/expense	-	-	-	-	-	-	-148.1
Profit before taxation	-	-	-	-	-	-	205.6
Current tax	-	-	-	-	-	-	-11.1
Deferred tax	-	-	-	-	-	-	-27.0
Non-controlling interests	-	-	-	-	-	-	-
Profit for period attributable to shareholders of the parent	-	-	-	-	-	-	167.4
Leasable area, sq.m.	263,032	253,509	338,654	313,767	177,816	122,642	1,469,419
Construction, extension, conversion investments, SEK million	6.6	13.2	17.6	10.8	7.0	10.7	65.9
Book value, SEK million	2,363.8	1,660.5	2,710.0	2,312.1	1,274.8	1,360.2	11,681.4
Rental value, SEK million	135.9	106.1	166.5	159.6	79.9	78.4	726.4
Economic occupancy rate, %	90.8	88.1	86.1	87.1	91.4	90.8	88.6
Surplus ratio, %	60.1	62.2	54.5	47.6	56.1	67.3	56.8

PROPERTY HOLDING ON 30 JUNE 2012

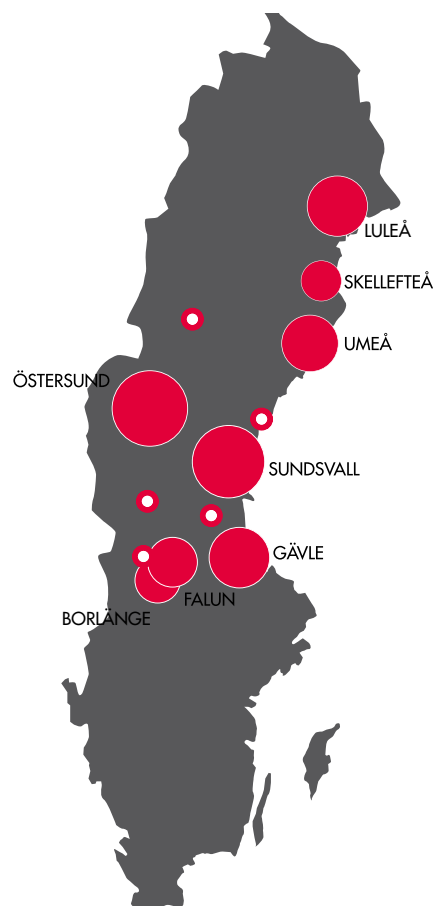
Diös owned 381 properties in 15 locations, from Borlänge in the south to Luleå in the north. The gross leasable area was 1,509,257 square metres, of which 39% was office space, 19% retail space, 22% industrial and warehouse space, 12% residential and 8% other leasable space. Diös invested SEK 60.3 million in the construction, extension and conversion of premises in this period. In terms of value, the largest share of the portfolio is property in Gävle, Sundsvall and Östersund. The total market value of the properties was SEK 11,681.6 million.

By market area	Dalarna	Gävleborg	Jämtland	Västernorrland	Västerbotten	Norrbottnen	Diös The Group
Rental income	126.8	92.4	142.6	142.0	74.7	70.3	648.8
Other revenue	2.1	1.8	1.4	4.6	0.3	3.7	13.9
Repair and maintenance	-7.0	-6.8	-7.8	-11.5	-3.7	-3.4	-40.3
Tariff-based costs	-22.2	-14.4	-27.0	-27.1	-11.1	-10.0	-111.8
Property tax	-5.3	-4.5	-6.8	-6.3	-3.6	-3.4	-29.8
Other property costs	-11.9	-9.6	-17.1	-17.9	-8.3	-8.6	-73.5
Property management	-1.8	-3.3	-7.9	-7.6	-2.8	-5.7	-29.1
Operating surplus	80.7	55.6	77.5	76.1	45.4	42.9	378.3
Value movement							
Property, realised	4.5	-	-	2.2	1.0	-	7.8
Property, unrealised	0.5	7.9	16.0	5.5	23.3	18.6	71.7
Profit	85.7	63.5	93.5	83.9	69.8	61.5	457.8
Undistributed items							
Value movement on interest-rate derivatives	-	-	-	-	-	-	11.7
Depreciation of property, plant and equipment	-	-	-	-	-	-	-1.7
Central administration	-	-	-	-	-	-	-25.7
Restructuring	-	-	-	-	-	-	-14.6
Net finance income/expense	-	-	-	-	-	-	-169.4
Profit before taxation	-	-	-	-	-	-	258.1
Current tax	-	-	-	-	-	-	-3.0
Deferred tax	-	-	-	-	-	-	-58.6
Non-controlling interests	-	-	-	-	-	-	-0.6
Profit for period attributable to share-holders of the parent	-	-	-	-	-	-	195.9
Leasable area, sq.m.	264,132	253,509	344,359	331,178	178,736	137,343	1,509,257
Construction, extension, conversion investments, SEK million	4.6	15.1	17.1	17.5	2.3	3.6	60.3
Book value, SEK million	2,291.1	1,667.1	2,680.6	2,425.8	1,264.5	1,352.6	11,681.7
Rental value, SEK million	138.0	105.5	161.0	164.0	80.4	79.0	727.9
Economic occupancy rate, %	91.9	87.6	88.6	86.6	92.8	89.0	89.1
Surplus ratio, %	63.7	60.2	54.3	53.6	60.8	61.1	58.3

MARKET COMMENTS

Our vision is for Diös to be the most successful real estate owner in our chosen market. Our focus is on creating value in the property portfolio by acquiring, improving, managing and selling properties in our market, which extends from Borlänge in the south to Luleå in the north. The company is geographically divided into the six market areas of Gävleborg, Dalarna, Västernorrland, Jämtland, Västerbotten and Norrbotten. Each area is organised in a structure with a market area manager, account manager, administrator, maintenance technician, caretaker and area assistant. The aim is for each market area to consist of one concentrated property holding (in our main locations) with centrally located properties and a primary focus on commercial properties.

Our strategy is to create good relationships with our existing and future tenants, build strong networks in the locations where we have a presence, play an active part in social development and nurture our brand. We have therefore chosen to work with a decentralised management organisation and strong local base. We place a particular focus on the management and improvement of our properties, in order to improve our net operating income and subsequently increase the market value of the properties.

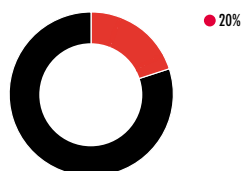


DALARNA

PROPERTY HOLDINGS

Number of properties	43
Area, sq.m.	263,032
Property value, SEK million	2,363.8

DALARNA'S SHARE OF PROPERTY VALUE



DALARNA'S DISTRIBUTION PER TYPE OF PREMISES

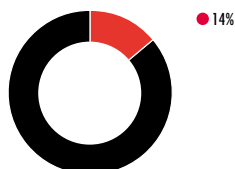


GÄVLEBORG

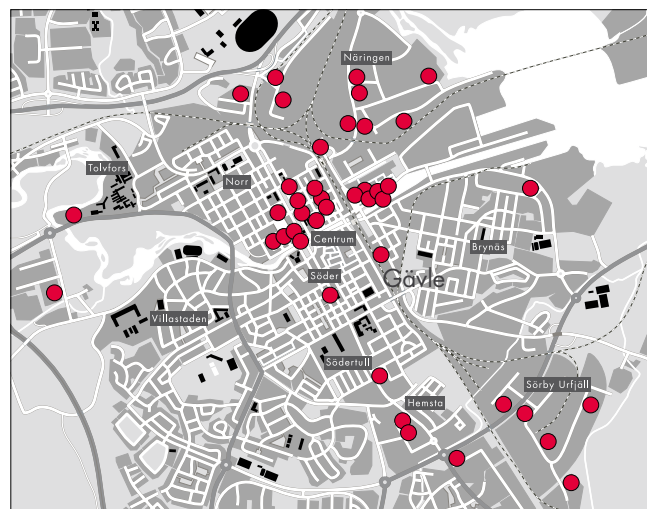
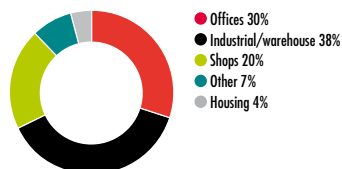
PROPERTY HOLDING

Number of properties	52
Area, sq.m.	253,509
Property value, SEK million	1,660.5

GÄVLEBORG'S SHARE OF PROPERTY VALUE



GÄVLEBORG'S DISTRIBUTION PER TYPE OF PREMISES



JÄMTLAND

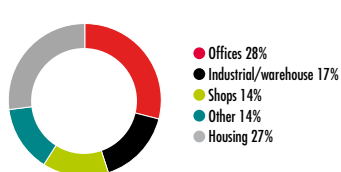
DIÖS PROPERTY HOLDINGS

Number of properties	126
Area, sq.m.	338,654
Property value, SEK million	2,710.0

JÄMTLAND'S SHARE OF PROPERTY VALUE



JÄMTLAND'S DISTRIBUTION PER TYPE OF PREMISES



VÄSTERNORRLAND

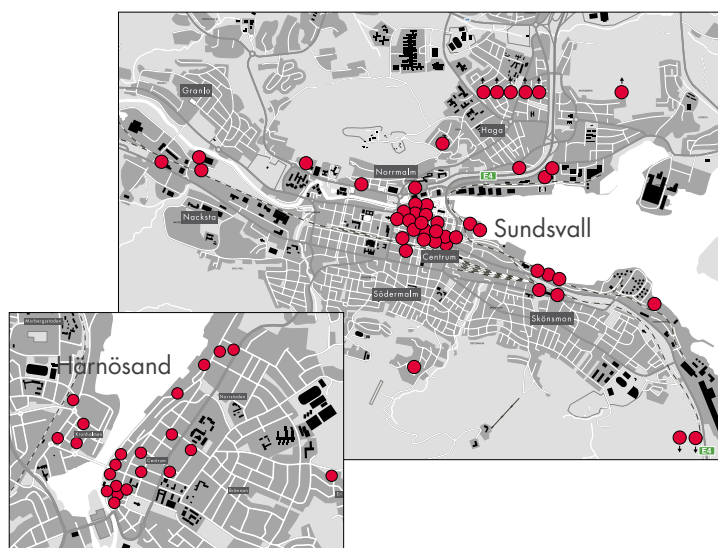
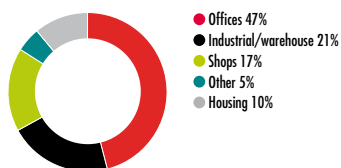
PROPERTY HOLDING

Number of properties	86
Area, sq.m.	313,767
Property value, SEK million	2,312.1

VÄSTERNORRLAND'S SHARE OF PROPERTY VALUE



VÄSTERNORRLAND'S DISTRIBUTION PER TYPE OF PREMISES

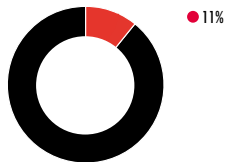


VÄSTERBOTTEN

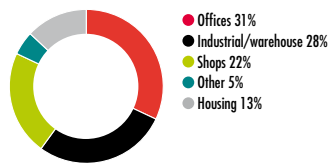
DIÖS' PROPERTY HOLDINGS

Number of properties	42
Area, sq.m.	177,816
Property value, SEK million	1,274.8

VÄSTERBOTTEN'S SHARE OF PROPERTY VALUE



VÄSTERBOTTEN'S DISTRIBUTION PER TYPE OF PREMISES



NORRBOTTEN

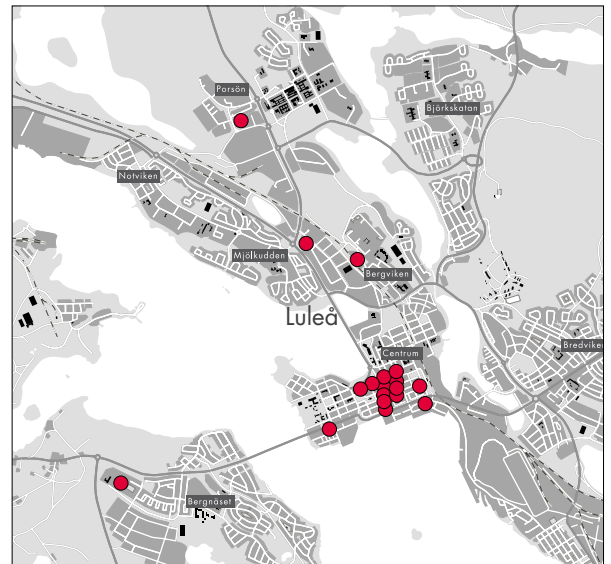
DIÖS PROPERTY HOLDINGS

Number of properties	20
Area, sq.m.	122,642
Property value, SEK million	1,360.2

NORRBOTTEN'S SHARE OF PROPERTY VALUE



NORRBOTTEN'S DISTRIBUTION PER TYPE OF PREMISES



LEASE MATURITIES ON 30 JUNE 2013

	Maturity year	Signed contracts no.	Rented area sq.m.	Contracted rental income on 30 June 2013 SEK million	Holding in %
Lease for premises	2013	461	72,048	64.9	5
	2014	843	264,550	284.4	22
	2015	598	238,128	238.6	19
	2016	535	262,785	296.9	23
	2017+	215	202,419	209.7	16
Total leases for premises		2,652	1,039,930	1,094.5	85
Residential leases		2,340	164,610	152.4	12
Other leases		5,456		36.8	3
TOTAL		10,448	1,204,540	1,283.7	100

CHANGES IN THE PROPERTY PORTFOLIO JANUARY - JUNE 2013

IMPROVEMENT

- SEK 66 million has been invested in conversion and extension work on existing properties in the period. There are 28 major improvement projects currently in progress. SEK 134 million of the budgeted SEK 294 million has been accrued.

SALES

- On 9 January 2013, the property Muttern 3 in Skellefteå was sold. The property covers an area of 920 square metres. It was sold for SEK 3.5 million.
- On 28 February 2013, two separate properties, Mercurius 5 and 12 in Sundsvall, were sold. The properties cover an area of 16,864 square metres and consist of Mercurius 5, 11 and 12, Minerva 4 and 6, and Bacchus 10. The sale price was SEK 140 million.
- On 8 April 2013, the property Gällivare 12:334 was sold. The property covers an area of 14,701 square metres. The sale price was SEK 55 million.
- On 31 May 2013, the plot of land, Sprinten 6 in Lugnvik Industrial Estate, Östersund, was sold. The sale price was SEK 600 thousand.

FINANCIAL POSITION AS OF 30 JUNE 2013

EQUITY AND EQUITY/ASSETS RATIO

Shareholders' equity amounted to SEK 3,081.6 million (2,846.7) and the equity ratio was 25.8% (23.7%). The goal is that the equity/assets ratio should not fall below 25%.

The Group's cash and cash equivalents (excluding unused bank overdraft facilities) were SEK 99.4 million (40.0) at the end of the period.

INTEREST EXPENSE JANUARY - JUNE 2013

	Amount	Cost	Weighted average interest rate
Interest-bearing debt	7,766.1	121.9	3.14%
Undrawn credit facilities	259.9	0.8	0.02%
Cost of financial instruments		22.9	0.59%
		145.5	3.75%

In the period, Diös' average interest-bearing liabilities amounted to SEK 7,766.1 million (7,988.3). Actual interest costs, including costs related to undrawn credit facilities and the performance of financial instruments, amounted to SEK 145.5 million (167.9), which represents

an average annual interest rate of 3.75% (4.20%). During the period, unrealised gains arising on derivatives held totalled SEK 95.5 million (19.6), which are fully recognised in the income statement.

INTEREST RATES AND LOAN MATURITY ON 30 JUNE 2013

Maturity year	Interest maturity		Loan maturity	
	Loan amount	Average annual interest rate ¹	Credit agreements	Drawn
	SEK million	%	SEK million	SEK million
2013	7,744.5	3.12	925.2	881.9
2014	-	-	-	-
2015	-	-	3,525.3	3,308.7
2016	-	-	3,553.9	3,553.9
Drawn credit facilities	7,744.5	3.12	8,004.4	7,744.5
Undrawn credit facilities	259.9	0.02		
Financial instruments	4,200.0	0.63		
TOTAL		3.77		

¹ Average annual interest rate refers to the average interest rate based on interest-rate terms and current liability on 30 June 2013

Average capital commitment period 2.4 years

Average interest rate commitment period 2.2 years

Derivative instruments

Swaps	Amount, SEK million	Remaining maturity, years	Interest rate level, %	Market value, SEK million
Swap 1	2,000.0	3.2	2.31	-31.5
Swap 2	600.0	4.5	3.69	-44.4
Swap 3	1,600.0	3.6	1.95	-3.8
TOTAL	4,200.0	3.5	2.37	-79.7

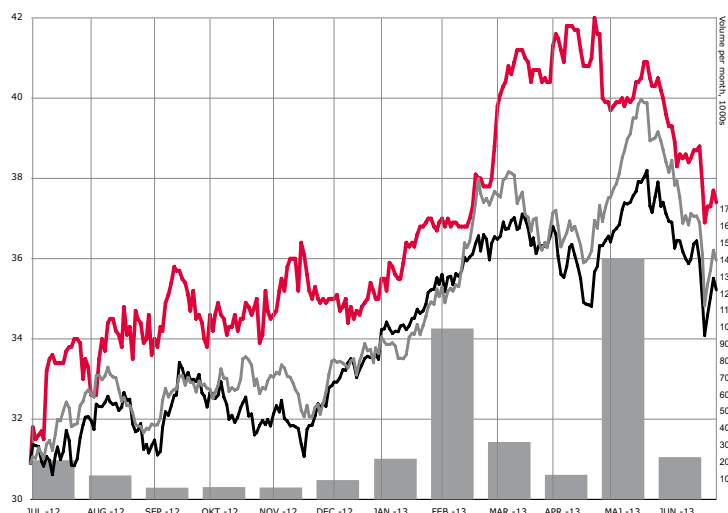
INTEREST-BEARING LIABILITIES AND AVERAGE INTEREST RATE ON 30 JUNE 2013

The Group's interest-bearing liabilities totalled SEK 7,744.5 million (7,976.2) with an average annual interest rate of 3.12% (3.73%) excluding loan commitments and 3.14% (3.74%), including loan commitments. The loans' average interest rate commitment period was 2.8 months (2.8). The average interest rate commitment period was 2.2 years (2.7) when the impact of the derivative portfolio is included. The average capital commitment period was 2.4 years (3.4). Of the Group's total interest-bearing liabilities, SEK 4,200.0 million (4,200.0) are hedged through derivative instruments. The average remaining term is 3.5 years (4.5). The average annual interest rate, including costs related

to derivative instruments, amounted to 3.75% (3.91%) excluding loan commitments and 3.77% (3.92%), 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 30 June 2013, Diös' average interest rate would have risen by 0.45 percentage points. The market value of the derivative portfolio on 30 June 2013 was SEK -79.7 million and the weighted average annual interest rate was 2.37%. With the derivative portfolio totalling SEK 4,200 million, 54.23% of the Group's total outstanding borrowings has been hedged.

12-month stock price performance

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Diös Fastigheter AB is a publicly traded company listed on the NASDAQ OMX Nordic Exchange Stockholm, Mid Cap list. The ticker symbol is DIOS and the ISIN code is SE0001634262.

The number of shares in Diös on 28 June 2013 was 74,729,134. The closing price of SEK 37.4 (30.8) gave the company a stock market value of SEK 2,794.9 million (2,302).

LARGEST SHAREHOLDERS IN DIÖS FASTIGHETER AB on 31 May 2013

Shareholder	Number of shares	Holding and votes in %
AB Persson Invest	11,499,691	15.39
Brinova Inter AB	8,930,754	11.95
Bengtssons Tidnings Aktiebolag	7,518,222	10.06
Länsförsäkringar fondförvaltning AB	7,355,456	9.84
Pensionskassan SHB Försäkringsförening	4,498,239	6.02
Fastighets AB Eric Ekblad	2,400,000	3.21
Staffan Rasjö	2,225,000	2.98
Länsförsäkringar Jämtland	2,000,002	2.68
Handelsbanken fonder AB RE JPMEL	1,776,714	2.38
Ralf Ekblad	1,700,000	2.27
Total, largest shareholders	49,904,078	66.78
Other shareholders	24,825,056	33.22
Total, all shareholders	74,729,134	100.0

HOLDINGS

on 31 May 2013

Holdings	Number of shareholders	Number of shares	Holding (%)	Votes (%)	Market value (SEK 000)
1 - 500	1,989	452,928	0.61	0.61	17,936
501 - 1,000	766	649,188	0.87	0.87	25,708
1,001 - 5,000	1,075	2,568,370	3.44	3.44	101,707
5,001 - 10,000	183	1,385,975	1.85	1.85	54,885
10,001 - 15,000	61	800,152	1.07	1.07	31,686
15,001 - 20,000	38	719,711	0.96	0.96	28,501
20,001 -	137	68,152,810	91.20	91.20	2,698,851
TOTAL 31 May 2013	4,249	74,729,134	100.0	100.0	2,959,274

Diös Fastigheter AB had 4,249 shareholders on 31 May. A significant proportion of the shareholders, 92.92 per cent, were in Sweden. The largest single owner of Diös was AB Persson Invest with 15.39% of the shares. The ten largest shareholders accounted for 66.78% of the holdings and voting rights.

SHARE CAPITAL DEVELOPMENT

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

PERSONNEL AND ORGANISATION

The number of employees on 30 June 2013 was 136 (136), of whom 49 were women (47).

Diös Fastigheter is geographically divided into the six market areas of Gävleborg, Dalarna, Västernorrland, Jämtland, Västerbotten and Norrbotten. Its head office and corporate functions are located in Östersund. Most of the employees, 92 (88) of them, work in the market areas, 50 (43) of them with the physical aspects of real estate management.

The company carried out a reorganisation of its main office departments in the period. The aim is to achieve further synergies in the company.

PARENT COMPANY

The activities of the parent company consist of Group-wide functions as well as ownership and operation of the Group's subsidiaries. Sales totalled SEK 50.1 million (4.8) and post-tax profit was SEK -15.1 million (4.3). The company's cash and cash equivalents were SEK 0 million (0) on 30 June 2013. External interest-bearing liabilities, excluding overdraft facilities, amounted to SEK 1,488.5 million (1,575.7). The amount of drawn overdraft facilities stands at SEK 5.2 million (-23.7). The average annual interest rate based on the situation at 30 June 2013 amounted to 2.98% (3.88%). The parent company prepares its financial reports in compliance with the regulations of RFR 2 "Accounting for Legal Entities".

DEFERRED TAXES

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 the new real estate company. 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.

The reported deferred tax liability was SEK -620.4 million (-637.8) on 30 June 2013. The value of the deferred tax liability will be assessed at the end of each accounting period and, if necessary, re-valuation will be carried out.

Diös' reported temporary differences, i.e. the properties' fair values less tax residual values, amounted to SEK 3,161.8 million on 30 June 2013. At a tax rate of 22.0%, deferred tax liability relating to temporary differences was SEK 695.6 million.

Diös' tax losses carried forward on 30 June are estimated at SEK 433.8 million. At a tax rate of 22.0%, deferred tax asset relating to tax losses carried forward was SEK 95.4 million, which in Diös' financial statements has been offset against deferred tax liability.

Other deferred tax liability on 30 June was SEK 20.2 million.

The change since 31 December 2012 is attributable to a SEK 29.0 million deferred tax asset decrease and a SEK 2.0 million decrease in deferred tax on temporary differences.

The reporting of taxes complies with the reporting standards but it should be noted that the amount of tax paid over the period generally differs from that reported.

Tax regulations are also complex and difficult to interpret. Application of the reporting standards may also change over time; refer to the description of tax matters in Norrvidden.

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 transactions were carried out in 2005 and the Swedish Tax Agency is demanding a SEK 246 million increase in the tax assessment on Norrvidden Norrland AB's tax revenues.

Norrvidden Norrland AB has responded to the Swedish Tax Agency and contests the Swedish Tax Agency's notice. Diös has been aware of the matter with the Swedish Tax Agency throughout the entire acquisition process. Consideration has been made and the matter is regulated in the transfer agreement signed by both the parties. The agreement specifies the full responsibilities of the seller should the tax assessment notice of the Swedish Tax Agency become legally enforceable.

PRINCIPAL RISKS AND UNCERTAINTIES

Diös Fastigheters' principal risks and uncertainties are described in the 2012 Annual Report on pages 25 to 27. Apart from the following, there have not been any substantial changes to Diös' risks and uncertainties.

At its most recent monetary policy meeting, the central bank of Sweden (Riksbanken) resolved to keep the repo rate at 1.00%. The most recent assessment of the National Institute of Economic Research (Konjunkturinstitutet) is that the repo rate remains unchanged and that the repo rate is expected to remain at the current level through 2014.

According to the National Institute of Economic Research's latest forecast, confidence among businesses and households is slowly but surely increasing. This suggests that Sweden will see slightly stronger growth in the future. However, recovery is expected to take time and is receiving little help from markets outside of Sweden. Growth will therefore mainly be driven by domestic demand. The employment market is stabilising and unemployment is expected to remain at about 8.5% in the next few years. Low inflation and low demand mean that the economy needs to be stimulated by an expansionary monetary policy.

Thanks to Sweden's strong public finances and a growing domestic GDP, the prospects for growth in our markets are considered to be good. As our real estate operations continue to generate strong cash flows, we are seeing a stabilisation of the yield levels in the market valuation of our properties and our property values. These combined factors should strengthen the real estate class of assets.

RELATED PARTY TRANSACTIONS

There were no significant related party transactions in the period.

ACCOUNTING POLICIES

Diös complies with the EU approved IFRS standards and interpretations of these (IFRIC). This Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The report for the parent company has been prepared in accordance with RFR 2, Accounting for Legal Entities and the Swedish Annual Accounts Act. The accounting policies applied in the interim report are consistent with the accounting policies applied when preparing the consolidated financial statements and Annual Report for 2012, Note 1, with the exception of the following new and amended standards.

RFR 2 Reporting for Legal Entities

An amendment to RFR 2 means that the accounting policy for Group contributions is different from 2013. Under the revised standard, Group contributions received are reported as financial income and Group contributions paid are reported as an increase in interests in Group companies.

IAS 1 Presentation of Financial Statements.

An amendment to IAS 1, with effect as of 2013, 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.

IAS 19 Employee benefits

The amended IAS 19 (IAS 19R) standard is to be adopted as of 1 January 2013. The amendments to IAS 19 affect the reporting of termination benefits. However, this has not had any effect on Diös' financial statements.

IFRS 13 Fair Value Measurement

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. IAS 34 Interim Financial Reporting has also been updated as a result of the disclosure requirements in IFRS 13. IAS 34 requires interim reports from 2013 onwards to include specific disclosures about financial instruments that have been recognised at fair value. The amendment to IAS 34 also requires disclosures to be made in the interim report about the fair value of financial instruments that have been recognised at amortised cost.

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.

All of Diös' financial instruments are measured in accordance with Level 2 and on 30 June 2013 totalled SEK -79.7 million. 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 reported value of financial instruments recognised at amortised cost is consistent with the fair value on 30 June 2013.

IFRS 7 Financial Instruments: Disclosures

The amendments to IFRS 7 require additional disclosures to be made with regard to offsetting financial assets and financial liabilities. Diös has interest rate swaps that are reported gross in the balance sheet amounting to SEK -79,734,000 (-91,215,000). These swaps can be covered by netting agreements.

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.

¹ Annual Report 2012 is available at www.dios.se

DIVIDEND POLICY

In the long-term, Diös will transfer at least 50% of the profit after taxation to its shareholders through dividends or the repurchase of shares.

EVENTS AFTER THE REPORTING DATE

There have been no significant events since the reporting date.

Interim Report January - September 2013

24th October, 2013

Financial Statement 2013

26th February 2014

The interim report has not been subject to review by the company's auditors. The Board of Directors and the Managing Director declare that the interim report for the six-month period gives a true and fair view of the operations, financial position and income of the parent company and the Group, and describes the principal risks and uncertainties faced by the parent company and the Group's companies.

Östersund, 8 July 2013

Bob Persson
Chairman of the Board

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

Entire reports can be viewed on Diös' website www.dios.se

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK MILLION

	2013 3 months April - June	2012 3 months April - June	2013 6 months Jan - June	2012 6 months Jan - June	2012 12 months Jan-Dec
INCOME STATEMENT					
Rental income & other property management income	325.7	331.8	656.4	662.7	1331.3
Property costs	-124.0	-129.4	-291.1	-284.4	-565.1
Operating surplus	201.7	202.5	365.4	378.3	766.2
Depreciation	-0.7	-0.8	-1.4	-1.7	-3.1
Central administration	-12.6	-10.3	-27.2	-25.7	-56.9
Restructuring costs ¹	-12.5	-8.9	-15.9	-14.6	-37.9
Value movement on properties	-36.0	44.7	-62.7	79.5	188.5
Operating profit/loss	139.9	227.1	258.2	415.8	856.8
Value movement on interest-rate derivatives	48.4	-59.2	95.5	11.7	-76.3
Net finance income/expense	-74.3	-87.5	-148.1	-169.4	-328.5
Profit before taxation	114.0	80.4	205.6	258.1	452.0
Current tax	-9.7	-1.8	-11.1	-3.0	-6.2
Deferred tax	-15.8	-35.9	-27.0	-58.6	-14.2
Profit after taxation	88.5	42.8	167.4	196.5	431.6
Profit attributable to shareholders of the parent	88.3	44.9	167.4	195.9	428.5
Profit attributable to non-controlling interests	0.2	-2.1	-	0.6	3.1
Total	88.5	42.8	167.4	196.5	431.6
STATEMENT OF COMPREHENSIVE INCOME					
Profit after taxation	88.5	42.8	167.4	196.5	431.6
<i>Items to be transferred to the income statement</i>					
Hedging reserve/reclassified to income statement	-	3.9	-	7.9	11.9
Comprehensive income for the period	88.5	46.7	167.4	204.4	443.5
Comprehensive income attributable to shareholders of the parent	88.3	48.8	167.4	203.8	440.4
Comprehensive income attributable to non-controlling interests	0.2	-2.1	-	0.6	3.1
Total	88.5	46.7	167.4	204.4	443.5
Profit per share after tax, SEK	1.18	0.60	2.24	2.62	5.73
Number of shares at end of period (thousands)	74,729	74,729	74,729	74,729	74,729
Average number of shares (thousands)	74,729	74,729	74,729	74,729	74,729

¹ Costs related directly to integration and reorganisation as a result of the acquisition of Norrvidden.

CONDENSED CONSOLIDATED BALANCE SHEET, SEK MILLION

	2013 30 June	2012 30 June	2012 31 Dec
ASSETS			
Fixed assets			
Investment properties	11,681.4	11,681.6	11,877.6
Other property, plant and equipment	10.3	12.2	12.3
Intangible fixed assets	1.2	-	-
Financial fixed assets	6.6	15.2	11.2
Total fixed assets	11,699.5	11,709.0	11,901.1
Current assets			
Current receivables	137.3	260.5	172.0
Cash and cash equivalents	99.4	40.0	120.1
Total current assets	236.7	300.5	292.1
TOTAL ASSETS	11,936.2	12,009.5	12,193.2
EQUITY AND LIABILITIES			
Shareholders' equity	3,081.6	2,846.7	3,086.1
Deferred tax liability	620.4	637.8	593.3
Non-current liabilities	7,746.8	7,978.5	7,894.9
Current liabilities	487.4	546.5	618.8
TOTAL LIABILITIES AND EQUITY	11,936.2	12,009.5	12,193.2

CHANGES IN EQUITY, SEK MILLION

	Shareholders' equity	Attributable to share- holders of the parent	Attributable to mi- nority interests
Equity at 31 Dec 2011	2,724.5	2,706.7	17.8
<i>Hedging reserve/reclassified to income statement</i>	7.9	7.9	-
<i>Profit for the period after taxation</i>	196.5	195.9	0.6
Comprehensive income for the period	204.4	203.8	0.6
Cash dividend	-82.2	-82.2	-
Equity at 30 June 2012	2,846.7	2,828.3	18.4
<i>Hedging reserve/reclassified to income statement</i>	4.0	4.0	-
<i>Profit for the period after taxation</i>	235.1	232.6	2.5
Comprehensive income for the period	239.1	236.6	2.5
Share repurchases	-17.0	-17.0	-
Sale of own shares	17.4	17.4	-
Equity at 31 Dec 2012	3,086.1	3,065.2	20.9
<i>Profit for the period after taxation</i>	167.4	167.4	-
Comprehensive income for the period	167.4	167.4	-
Cash dividend	-171.9	-171.9	-
Equity at 30 June 2013	3,081.6	3,060.7	20.9

CONSOLIDATED CASH FLOW STATEMENT, SEK MILLION

	2013 3 months April-June	2012 3 months April-June	2013 6 months Jan-June	2012 6 months Jan-June	2012 12 months Jan-Dec
OPERATING ACTIVITIES					
Operating profit/loss	140.0	227.1	258.2	415.8	856.8
Adjustments for non-cash flow items	36.7	-43.9	64.1	-77.8	-185.4
Interest received	1.0	0.3	2.2	0.4	1.1
Interest paid	-68.1	-76.4	-165.8	-146.8	-292.4
Tax paid	-9.7	-1.8	-11.1	-3.0	-6.2
Operating cash flows before movements in working capital	99.9	105.3	147.6	188.6	373.9
MOVEMENTS IN WORKING CAPITAL					
Decrease (+)/increase (-) in receivables	-42.5	15.5	27.0	-89.1	8.4
Decrease (-)/increase (+) in current liabilities	130.9	-65.8	-38.7	-29.9	-69.0
Total movements in working capital	88.4	-50.3	-11.7	-119.0	-60.6
Operating cash flow	188.3	54.9	135.8	69.6	313.3
INVESTING ACTIVITIES					
Investment in financial fixed assets	4.7	-	4.7	-	-0.1
Proceeds from sale of property, plant and equipment	56.1	1.3	207.4	22.5	25.7
Acquisition of intangible fixed assets	-0.1	-	-1.2	-	-
Purchases of property, plant and equipment	-34.8	-32.1	-47.4	-49.5	-132.6
Investing cash flow	25.9	-30.8	163.5	-27.0	-107.0
FINANCING ACTIVITIES					
Dividends paid	-171.9	-82.2	-171.9	-82.2	-82.2
Change in non-current liabilities	-43.1	-1.8	-148.1	-24.2	-107.8
Financing cash flow	-215.0	-84.0	-320.0	-106.4	-190.0
Cash flows for the period	-0.9	-59.8	-20.7	-63.8	16.3
Cash and cash equivalents at beginning of period	100.3	99.8	120.1	103.8	103.8
Cash and cash equivalents at end of period	99.4	40.0	99.4	40.0	120.1

	2013 3 months April-June	2012 3 months April-June	2013 6 months Jan-June	2012 6 months Jan-June	2012 12 months Jan-Dec
Return on equity, %	2.8	1.6	5.4	7.0	14.7
Equity/assets ratio, %	25.8	23.7	25.8	23.7	25.3
Loan-to-value ratio, properties, %	66.3	68.3	66.3	68.3	66.4
Interest coverage ratio, times	2.4	2.1	2.1	2.0	2.0
Equity per share, SEK	41.24	38.10	41.24	38.10	41.30
Cash flow per share, SEK	1.24	1.26	2.18	2.22	4.50
Number of properties at end of period	369	381	369	381	378
Leasable area at end of period, sq.m.	1,469,419	1,509,257	1,469,419	1,509,527	1,504,738
Market value of properties, SEK million	11,681.4	11,681.6	11,681.4	11,681.6	11,877.6
Rental value, SEK million	360.3	368.0	726.2	727.9	1464.3
Economic occupancy rate, %	88.7	88.1	88.6	89.1	88.8
Direct return, %	1.7	1.7	3.1	3.2	6.5
Surplus ratio, %	63.1	62.4	56.8	58.3	58.9



CONDENSED INCOME STATEMENT OF THE PARENT COMPANY, SEK MILLION

condensed income statement of the parent company, SEK million	2013	2012	2012
	6 months	6 months	12 months
	Jan-June	Jan-June	Jan-Dec
INCOME STATEMENT			
Net sales	50.1	4.8	11.5
Depreciation	-0.2	-0.2	-0.5
Gross profit or loss	49.9	4.6	11.0
Central administration	-73.0	-21.3	-52.1
Restructuring costs	-15.9	-5.2	-16.7
Operating profit/loss	-39.0	-22.0	-57.8
Income from interests in Group companies	-	-	-1.0
Interest income	76.8	75.6	150.0
Interest expense and similar items	-52.9	-49.4	-103.1
Group contributions	-	-	13.2
Profit/loss after financial items	-15.1	4.3	1.3
Current tax	-	-	-
Profit after taxation	-15.1	4.3	1.3
STATEMENT OF COMPREHENSIVE INCOME			
Profit after taxation	-15.1	4.3	1.3
Comprehensive income for the year	-15.1	4.3	1.3

CONDENSED PARENT COMPANY BALANCE SHEET, SEK MILLION

Condensed parent company balance sheet, SEK million	2013	2012	2012
ASSETS	30 June	30 June	31 Dec
Projects in progress	2.1	0.1	1.7
Machinery and equipment	0.6	0.9	0.8
Interests in Group companies	171.2	172.3	171.2
Other shares and interests	0.2	0.3	0.2
Non-current receivables from Group companies	3,324.2	3,358.7	3,384.3
Total fixed assets	3,498.3	3,532.3	3,558.2
Current receivables from Group companies	109.3	97.6	40.5
Other current receivables	12.5	28.2	35.5
Cash and cash equivalents	-	-	-
Total current assets	121.8	125.7	76.0
TOTAL ASSETS	3,620.1	3,658.0	3,634.2
EQUITY AND LIABILITIES			
Shareholders' equity	1,367.1	1,556.8	1,554.2
Non-current liabilities to credit institutions	1,481.3	1,568.5	1,484.9
Non-current liabilities to Group companies	652.3	334.6	415.1
Current liabilities to credit institutions	7.2	7.2	7.2
Current liabilities to Group companies	69.2	77.1	124.6
Overdraft facilities	5.2	23.7	27.4
Trade payables	3.6	2.2	4.8
Other current liabilities	34.2	87.9	16.0
Total current liabilities	119.4	198.1	180.0
TOTAL LIABILITIES AND EQUITY	3,620.1	3,658.0	3,634.2

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.

EQUITY/ASSETS

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

LOAN-TO-VALUE RATIO, PROPERTIES

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

INTEREST COVERAGE RATIO

Profit after financial items, excluding unrealised gains or losses, plus finance expense, in relation to finance expense during the period.

EARNINGS PER SHARE

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

EQUITY PER SHARE

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

CASH FLOW PER SHARE

Profit before taxation, adjusted for unrealised gains or losses, plus depreciation less current tax divided by the average number of shares.

AVERAGE NUMBER OF 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.

NUMBER OF SHARES AT END OF PERIOD

Actual number of shares outstanding at the end of the period.

RENTAL VALUE

Rent at the end of the period plus estimated market rent for unoccupied floor space.

ECONOMIC OCCUPANCY RATE

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

RENTAL INCOME

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

DIRECT RETURN

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

SURPLUS RATIO

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

PROFIT FROM IMPROVEMENTS

Sale price minus capital invested.

LIST OF PROPERTY SALES JANUARY – JUNE 2013

Property	Market area	Municipality	Category	Area, sq.m.
Quarter 1				
Muttern 3	Västerbotten	Skellefteå	Industrial/warehouse	920
Mercurius 5	Västernorrland	Sundsvall	Offices	578
Mercurius 11	Västernorrland	Sundsvall	Residential	3,006
Mercurius 12	Västernorrland	Sundsvall	Residential	3,366
Minerva 4	Västernorrland	Sundsvall	Offices	3,334
Minerva 6	Västernorrland	Sundsvall	Residential	3,072
Bacchus 10	Västernorrland	Sundsvall	Retail	3,508
Total property sales January - March				17,784
Quarter 2				
Gällivare 12:334	Norrbottn	Gällivare	Industrial/office	14,701
Sprinten 6	Jämtland	Östersund	Land	-
Total property sales April - June				14,701



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