

Q4

FINANCIAL STATEMENT **JANUARY – DECEMBER 2014**



OVERVIEW OF THE YEAR

JANUARY - DECEMBER 2014

- C Rental income for the year was SEK 1,291 million (1,292)
- C Property management income was SEK 421 million (354)
- C Net leasing was SEK 29 million (6)
- C Changes in value on properties were SEK 62 million (-24)
- C The change in value of financial instruments was SEK -91 million (68)
- C Earnings per share were SEK 3.97 (4.32)
- C The Board of Directors proposes a dividend of SEK x.xx per share (2.30)

NET PROFIT FOR THE PERIOD, SEKm	2014 3 mths Oct-Dec	2013 3 mths Oct-Dec	2014 12 months Jan-Dec	2013 12 months Jan-Dec
Rental income	322	321	1,291	1,292
Other revenue	7	5	21	15
Operating and central costs	-161	-167	-608	-627
Restructuring costs	-	-5	-	-26
Net financial items	-71	-75	-283	-300
Property management income	97	79	421	354
Changes in value of properties and derivatives	67	3	-29	44
Current tax	-	-2	-10	-15
Deferred tax	-38	1	-80	-62
Profit after tax	126	81	302	321
Surplus ratio	57.2	54.7	59.0	57.1
Occupancy rate, %	89.0	88.6	89.2	88.7
Equity ratio, %	27.3	26.8	27.3	26.8
Loan-to-value ratio, properties, %	62.9	64.8	62.9	64.8
Equity per share, SEK	45.0	43.3	45.0	43.3

FOR FURTHER INFORMATION, PLEASE CONTACT

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KNUT ROST, CEO

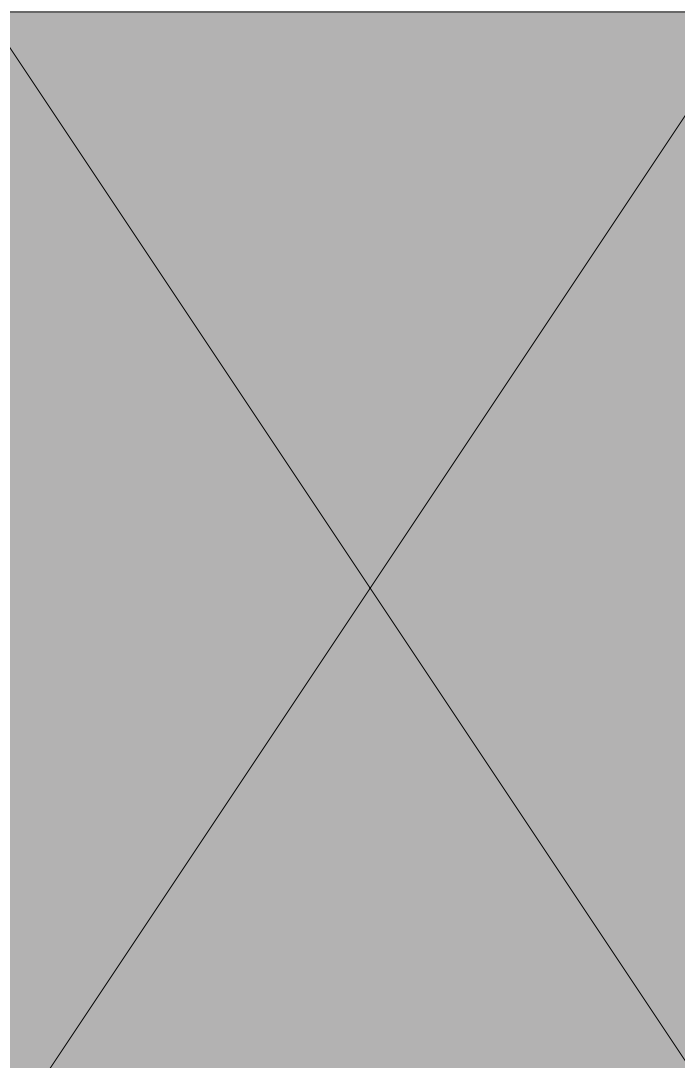
WE LOOK BACK AT THE YEAR THAT HAS PASSED WITH GREAT SATISFACTION

Having increased our income from property management by 19 per cent compared with the same period in 2013, we have continued to make progress towards our vision of being the most active and sought after property owner in our market.

Diös Fastigheter reports an income from property management of SEK 421 million for the period. Rental income totalled SEK 1,291 million (1,292) and net operating costs were SEK -608 million (-627). Our increased focus on long-term growth through value-adding property management shows that we are on the right track. The operating surplus increased from SEK 738 million to SEK 762 million, representing a 1.9 per cent improvement in the surplus ratio to 59.0 per cent. The occupancy rate increased by 0.5 percentage points to 89.2 per cent.

The period was marked by a strong focus on lettings in all our local markets. Net leasing was SEK 29 million (6), largely thanks to an increased focus on relationship-building activities and more efficient property management. Our customer satisfaction survey for the year showed that we are moving in the right direction, although we are far from satisfied with the result. It is together with our customers that we will become the development-oriented and successful property company that we want to be.

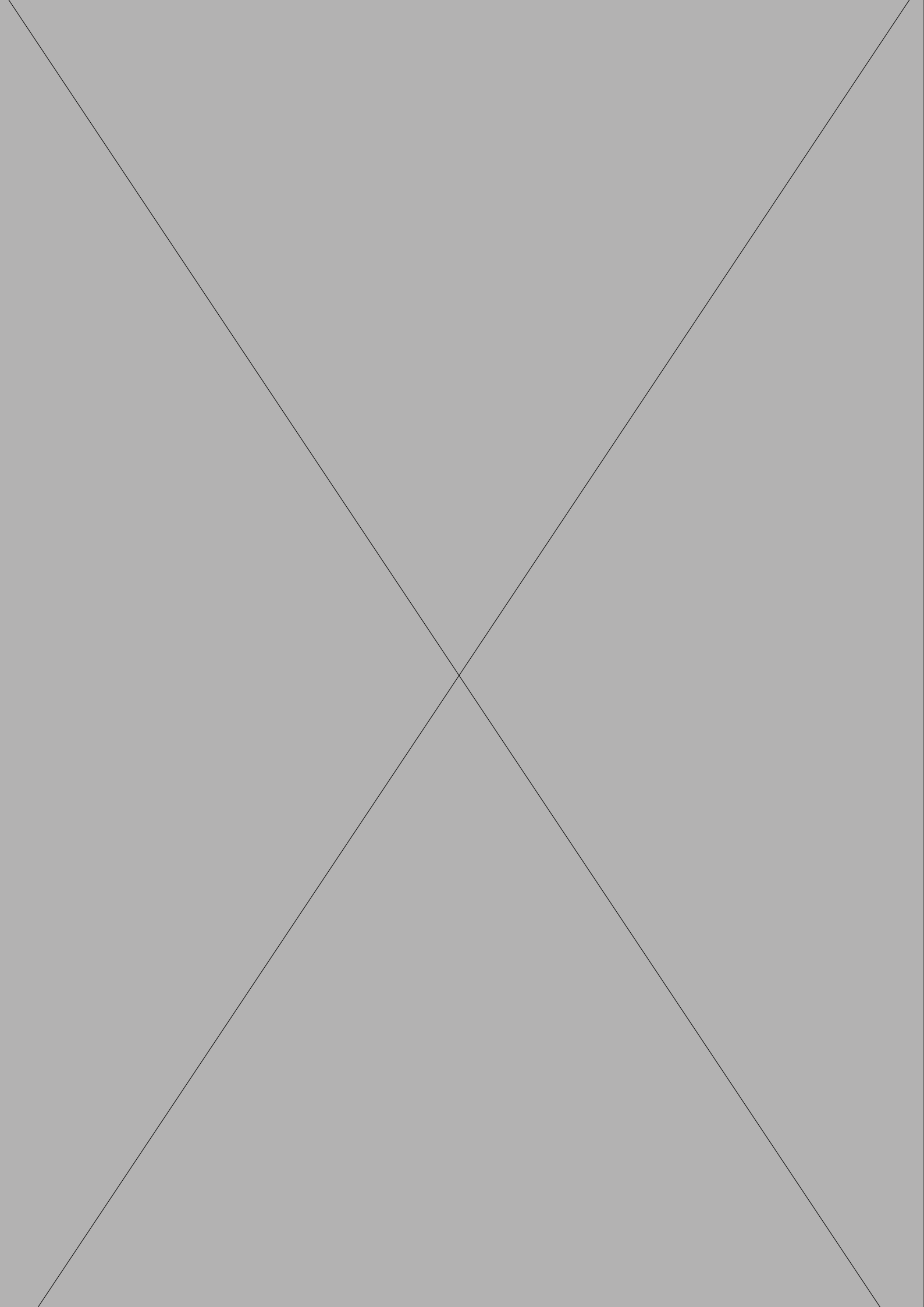
Our positive result shows that our strategy of concentrating our portfolio to central locations in fast-growing cities in northern Sweden is a sustainable long-term strategy. During the period we sold 11 properties (19) which no longer meet the criteria for our property portfolio. The sale price exceeded the carrying amount by 19 per cent. We acquired 1 property (0). Through a continued focus on value-creating property management, we create a potential for further acquisitions in future.



In the fourth quarter we renegotiated the terms and maturities for SEK 5.1 billion out of a total of SEK 7.7 billion in outstanding loans. Negotiations are underway on the remaining loan volume, SEK 2.6 billion, and are expected to be concluded in the first quarter of 2015. The refinancing has reduced our cost of capital as well as our refinancing risk and interest rate risk. With a loan-to-value ratio of 62.9 per cent an equity ratio of 27.3 per cent, we have established a stable financial basis. Our cash flow for the period is SEK 5.5 per share (4.6). Shareholders' equity per share has increased to SEK 45 (43.3).

We will continue to strengthen our market position and thus help to promote growth in our local markets. We will do so by further concentrating our property portfolio to centrally located office, retail and residential properties. We will also be acquiring further properties in our strategically chosen locations and initiate more improvement projects in our existing portfolio. Together with our tenants and with a focus on lettings, energy efficiencies and greater use of economies of scale, I look forward to continued net growth in Diös Fastigheter.

Knut Rost, CEO



☞ REVENUE, EXPENSES AND RESULTS, JANUARY - DECEMBER 2014

Property management income for the period, i.e. income excluding changes in value and tax, was SEK 421 million (354).

The operating surplus was SEK 762 million (738), representing a surplus ratio of 59.0 per cent (57.1). The improved surplus ratio is primarily due to reduced property costs.

- Rental income for the reporting period was SEK 1,291 million (1,292), representing an 89.2 per cent (88.7) economic occupancy rate.
- Other property management income amounted to SEK 21 million (15) and consisted mainly of re-billing to tenants regarding work carried out in leased premises.
- Total property costs were SEK 550 million (569). The reduction in costs is attributable to a mild winter, which resulted in lower electricity and heating costs as well as lower costs for snow and ice clearing. Of total property costs, SEK 9.1 million (8.7) refers to work in leased premises that is re-billed to tenants.

CHANGES IN VALUE OF PROPERTIES AND DERIVATIVES

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 an increase of 0.4 per cent (-0.3), which is equivalent to SEK 47 million (-35). The increase in value on the previous year is attributable to additional cash flows, an adjustment in the required rate of return from 7.03 to 6.93 per cent and project profits. The total market value at 31 December was SEK 12,200 million (11,823).

During the period 11 (19) properties were sold with a realised change in value of SEK 15 million (11) before tax. One centrally located retail property in Mora was acquired.

Diös uses interest rate derivatives to achieve the desired interest rate maturity profile. The derivative portfolio is valued at the present value of future cash flows. The market value of the derivatives 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 low interest rates resulted in a negative unrealised change in value in the income statement relating to our derivatives portfolio. As long as interest rates remain low the value of the derivatives portfolio will be negative, but as market interest rates go up so will the value of the portfolio, resulting in positive changes in value in the income statement and thus also an increase in equity.

During the period, unrealised changes in value on Diös' derivatives totalled SEK -91 million (68), which have been fully recognised in the income statement.

NET FINANCIAL ITEMS

Net financial items for the period were SEK -283 million (-300). The interest expense for the period, including expenses for interest-rate derivatives, represent borrowings at an average annual interest rate of 3.4 per cent (3.7), including loan commitment costs. The average annual interest rate based on the applicable terms and market interest rates at 31 December was 2.8 per cent (3.6).

PROFIT BEFORE TAX

The profit before tax was SEK 392 million (398). This change in profit is mainly attributable to unrealised changes in the value of properties and interest rate derivatives.

PROFIT AFTER TAX

Profit after tax was SEK 302 million (321). Current tax totalled SEK -10 million (-15). This is mainly attributable to tax in subsidiaries, which may not offset loss equities against Group profits. The calculation of deferred tax has given rise to a deferred tax expense of SEK -80 million (-62).

☞ FOURTH QUARTER 2014

Property management income for the fourth quarter, i.e. income excluding changes in value and tax, was SEK 97 million (79). The operating surplus was SEK 184 million (176), representing a surplus ratio of 57.2 per cent (54.7). The improved surplus ratio is primarily due to reduced property costs.

- Rental income for the fourth quarter was SEK 322 million (321), representing an economic occupancy rate of 89.0 per cent (88.6).
- Total property costs were SEK 145 million (151).

Net financial items for the fourth quarter were SEK -71 million (-75). The profit before tax was SEK 164 million (82) and the profit after tax SEK 126 million (81). Changes in the value of properties had a positive impact on earnings of SEK 79 million (32) while changes in the market values of interest rate derivatives had a negative impact of SEK -12 million (-29). The change in value of the properties is due to additional positive cash flows, an adjustment in the required rate of return from 7.03 to 6.93 per cent and project profits. The change in the market values of derivatives is attributable to a long-term forecast for lower interest rates. Earnings include a deferred tax charge of SEK -38 million (0.9) and current tax of SEK 0.2 million (-2.2).

In the fourth quarter 2 properties (7) were sold, resulting in a net realised change in value of SEK 5 million (9).

CC PROPERTY PORTFOLIO AT 31 DECEMBER 2014

Diös owned 354 properties in 15 locations, from Borlänge in the south to Luleå in the north. The total leasable area was 1,422,519 square metres and the economic occupancy rate, based on concluded leases at 31 December, 89.1 per cent. Diös invested SEK 386 million in the construction, extension and conversion of premises over the period. In terms of value, the largest share of the property portfolio was located in Gävle, Sundsvall and Östersund. The total market value of the properties was SEK 12,200 million.

Figures refer to SEK millions unless otherwise indicated

By market area	Dalarna	Gävleborg	Jämtland	Västernorrland	Västerbotten	Norrbotten	Diös Group
Rental income	255	193	292	261	145	145	1,291
Other revenue	4	3	5	4	1	4	21
Repair and maintenance	-18	-13	-25	-16	-11	-7	-90
Tariff-based costs	-38	-26	-52	-41	-22	-15	-193
Property tax	-12	-9	-14	-13	-7	-9	-64
Other property costs	-27	-21	-31	-31	-15	-15	-140
Property management	-10	-8	-15	-14	-7	-10	-63
Operating surplus	154	120	159	151	85	93	762
Undistributed items							
Central administration	-	-	-	-	-	-	-58
Restructuring	-	-	-	-	-	-	-
Net financial items	-	-	-	-	-	-	-283
Property management income	-	-	-	-	-	-	421
Changes in value							
Property, realised	-	1	8	6	-	-	15
Property, unrealised	-25	40	-3	5	-8	38	47
Interest rate derivatives	-	-	-	-	-	-	-91
Profit before tax	-	-	-	-	-	-	392
Current tax	-	-	-	-	-	-	-10
Deferred tax	-	-	-	-	-	-	-80
Non-controlling interests	-	-	-	-	-	-	-5
Profit for period attributable to shareholders of the parent	-	-	-	-	-	-	297
Leasable area, sq.m.	266,682	252,053	327,491	279,187	177,031	120,075	1,422,519
Construction, extension, conversion investments, SEKm	86	32	138	54	39	37	386
Carrying amount, SEKm	2,497	1,760	2,876	2,237	1,334	1,496	12,200
Rental value, SEKm	283	216	332	295	162	159	1,448
Economic occupancy rate, %	90.2	89.1	87.7	88.4	89.8	91.4	89.2
Surplus ratio, %	60.5	62.0	54.7	57.7	58.3	64.3	59.0

CC PROPERTY PORTFOLIO AT 31 DECEMBER 2013

Diös owned 364 properties in 15 locations, from Borlänge in the south to Luleå in the north. The total leasable area was 1,446,900 square metres and the economic occupancy rate, based on concluded leases at 31 December, 88.7 per cent. Diös invested SEK 266 million in the construction, extension and conversion of premises over the 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 11,823 million.

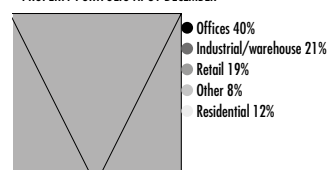
By market area	Dalarna	Gävleborg	Jämtland	Västernorrland	Västerbotten	Norrbottn	Diös Group
Rental income	251	189	287	274	147	145	1,292
Other revenue	4	1	2	3	1	4	15
Repair and maintenance	-21	-10	-21	-20	-10	-5	-87
Tariff-based costs	-40	-28	-53	-50	-23	-16	-209
Property tax	-12	-10	-14	-14	-7	-8	-64
Other property costs	-28	-21	-33	-38	-16	-17	-153
Property management	-7	-7	-13	-16	-5	-9	-56
Operating surplus	148	114	155	140	87	94	738
Undistributed items							
Central administration	-	-	-	-	-	-	-58
Restructuring	-	-	-	-	-	-	-26
Net financial items	-	-	-	-	-	-	-300
Property management income	-	-	-	-	-	-	354
Changes in value							
Property, realised	-	-	1	9	-	2	11
Property, unrealised	-35	9	10	-71	5	48	-35
Interest rate derivatives	-	-	-	-	-	-	68
Profit before tax	-	-	-	-	-	-	398
Current tax	-	-	-	-	-	-	-15
Deferred tax	-	-	-	-	-	-	-62
Non-controlling interests	-	-	-	-	-	-	2
Profit for period attributable to shareholders of the parent	-	-	-	-	-	-	323
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	33	70	41	16	39	266
Carrying amount, SEKm	2,411	1,697	2,790	2,200	1,303	1,422	11,823
Rental value, SEKm	277	215	333	314	160	159	1,457
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

MARKET AREAS

Diös is northern Sweden's largest private property company and a market leader in several of the localities in which it operates. The company's market, which stretches from Borlänge in the south to Luleå in the north, is divided into the market areas Dalarna, Gävleborg, Västernorrland, Jämtland, Västerbotten and Norrbotten.

The portfolio comprises a well balanced mix of residential, office, retail and industrial space with a range of small and large premises, creating wide scope to offer flexible solutions. We have a decentralised property management organisation with a strong local base.

PROPERTY PORTFOLIO AT 31 DECEMBER

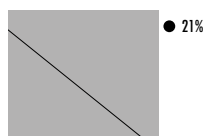


DALARNA

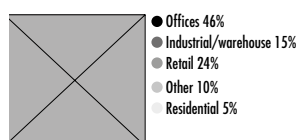
PROPERTY PORTFOLIO

No. of properties	44
Area, sq.m.	266,682
Property value, SEKm	2,497

SHARE OF TOTAL PROPERTY VALUE



BREAKDOWN BY TYPE OF PREMISES

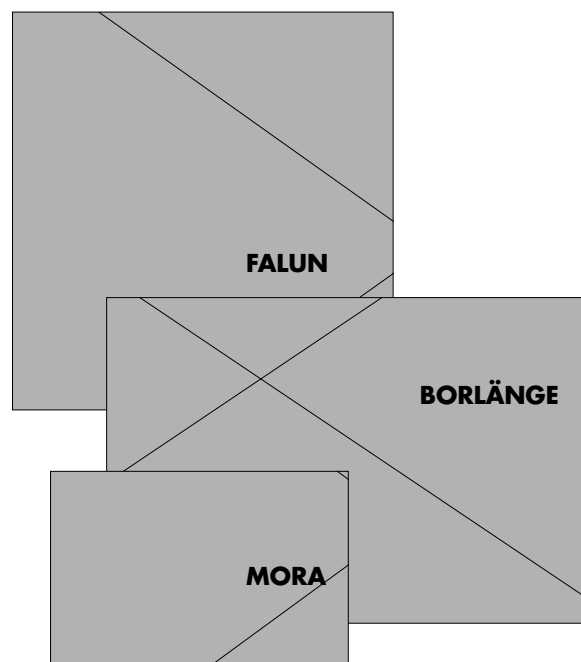


DALARNA - LARGEST TENANTS

AT 31 DECEMBER 2014

TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Swedish Transport Administration	4	40,008	15.5	5.5
Municipality of Falun	9	17,483	6.8	3.2
Swedish Police Authority	8	10,013	3.9	4.6
Pysslingen Förskolor och Skolor	1	8,335	3.2	9.6
County Administrative Board of Dalarna	13	7,188	2.8	5.0
Total, largest tenants	35	83,027	32.1	5.3

*In relation to the annual contract value for each market area.

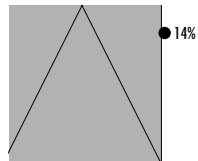


GÄVLEBORG

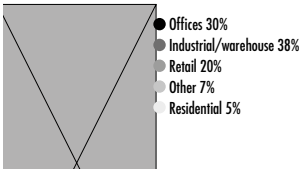
PROPERTY HOLDINGS

No. of properties	51
Area, sq.m.	252,053
Property value, SEKm	1,760

SHARE OF TOTAL PROPERTY VALUE



BREAKDOWN BY TYPE OF PREMISES

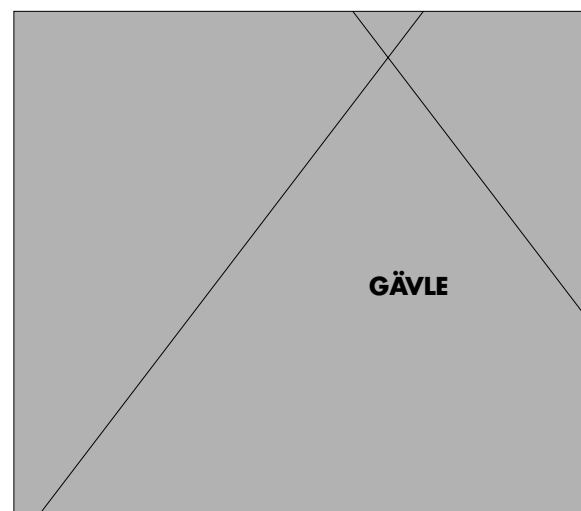


GÄVLEBORG - LARGEST TENANTS

AT 31 DECEMBER 2014

TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Swedish Public Employment Service	9	7,432	3.9	2.7
Swedish Transport Administration	3	6,985	3.7	3.7
Internationella Engelska Skolan	2	5,659	3.0	8.7
Gävlefastigheter Gävle Kommun	7	4,168	2.2	2.2
Ahléns	3	2,910	1.5	1.7
Total, largest tenants	24	27,154	14.4	4.0

*In relation to the annual contract value for each market area.

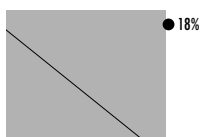


VÄSTERNORRLAND

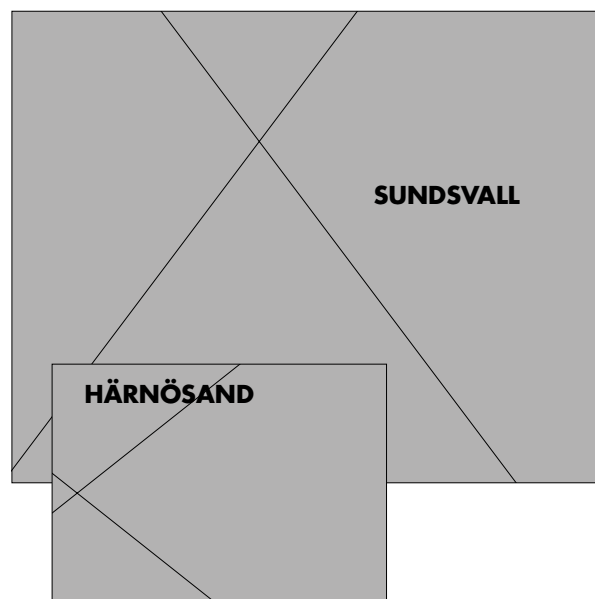
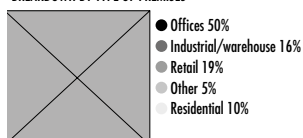
PROPERTY HOLDINGS

No. of properties	78
Area, sq.m.	279,187
Property value, SEKm	2,237

SHARE OF TOTAL PROPERTY VALUE



BREAKDOWN BY TYPE OF PREMISES



VÄSTERNORRLAND LARGEST TENANTS

AT 31 DECEMBER 2014

TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Norrlidens Kunskapscentrum	1	7,022	2.8	1.5
Com Hem	4	5,230	2.1	2.0
Ahléns	1	4,528	1.8	3.7
Hennes & Mauritz Sverige	4	4,424	1.7	1.6
Nordea	2	4,285	1.7	2.5
Total, largest tenants	12	25,489	10.1	2.2

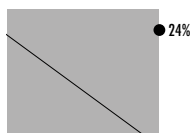
*In relation to the annual contract value for each market area.

JÄMTLAND

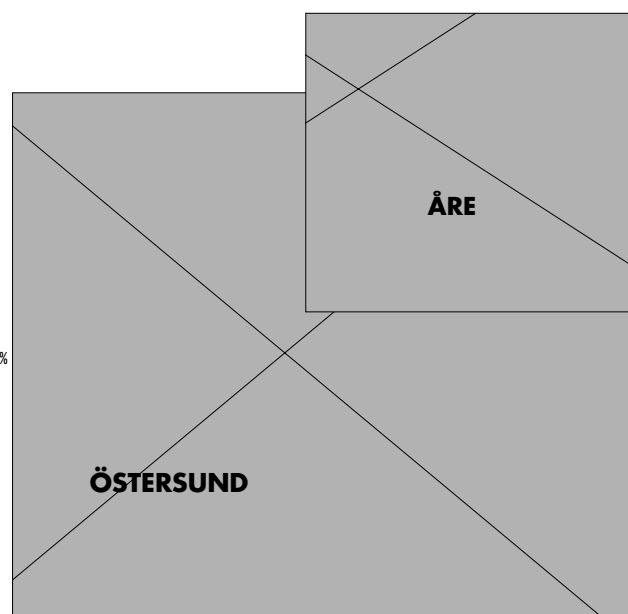
PROPERTY PORTFOLIO

No. of properties	122
Area, sq.m.	327,491
Property value, SEKm	2,876

SHARE OF TOTAL PROPERTY VALUE



BREAKDOWN BY TYPE OF PREMISES



JÄMTLAND - LARGEST TENANTS

AT 31 DECEMBER 2014

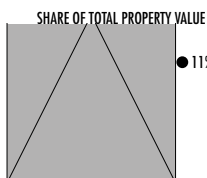
TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Municipality of Östersund	91	26,021	8.9	4.5
Jämtland County Council	18	11,362	3.9	2.2
SkiStar	9	11,302	3.8	1.1
Swedbank	6	7,366	2.5	2.6
Swedish Public Employment Service	1	6,070	2.1	3.5
Total, largest tenants	125	62,121	21.1	3.2

*In relation to the annual contract value for each market area.

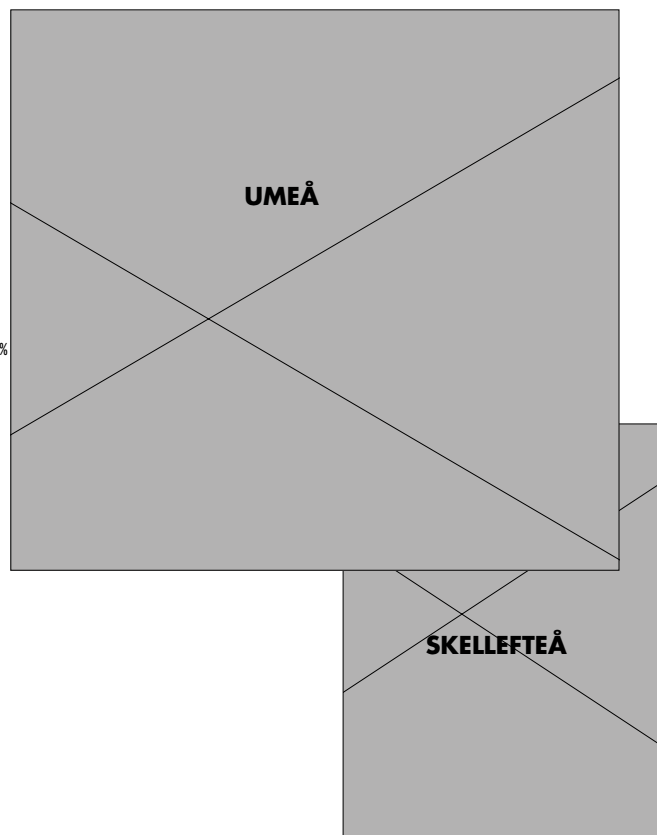
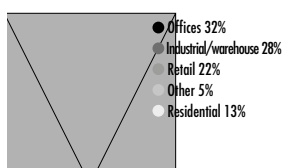
VÄSTERBOTTEN

PROPERTY HOLDINGS

No. of properties	41
Area, sq.m.	177,031
Property value, SEKm	1,334



BREAKDOWN BY TYPE OF PREMISES



VÄSTERBOTTEN - LARGEST TENANTS

AT 31 DECEMBER 2014

TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Municipality of Umeå	9	6,954	4.8	2.1
PostNord	3	3,931	2.7	3.3
Swedbank	1	3,697	2.6	1.7
Balticgruppen Centrumhandel	4	3,605	2.5	2.0
Åhléns	1	2,706	1.9	3.5
Total, largest tenants	18	20,893	14.5	1.9

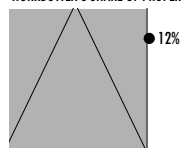
*In relation to the annual contract value for each market area.

NORRBOTTEN

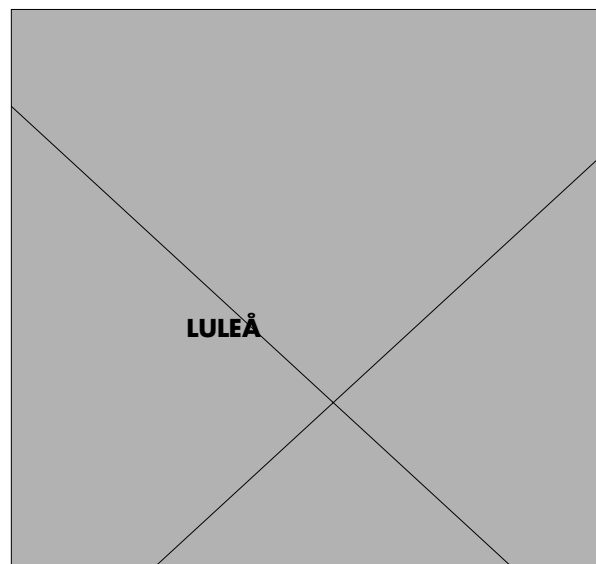
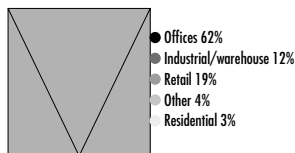
PROPERTY HOLDINGS

No. of properties	18
Area, sq.m.	120,075
Property value, SEKm	1,496

NORRBOTTEN'S SHARE OF PROPERTY VALUE



BREAKDOWN BY TYPE OF PREMISES



NORRBOTTEN - LARGEST TENANTS

AT 31 DECEMBER 2014

TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Municipality of Luleå	3	7,787	5.4	2.8
Swedish Customs IT Department	3	7,303	5.1	2.1
Swedbank	3	6,062	4.2	4.2
Folksam	18	5,949	4.2	6.6
SWECO Sverige	2	5,313	3.7	2.4
Total, largest tenants	29	32,414	22.7	3.5

*In relation to the annual contract value for each market area.

LEASE MATURITIES ON 31 DECEMBER 2014

	Maturity year	Concluded contracts no.	Rented area sq.m.	Contracted rental income SEKm	Percentage share
Leases for premises	2015	761	163,748	173	13
	2016	671	239,113	263	20
	2017	579	226,956	232	18
	2018	363	166,100	186	15
	2019+	170	218,523	253	20
Total leases for premises		2,544	1,014,440	1,107	86
Residential leases		2,122	154,341	144	11
Other leases		3,470	-	39	3
TOTAL		8,136	1,168,781	1,290	100

LARGEST TENANTS AT 31 DECEMBER 2014

Tenant	No. contracts	Annual contract value, SEK '000	Share of total annual contract value, %	Average contract term, years
Swedish Transport Administration	13	48,064	3.8	5.2
Municipality of Östersund	91	26,021	2.0	4.5
Swedbank	12	21,220	1.7	2.9
Swedish Public Employment Service	25	20,700	1.6	2.8
Municipality of Falun	9	17,483	1.4	3.2
Åhléns	7	15,998	1.2	2.8
KappAhl	6	15,112	1.2	4.0
Hennes & Mauritz	11	14,745	1.2	2.7
Axfood	6	13,478	1.1	2.4
Swedish Police Authority	14	13,193	1.0	3.9
Total, largest tenants	194	206,014	16.2	3.8

CHANGES IN THE PROPERTY PORTFOLIO JANUARY - DECEMBER 2014

IMPROVEMENT

- SEK 386 million was invested in conversion and extension work on existing properties during the period. At present 35 major improvement projects are underway. In these, costs of SEK 261 million out of a total budget of SEK 443 million have been accrued.

ACQUISITIONS

- On 4 June 2014 Diös acquired the Stranden 19:5 property in Mora through a share transfer. The property has a leasable area of 3,650 square metres. The underlying property value was SEK 25 million.

SALES

- On 1 April 2014 the Rävsvund 1:338 property in Sundsvall was sold. The property covers an area of 14,249 square metres. The sale price was SEK 7 million.
- On 7 May 2014 the Söre 5:26 och 5:74 properties in Lit, Östersund were sold. The properties have a combined floor space of 3,194 square metres. The sale price was SEK 14 million.
- On 2 July 2014 the Borgmästaren 4 property in Östersund was sold.

The property covers an area of 1,075 square metres. The sale price was SEK 19.9 million.

- On 27 August 2014 the Försöket 2 property in Sundsvall and Staden 2:26 (land) property in Sollefteå were sold. Försöket 2 covers an area of 1,164 square metres. The sale price was SEK 12.6 million.
- On 29 August 2014 the Solhöjden 31 property in Sundsvall was sold. The property covers an area of 660 square metres. The sale price was SEK 9 million.
- On 17 September 2014 the Norr 26:1 property in Gävle was sold. The property covers an area of 1,456 square metres. The sale price was SEK 11.5 million.
- On 29 September 2014 the Kopparslagaren 5 property in Sveg was sold. The property covers an area of 5,341 square metres. The sale price was SEK 5.5 million.
- On 4 November 2014 the Staben 6 property in Östersund was sold. The property covers an area of 1,553 square metres. The sale price was SEK 19 million.
- On 8 December 2014 the Arvesund 2:196 (land) property in Åre was sold. The sale price was SEK 0.1 million.

FINANCIAL POSITION AT 31 DECEMBER 2014

EQUITY AND EQUITY RATIO

Shareholders' equity was SEK 3,365 million (3,235) and the equity ratio 27.3 per cent (26.8). The target is an equity ratio of 25 per cent in the short term and 30 per cent over the longer term.

CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents (excluding unused bank overdraft facilities) were SEK 79 million (121) at the end of the period.

INTEREST EXPENSE JANUARY - DECEMBER 2014

	Amount, SEKm	Cost, SEKm	Weighted average interest rate, %
Interest-bearing liability	7,667	193	2.5
Undrawn credit facilities ¹	248	1	0.0
Financial instruments	4,200	68	0.9
TOTAL		262	3.4

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

In the period, Diös' average interest-bearing liabilities amounted to SEK 7,667 million (7,778). The actual interest expense, including expenses related to undrawn credit facilities and the performance of financial instruments, amounted to SEK 262 million (290), which

represents an average annual interest rate of 3.4 per cent (3.7). During the period, unrealised changes in value arising on derivatives held totalled SEK -91 million (68), which are fully recognised in the income statement.

INTEREST RATES AND LOAN MATURITY AT 31 DECEMBER 2014

Maturity year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average annual interest rate, % ¹	Credit agreements, SEKm	Drawn, SEKm
2015	2,675	1.8	2,752	2,675
2016	3,305	1.5	1,690	1,586
2017	1,691	1.7	1,740	1,691
2018	-	-	1,719	1,719
Drawn credit facilities	7,671	1.6	7,901	7,671
Undrawn credit facilities ²	229	0.0		
Financial instruments	4,200	1.2		
TOTAL		2.8		

¹ Average annual interest rate refers to the average interest rate based on interest rate terms and the outstanding debt at 31 December 2014, with STIBOR-90 as reference rate.

² The impact of costs related to undrawn credit facilities on the average annual interest rate is 0.01 percentage points.

Average maturity **2.0 years**

Average fixed-rate term **1.4 years**

The company is currently reviewing its fixed-rate terms and loan maturities.

DERIVATIVE CONTRACTS

Counterparty	Nominal value, SEKm	Remaining maturity, years	Interest rate level, %	Market value, SEKm
Handelsbanken	2,000	1.7	2.3	-71
Handelsbanken	600	3.7	3.7	-71
Swedbank	1,600	2.1	1.9	-56
TOTAL	4,200	2.1	2.4	-198

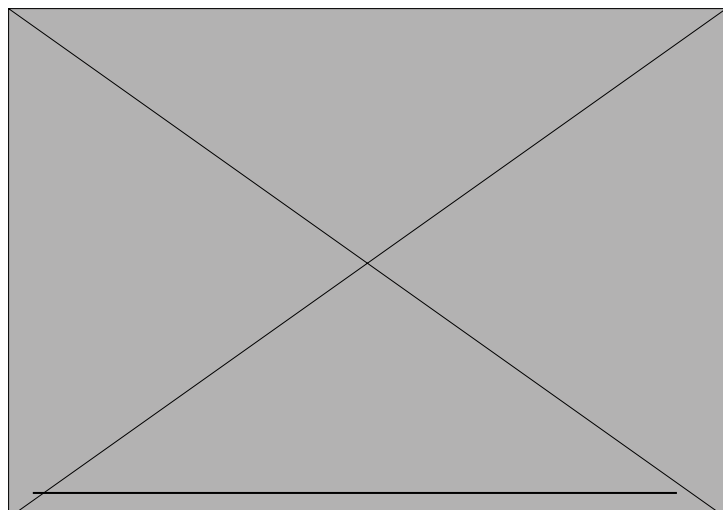
It is Diös' view that the interest rate market is stable and the company has thus not entered into any new derivative contracts in the period.

INTEREST-BEARING LIABILITIES AND AVERAGE INTEREST RATE AT 31 DEC 2014

The Group's interest-bearing liabilities totalled SEK 7,671 million (7,664) with an average annual interest rate of 1.7 per cent (2.8), including loan commitments. The loans had an average fixed-rate term of 2.8 months (2.8). The average interest rate commitment period was 1.4 years (1.9) when the impact of the derivative portfolio is included. The average loan maturity was 2.0 years (2.1). Of the Group's total interest-bearing liabilities, SEK 4,200 million (4,200) is hedged through derivatives. The average remaining term is 2.1 years (3.0). The average annual interest rate, including costs related to derivatives, amounted

to 2.8 per cent (3.6), 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 as of 31 December 2014, Diös' average interest rate would have risen by 0.4 percentage points (0.4). The market value of the derivative portfolio on 31 December 2014 was SEK -198 million (-107) and the weighted average annual interest rate was 2.4 per cent (2.4). With the derivative portfolio totalling SEK 4,200 million, 54.7 per cent (54.8) of the Group's total outstanding borrowings has been hedged.

☞ SHARE PRICE PERFORMANCE



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 SE0001634262.

The number of shares in Diös at 31 December 2014 was 74,729,134 (74,729,134). The closing price of SEK 57.8 (45.6), giving the company a market capitalisation of SEK 4,316 million (3,408).

The graph shows Diös' share price performance and the indexes for the past 12 months. Over the past 12 months Diös has gained 26.4 per cent (28.5), compared with a gain of 10.6 per cent for the OMX Stockholm 30 Index (18.0) and 35.3 per cent for the OMX Stockholm Real Estate PI (18.9). In the past 12 months Diös' total return (return including reinvested dividends) was 32.3 per cent (36.0).

☞ LARGEST SHAREHOLDERS OF DIÖS FASTIGHETER AB AT 31 DECEMBER 2014

SHAREHOLDER	No. of shares	Holding and votes, %
AB Persson Invest	11,499,691	15.4
Brinova Inter AB	7,830,754	10.5
Bengtssons Tidnings Aktiebolag	7,518,222	10.1
Länsförsäkringar Fondförvaltning AB	7,135,625	9.6
Pensionskassan SHB Försäkringsförening	4,498,239	6.0
Försäkringsaktiebolaget, Avanza Pension	2,303,201	3.1
Länsförsäkringar Jämtland	2,000,002	2.7
SEB Investment Management	1,607,322	2.2
Ralf Ekblad	1,600,000	2.1
Fourth AP Fund	1,562,994	2.1
Total, largest shareholders	47,556,050	63.6
Other shareholders	27,173,084	36.4
TOTAL	74,729,134	100.0

☞ HOLDING AT 31 DECEMBER 2014

HOLDING	No. of shareholders	No. of shares	Holding (%)	Votes (%)	Market value (SEKm)
1 - 500	3,882	727,328	1.0	1.0	42
501 - 1,000	1,149	984,983	1.3	1.3	57
1,001 - 5,000	1,291	3,048,301	4.1	4.1	176
5,001 - 10,000	187	1,412,293	1.9	1.9	82
10,001 - 15,000	53	676,336	0.9	0.9	39
15,001 - 20,000	36	655,259	0.9	0.9	38
20,001 -	161	67,224,634	90.0	90.0	3,882
TOTAL	6,759	74,729,134	100.0	100.0	4,316

Diös Fastigheter AB had 6,759 shareholders (5,524) at 31 December. A significant proportion, 87.0 per cent (93.0), of the shareholders were in Sweden. The largest single shareholder of Diös was AB Persson Invest with a stake of 15.4 per cent (15.4). The ten largest shareholders accounted for 63.6 per cent (64.6) of the shares and votes.

☞ SHARE CAPITAL HISTORY

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 Jun 2005	Split	990,000	-	1,000,000	100,000	0.10
21 Jun 2005	New issue	1,489,903	148,990	2,489,903	248,990	0.10
14 Sep 2005	Non-cash issue	1,503,760	150,376	3,993,663	399,366	0.10
2 Jan 2006	Bonus issue	-	39,537,264	3,993,663	39,936,630	10.00
2 Jan 2006	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 Jul 2006	Non-cash issue	5,000,000	10,000,000	33,301,715	66,603,430	2.00
19 Apr 2007	Non-cash issue	666,250	1,332,500	33,967,965	67,935,930	2.00
29 Oct 2010	Non-cash issue	99,729	199,458	34,067,694	68,135,388	2.00
14 Dec 2010	New issue	3,285,466	6,570,332	37,353,160	74,705,720	2.00
17 Dec 2010	New issue	11,407	22,814	37,364,567	74,728,534	2.00
5 Dec 2011	New issue	22,854,136	45,708,272	60,218,703	120,436,806	2.00
14 Dec 2011	New issue	14,510,431	29,020,862	74,729,134	149,457,668	2.00

EMPLOYEES AND ORGANISATION

The number of employees at 31 December 2014 was 149 (140), of whom 54 were women (50). The change in the number of employees is primarily attributable to the replacement of consultants and temporary staff with employees on fixed-term and full-time contracts, and the creation of new positions.

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, 104 (95) of them, work in the market areas, 53 (50) of them with the physical aspects of property management.

PARENT COMPANY

The activities of the parent company consist of central Group functions as well as the ownership and operation of the Group's subsidiaries. Sales totalled SEK 118 million (105) and post-tax profit was SEK -9 million (52). Net sales refer chiefly to services sold to the Group's subsidiaries. The company's cash and cash equivalents were SEK 145 million (10) on 31 December 2014. The change in parent company cash and cash equivalents and intercompany balances is attributable to a change in the Group's liquidity account structure. External interest-bearing liabilities, excluding overdraft facilities, amounted to SEK 3,318 million (1,483). The average annual interest rate based on the situation at 31 December 2014 was 1.5 per cent (2.8). The parent company prepares its financial reports in compliance with 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 property 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 735 million (655) at 31 December 2014. 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 fair values of properties less tax residual values, were SEK 3,565 million at 31 December 2014. At a tax rate of 22.0 per cent, deferred tax liability relating to temporary differences was SEK 784 million.

Diös' tax losses carried forward at 31 December 2014 are estimated at SEK 335 million. At a tax rate of 22.0 per cent, deferred tax asset relating to tax losses carried forward was SEK 74 million, which in Diös' financial statements has been offset against deferred tax liability. Other deferred tax liabilities were SEK 25 million at 31 December 2014.

The change since 31 December 2013 is attributable to a decrease in deferred tax assets of SEK 20 million and an increase in deferred tax on temporary differences of SEK 58 million. Other changes are attributable to a SEK 2 million increase in other deferred tax liabilities.

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. The application of the regulations may also change over time.

CURRENT TAX CASE

On 19 June Diös decided to appeal the ruling of the administrative court in the tax case concerning a claim for deduction of capital losses relating to the tax year 2006. The claim is based on a tax loss which arose in connection with an external acquisition of properties in 2005. The loss was an effect of transactions undertaken in connection with the acquisition with the aim of incorporating the properties in the Diös Group.

The conclusion in the analysis which Diös initiated based on the ruling of the administrative court is that the court has overlooked a number of important aspects and that the ruling is therefore incorrect, which means that Diös has good prospects of winning the process. The company's view is that the acquisitions concerned, which were made in 2005, were handled in accordance with the applicable tax rules and that they are not comparable to the large number of cases which the Tax Agency has won

in the administrative court of appeal. This view is shared by the company's tax advisor, who has studied the acquisitions and the Tax Agency's reasoning. The total increase in the tax assessment under the ruling of the administrative court is SEK 421 million.

Diös has applied for and been granted a reprieve on payment by the Tax Agency. No provisions have therefore been made in the company's balance sheet. If Diös were to lose the case in the court of final instance, the company would incur an additional tax and interest charge of around SEK 135 million. For the time being the total amount of tax and interest is regarded as a contingent liability.

See also the press releases from 20 and 21 May and 19 June 2014.

SIGNIFICANT RISKS AND UNCERTAINTIES

Diös Fastigheter's principal risks and uncertainties are described in the 2013 annual report on pages 40-43. Apart from the following, there have not been any substantial changes to Diös' risks and uncertainties.

At its monetary policy meeting on 15 September the Riksbank, Sweden's central bank, decided to keep the repo rate at the current level of 0 per cent in view of the low inflationary pressure. The Riksbank expects the repo rate to remain at 0 per cent until the second half of 2016. This will help to ensure that funding costs for Swedish businesses and households remain low.

According to Swedish Economy, a publication of the National Institute of Economic Research (NIER), the Swedish economy has been sluggish. This is largely due to weak economic conditions in the eurozone, which is an important export market for Sweden. The global economy has also been slow, although some countries have outperformed. The US and the UK are relatively strong while Russia and Brazil have underperformed. Unemployment in Sweden for 2015 is estimated at 7.7 per cent while GDP is expected to grow by 2.3 per cent.

Thanks to Sweden's strong public finances, healthy banks and growing GDP, the prospects for growth in our markets are deemed to be good. As our property 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 property as an asset class.

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 preparing the interim report are consistent with the accounting policies applied in preparing the consolidated financial statements and annual report for 2013, Note 1. New and amended standards which entered into force in 2014 have not had any impact on the interim report.

As of the financial year 2014 the Group has changed its policy for accounting of property tax. The new policy has been applied retroactively, which means that figures for the comparative period have been restated. As of 2014 the obligation to pay property tax is recognised as a liability from the first day of the financial year along with a corresponding asset consisting of a prepaid property tax cost, which is allocated on a straight-line basis over the financial year.

Previously property tax was recognised as a cost and liability, respectively, and allocated on a straight-line basis over the financial year. The amended policy has not affected the consolidated profit or loss but the consolidated balance sheet has been affected through the recognition of a short-term asset and liability during the financial year. In the view of management the amendment is consistent with IFRIC 21 and provides more reliable and relevant information compared with the previously applied policy. IFRIC 21 Levies was adopted by the EU in June 2014 and will become applicable from 2015. Under the transition rules, IFRIC 21 must be applied retroactively, which means that no effect will arise when it is applied starting in 2015.

¹ Annual Report 2013, available at www.dios.se



☐☐ **DIVIDEND POLICY**

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.

☐☐ **EVENTS AFTER THE REPORTING PERIOD**

In early 2015 Diös Fastigheter, Fabege, Wihlborgs Fastigheter, Catena and Platzer Fastigheter Holding jointly launched a finance company called Nya Svensk FastighetsFinansiering AB. The participating companies own 20 per cent each of the capital of the joint company. The jointly owned finance company gives Diös Fastigheter efficient access to the capital market through covered MTN. This is a way to broaden the base for the company's borrowing structure.

The Board of Directors and the CEO declare that the financial statement gives a true and fair view of the operations, financial position and income of the company and the Group, and describes the principal risks and uncertainties faced by the company and the Group's companies. This financial statement has not been subject to review by the Company's auditor.

Financial reports can be viewed in full on Diös' website www.dios.se

Östersund, 19 February 2015

Bob Persson
Chairman

Maud Olofsson
Board member

Ragnhild Backman
Board member

Svante Paulsson
Board member

Anders Bengtsson
Board member

Knut Rost
Chief Executive Officer

Tomas Mellberg
Board member
Employee representative

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME, SEK MILLION

	2014 3 mths Oct-Dec	2013 3 mths Oct-Dec	2014 12 mths Jan-Dec	2013 12 mths Jan-Dec
INCOME STATEMENT				
Rental income and other property management income	329	327	1,312	1,307
Property costs	-145	-151	-550	-569
Operating surplus	184	176	762	738
Central administration	-16	-16	-58	-58
Restructuring costs ¹	-	-5	-	-26
Net financial items	-71	-75	-283	-300
Property management income	97	79	421	354
Change in value of properties	79	32	62	-24
Change in value of interest rate derivatives	-12	-29	-91	68
Profit before tax	164	82	392	398
Current tax	-	-2	-10	-15
Deferred tax	-38	1	-80	-62
Profit after tax	126	81	302	321
Profit attributable to shareholders of the parent	128	82	297	323
Profit attributable to non-controlling interests	-2	-1	5	-2
Total	126	81	302	321
STATEMENT OF COMPREHENSIVE INCOME				
Profit after tax	126	81	302	321
Comprehensive income for the period	126	81	302	321
Comprehensive income attributable to shareholders of the parent	128	82	297	323
Comprehensive income attributable to non-controlling interests	-2	-1	5	-2
Total	126	81	302	321
Profit per share after tax, SEK	1.71	1.10	3.97	4.32
Number of shares at end of period (thousands)	74,729	74,729	74,729	74,729
Average number of shares (thousands)	74,729	74,729	74,729	74,729

¹ Integration and reorganisation costs arising from the acquisition of Norrvidden.
Restructuring includes costs for reorganisation and the relocation of head office operations to Östersund.

CONDENSED CONSOLIDATED BALANCE SHEET, SEK M

	2014 31 Dec	2013 31 Dec
ASSETS		
Non-current assets		
Investment properties	12,200	11,823
Other property, plant and equipment	7	7
Intangible assets	4	4
Financial assets	7	9
Total non-current assets	12,218	11,843
Current assets		
Current receivables	43	91
Cash and cash equivalents	79	121
Total current assets	122	212
TOTAL ASSETS	12,340	12,055
EQUITY AND LIABILITIES		
Equity	3,365	3,235
Deferred tax liability	735	655
Non-current liabilities	7,673	7,666
Current liabilities	567	499
TOTAL LIABILITIES AND EQUITY	12,340	12,055
Contingent liabilities	135	-

CONDENSED STATEMENT OF CHANGES IN EQUITY, SEK M

	Equity	Attributable to shareholders of the parent	Attributable to minority interests
Equity at 31 Dec 2012	3,086	3,065	21
<i>Profit for the period after tax</i>	321	323	-2
Comprehensive income for the period	321	323	-2
Cash dividend	-172	-172	-
Equity at 31 Dec 2013	3,235	3,216	19
<i>Profit for the period after tax</i>	302	297	5
Comprehensive income for the period	302	297	5
Cash dividend	-172	-172	-
Equity at 31/12/2014	3,365	3,341	24

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, SEK M

	2014 3 months Oct-Dec	2013 3 months Oct-Dec	2014 12 months Jan-Dec	2013 12 months Jan-Dec
OPERATING ACTIVITIES				
Property management income	97	79	421	354
Adjustments for non-cash items	6	9	-	3
Tax paid	-	-2	-10	-15
Operating cash flows before change in working capital	103	86	411	342
Changes in working capital				
Decrease (+)/increase (-) in receivables	60	-6	48	72
Decrease (-)/increase (+) in current liabilities	-56	28	-37	-80
Total change in working capital	4	22	11	-8
Operating cash flow	107	107	422	334
INVESTING ACTIVITIES				
Investment in financial assets	-	-	-	2
Proceeds from sale of property, plant and equipment	24	76	101	309
Acquisition of intangible assets	-1	-2	-1	-4
Purchases of property, plant and equipment	-122	-99	-399	-239
Investing cash flow	-99	-25	-299	68
FINANCING ACTIVITIES				
Dividends paid	-	-	-172	-172
Change in non-current liabilities	64	-58	7	-229
Financing cash flow	64	-58	-165	-401
Cash flow for the period	72	24	-42	1
Cash and cash equivalents at beginning of period	7	97	121	120
Cash and cash equivalents at end of period	79	121	79	121

KEY RATIOS

	2014 3 months Oct-Dec	2013 3 months Oct-Dec	2014 12 months Jan-Dec	2013 12 months Jan-Dec
Return on equity, %	3.9	2.6	9.0	10.2
Equity ratio, %	27.3	26.8	27.3	26.8
Loan-to-value ratio, properties, %	62.9	64.8	62.9	64.8
Interest coverage ratio, times	2.4	2.0	2.5	2.2
Equity per share, SEK	45.0	43.3	45.0	43.3
Cash flow per share, SEK	1.3	1.0	5.5	4.6
Number of properties at end of period	354	364	354	364
Leasable area at end of period, sq.m.	1,422,519	1,446,900	1,422,519	1,446,900
Market value of properties, SEKm	12,200	11,823	12,200	11,823
Rental value, SEKm	361	362	1,448	1,457
Economic occupancy rate, %	89.0	88.6	89.2	88.7
Yield, %	1.5	1.5	6.2	6.2
Surplus ratio, %	57.2	54.7	59.0	57.1

CONDENSED PARENT COMPANY INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME, SEK M

	2014 12 months Jan-Dec	2013 12 months Jan-Dec
INCOME STATEMENT		
Net sales	118	105
Gross profit	118	105
Central administration	-159	-148
Restructuring costs	-	-26
Operating profit	-41	-69
Financial income	147	230
Financial costs	-115	-109
Profit after financial items	-9	52
Current tax	-	-
Profit after tax	-9	52
STATEMENT OF COMPREHENSIVE INCOME		
Profit after tax	-9	52
Comprehensive income for the year	-9	52

CONDENSED PARENT COMPANY BALANCE SHEET, SEK M

	2014 31 Dec	2013 31 Dec
ASSETS		
Projects in progress ¹	1	1
Intangible assets ¹	4	4
Machinery and equipment	2	1
Investments in Group companies	171	171
Non-current receivables from Group companies	7,390	3,341
Total non-current assets	7,568	3,518
Current receivables from Group companies	186	187
Other current receivables	13	10
Cash and cash equivalents	145	10
Total current assets	344	207
TOTAL ASSETS	7,912	3,725
EQUITY AND LIABILITIES		
Equity	1,253	1,434
Non-current liabilities to credit institutions	3,311	1,476
Non-current liabilities to Group companies	2,947	710
Current liabilities to credit institutions	7	7
Current liabilities to Group companies	365	58
Trade payables	1	7
Other current liabilities	28	33
Total current liabilities	401	105
TOTAL LIABILITIES AND EQUITY	7,912	3,725

¹SEK 4 million relating to 2013 has been reclassified between projects in progress and intangible assets

DEFINITIONS

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 RATIO

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 carrying amount at the end of the period.

INTEREST COVERAGE RATIO

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

EARNINGS PER SHARE

Profit for the period after tax, 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 tax, adjusted for unrealised changes in value 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 repurchased 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 addition for estimated market rent for unoccupied floor space.

NET LEASING

Net annual rent, excluding discounts and supplements, for newly signed, terminated and renegotiated contracts. No account is taken of the length of contracts.

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.

YIELD

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 TRANSACTIONS JANUARY - DECEMBER 2014

Property	Market area	Municipality	Category	Area, sq.m.
SALES				
Quarter 2				
Rävsund 1:338	Västernorrland	Sundsvall	Industrial/warehouse	14,249
Söre 5:26 & 5:74	Jämtland	Östersund	Residential	3,194
Total property sales April - June				17,443
Quarter 3				
Borgmästaren 4	Jämtland	Östersund	Residential	1,075
Försöket 2	Västernorrland	Sundsvall	Retail	1,164
Staden 2:26	Västernorrland	Sollefteå	Land	-
Solhöjden 31	Västernorrland	Sundsvall	Offices	660
Norr 26:1	Gävleborg	Gävle	Offices	1,456
Kopparslagaren 5	Jämtland	Sveg	Industrial	5,341
Total property sales July - September				9,696
Quarter 4				
Staben 6	Jämtland	Östersund	Residential	1,553
Arvesund 2:196	Jämtland	Åre	Land	-
Total property sales October - December				1,553
Total property sales January - December				28,692
ACQUISITIONS				
Quarter 2				
Stranden 19:5	Dalarna	Mora	Retail	3,650
Total property acquisitions January - December				3,650

FINANCIAL CALENDAR

Annual General Meeting

22 April 2015

Q1 Interim report January-March 2015

24 April 2015

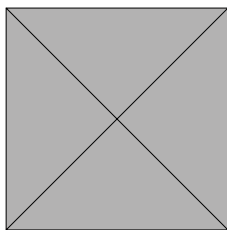
Q2 Interim report January-June

6 July 2015

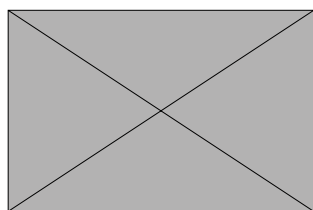
Q3 Interim report January-September

23 October 2015





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