

Diös

fastigheter ab

INVITATION TO SUBSCRIBE FOR
SHARES IN DIÖS FASTIGHETER AB (PUBL)



CATELLA CORPORATE FINANCE



Swedbank
Markets

SUMMARY OF CONDITIONS**Issue price**

The issue price of the offer is expected to be set between SEK 30–34 per share. The issue price of the offer to the general public will not exceed SEK 34 per share. No commission will be charged.

Application period

Offer to the public: 26 April–11 May 2006
Offer to institutions: 26 April–12 May 2006

Announcement of the issue price

Around 15 May 2006

Settlement date

Offer to the public: 18 May 2006
Offer to institutions: 17 May 2006

Estimated first listing day on the Stockholm Stock Exchange O-list

22 May 2006

FINANCIAL INFORMATION**Interim report for 1 January–31 March 2006**

26 April 2006

Interim report for 1 January–30 June 2006

22 August 2006

Interim report for 1 January–30 September 2006

27 October 2006

OTHER INFORMATION**ISIN-code**

SE0001634262

Abbreviation on the Stockholm Stock Exchange

DIOS

This prospectus has been compiled by Diös and approved by and registered with FI (Finansinspektionen – the Swedish Financial Supervisory Authority) in accordance with the Financial Instruments Trading Act (1991:980).

Approval by and registration with FI does not guarantee that the factual information in this prospectus is correct or complete.

This prospectus is available electronically at the FI (www.fi.se), Diös (www.dios.se) and Swedbank Markets (www.fsb.se) websites, and in print from Diös and Swedbank Markets head offices. Paper copies of the prospectus are available at no cost from Diös and Swedbank Markets.

A prospectus for this invitation to subscribe for shares in Diös Properties AB has been drawn up in Swedish for the offer to the public and institutional investors in Sweden, and in English for the offer to institutional investors overseas.

The Offer in this prospectus is not directed at people whose participation requires further prospectuses, registration or other measures than those required by Swedish law.

The new shares will not be offered in the USA or Canada or to persons living there. This prospectus, the subscription form and other documents relating to the offer are not to be distributed in any country where such distribution or such an offer requires measures as in the

DEFINITIONS**Brinova**

Brinova Fastigheter AB (publ)

Diös or the Company

Parent company Diös Fastigheter AB or Diös Fastigheter AB with subsidiaries, depending on context.

The Offer

Invitation to subscribe for shares in Diös in accordance with the conditions in this prospectus.

Fabege

Fabege AB (publ)

FöreningsSparbanken or Swedbank Markets

FöreningsSparbanken AB (publ)

Humlegården

Humlegården Holding III AB

Klövern

Klövern AB (publ)

LRF

Lantbrukarnas Ekonomi-Aktiebolag

New issue

The current new issue covered by the Offer.

VPC

VPC AB

previous paragraph or where they would contravene the regulations of that country. The new shares have not been registered and will not be registered in accordance with the United States Securities Act of 1933 or in accordance with any securities act in Canada with their current wording and they may not be offered, transferred, sold – directly or indirectly – within the USA, Canada or to persons living there.

Application for subscription for the shares in contravention of the above is to be considered invalid.

This prospectus contains statements on future prospects by the Diös Board based on their knowledge of current Company circumstances, market conditions and other prevailing business factors. The reader should be aware that statements on future prospects are uncertain. An investment in Diös shares carries risk. Any person considering investing in Diös is therefore encouraged to read this prospectus carefully, especially the section 'Risk factors'.

The figures in this prospectus have been rounded off, although the computations have been done without rounding off. This means that certain tables do not appear to tally.

Any legal dispute arising from the Offer in this prospectus is to be decided in accordance with Swedish law and in a Swedish court only.

This document is a translation of the Swedish prospectus. In the event of any differences between this translation and the Swedish original the Swedish prospectus shall prevail.

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Summary



Kansliet 20, Falun



Diös is a property company focusing on properties north of Dalälven in Sweden. Diös current main regions are Borlänge, Falun, Gävle and Mora. In these towns, Diös is one of the major property companies. Its property holdings are centrally situated and include office, retail, warehouse, industrial and residential premises in each of these towns. On 31 December 2005 the Company owned 52 properties with a lettable area of 266,785 sq.m. The assessed market value of the properties on the same date was SEK 1,672 m.

BUSINESS CONCEPT

Diös shall acquire, manage, develop and sell properties profitably on the market north of Dalälven in Sweden.

OVERALL AIMS AND STRATEGIES

Diös' main aims are to create profitability in its business activities and thus give the Company's shareholders good, long-term, stable returns on their capital, and to become one of the leading operators on the property market north of Dalälven in Sweden. In order to achieve these aims, Diös shall:

- create long-term tenant relations through efficient, market-oriented property management,
- offer tenants individually adapted premises in well-maintained properties with rational layouts,
- be aware of developments on the real property and rented property markets and maintain the ability to change, and
- maintain a professional organisation with skilful and committed personnel with high ethical standards.

FINANCIAL GOALS AND DIVIDEND POLICY

Return on equity

Return on equity shall under a business cycle amount to the risk-free interest rate plus 10 percent. The risk-free interest rate is defined as the rate on a 5-year Swedish government bond.

Equity/asset ratio

The long-term, visible equity/asset ratio shall be at least 25 percent.

Interest coverage ratio

The long-term interest coverage ratio shall not fall below 1.8.

Dividend

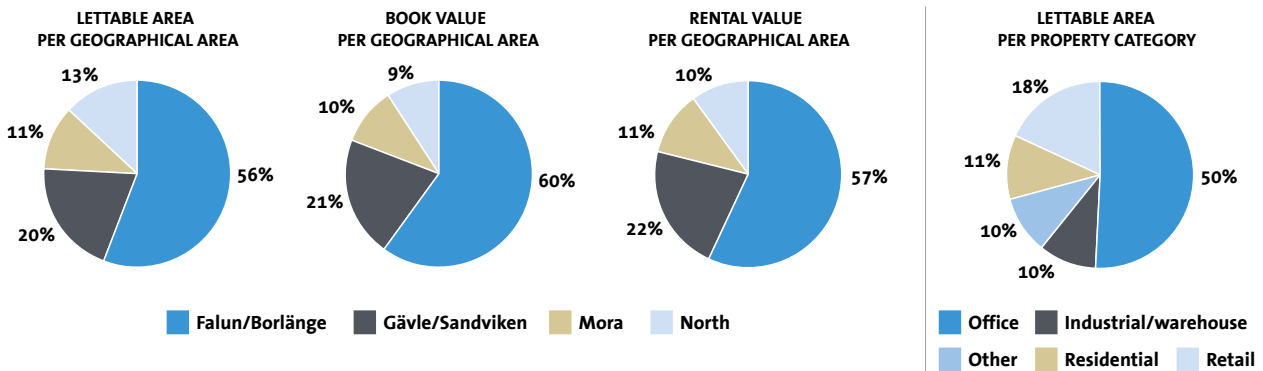
In the long term, dividends are to amount to 50 percent of net profits. They are to come partly from profits from ongoing property management¹ and partly from realised profits generated by property sales², with the aim of making the value added visible. If the equity/asset ratio falls below 25 percent, the contribution to dividends may be lower.

LEGAL STRUCTURE

Diös Fastigheter AB (publ), corporate identity number 556501-1771, is the parent company in a group of nine wholly owned subsidiaries. The group was founded in its present form, on 29 April 2005 in Sweden with its registered office in Östersund. The Company's legal form is a limited company and is thus governed by the Swedish Companies Act. Diös Fastigheter AB carries on business activities in accordance with Swedish law.

¹ Pre-tax profit, excluding realised and unrealised changes in value, taxed at the 28 percent standard rate.

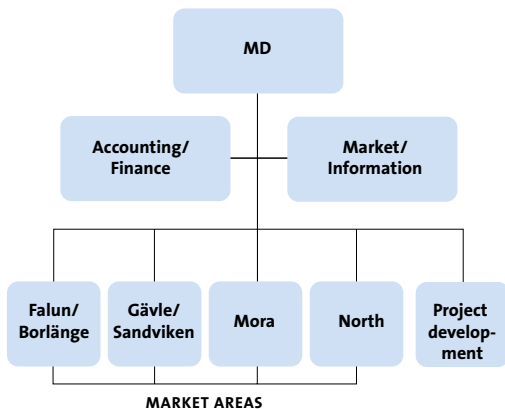
² The difference between sales price and total invested capital taxed at the 28 percent standard rate.



ORGANISATION

Diös organisation consists primarily of a property management function. In addition, there are the shared group functions Accounting/Finance and Market/Information. Group management consists of a managing director, a head of finance, a head of project development and a head of marketing and information. Group management has the overall responsibility for business development, budget follow-up, financial control, market information and the implementation of strategies. The management organisation consists of four market areas. Each market area is headed by a market area manager who has the operational responsibility for the properties in that market area. The aim of this division into the various market areas is to gain close acquaintanceship with the local property and rental market. Diös also has the resources to implement both transactions and project development, which are collected together in the project development function.

Diös had 24 employees on 31 December 2005.



MARKET

The property market in recent years has been very active. In 2005, property transactions worth approx. SEK 123 bn.¹ were conducted in Sweden. There is continued great demand for properties and the investment capacity of the major operators is considerable while the supply of major property holdings is limited. In recent years, interest in properties north of Dalälven has increased just as it has for the rest of Sweden. One of the reasons is the economic upturn being experienced by many of the northern towns.

Another factor is the historically low interest rates combined with easy access to capital, which has increased interest in properties generally. Today's low interest rates combined with demands for higher yields on properties in northern Sweden, means that property investments in this region have become attractive to both foreign and domestic investors.

PROFORMA PROPERTY HOLDINGS 2005

Diös property holdings comprise commercial properties, and some residential properties, mainly in Borlänge, Falun, Gävle and Mora. The property holdings on 31 December 2005 were 52 properties with a total lettable area of 266,785 sq.m. and a book value² of SEK 1,672 m. Rental value amounted to SEK 225 m. and contracted rental income amounted to SEK 211 m., which is equivalent to an economic occupancy rate of approx. 93 percent.

PROFORMA 2005

Market area	Number of properties	Lettable area, sq.m.	Book value, SEK m.	Rental value, SEK m.	Economic occupancy rate, %	Rental income, SEK m.	Net operating income, SEK m.
Falun/Borlänge	22	149,456	1,007	128	92	119	72
Gävle/Sandviken	10	53,747	348	49	96	47	28
Mora	12	30,103	171	25	98	24	15
North	8	33,478	146	23	88	21	11
Total Diös	52	266,785	1,672	225	93	211	126

¹ According to Catella Corporate Finance.

² Diös reports its investment properties at their real value (in accordance with International Accounting Standards), which means that the book value corresponds to the market value of the investment properties.

Diös property holdings are divided into the following four geographical market areas:

Falun/Borlänge – 22 properties with a book value of SEK 1,007 m., of which the majority is in Borlänge. Rental value amounts to SEK 128 m., rental income to SEK 119 m. and a lettable area of 149,456 sq.m.

Gävle/Sandviken – 10 properties with a book value of SEK 348 m., of which the majority is in Gävle. Rental value amounts to SEK 49 m., rental income to SEK 47 m. and a lettable area of 53,747 sq.m.

Mora – 12 properties with a book value of SEK 171 m. Rental value amounts to SEK 25 m., rental income to SEK 24 m. and a lettable area of 30,103 sq.m.

North – 8 properties with a book value of SEK 146 m., of which the majority is in Luleå. Rental value amounts to SEK 23 m., rental income to SEK 21 m. and a lettable area of 33,478 sq.m.

HISTORY

Anders Diös from Mora founded the construction company Anders Diös AB in 1921. The company grew quickly and operated in most of Sweden.

At the end of the 1980s, the business activities were refined down to property management with properties in Stockholm, Uppsala and Gävle and in a couple of towns in Dalarna. Shortly thereafter, the property company was listed on the Stockholm Stock Exchange.

At the end of 2000, AP Fastigheter bought Diös as it was then on the Stockholm Stock Exchange. The property holdings and personnel in Gävle and Dalarna continued under the name Diös Gävle/Dala, even though the formal owner now was AP Fastigheter.

In April 2005, the Diös Fastigheter Group was founded. The aim was to acquire, manage, develop and sell properties profitably on the market north of Dalälven in Sweden.

On 1 June 2005, Diös acquired properties of AP Fastigheter in the Gävle/Dala region, which once were part of the earlier Diös.

At the beginning of September 2005, the latest property acquisitions were effected through a number of non cash issues. Diös owned on 31 December 2005, 52 properties, with a lettable area of 266,785 sq.m.

PROSPECTUS RULES

This prospectus comes under the new regulations for prospectuses, which apply from 1 January 2006 in Sweden (European Parliament and Council Directive 2003/71/EC), Commission Regulation (EC no. 809/2004) and the Swedish Financial Instruments Trading Act (1991:980).

RISKS

This summary is only an introduction to and a summation of the information in the prospectus. Investment decisions are to be made based on the information in the entire prospectus and thus not only on the basis of this summary.

Readers of this prospectus should not make the decision to invest in Diös without having read and understood

all of the prospectus and then thoroughly studied and understood the risks involved in investing in Diös. See *Risk factors*.

Some of the risk areas investors are to consider are rental income and rental development, corporate and property acquisitions, capital gains, losses and value changes, operating and maintenance costs, key personnel, taxes, fees and contributions, environmental risks, finance, interest risks, financing risks, credit risks, operational risks, affect of the principal shareholder and the Diös share. In addition, investors must consider general business intelligence, other information in the prospectus and general information about the property market and property companies.

All ownership of shares and other financial instruments involves risks. An investment in Diös gives an opportunity for a positive development of invested capital, but is also associated with risks.

THE OFFER IN SUMMARY

In order to facilitate the continued growth and expansion of Diös, the Board of Diös and its owners have decided to spread ownership by a new share issue. In addition, the Diös Board has applied for listing of the Company's shares on the Stockholm Stock Exchange O-list. The Board of Diös has drawn up this prospectus and is responsible for its content. The spread of ownership will be conducted through a new share issue of a maximum of 8,333,400 shares, which means that the newly issued shares will equate to a maximum of 29.4 percent of the total number of shares and votes after the new share issue. Depending on the price, which will be set by bidding, the new share issue will provide Diös with capital of a minimum of approx. SEK 238 m. and a maximum of approx. SEK 271 m. after deductions for issue costs. The Offer to subscribe for the new shares is to be directed at the general public in Sweden and to institutional investors in Sweden and abroad. For further information about the conditions of the Offer, see *Terms and conditions*.

SUMMARY OF CONDITIONS

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Estimated first day listed on the Stockholm Stock Exchange O-list
22 May 2006

ISIN-code

SE0001634262

Abbreviation on the Stockholm Stock Exchange

DIOS

COST OF TRANSLATION

The new prospectus regulations which came into force on 1 January 2006 make it possible to distribute prospectuses in the entire EES. If a person files a lawsuit against Diös due to this prospectus, then that person will be obliged to pay for the cost of translating the prospectus.

LEGAL RESPONSIBILITY FOR THE SUMMARY

Diös would like to point out to readers of this prospectus that legal responsibility for this summary, or a translation of it, can only be attributed to those individuals responsible for the summary if it contains incorrect or misleading information in relation to the other parts of the prospectus.

FINANCIAL SUMMARY

Since the Company has not been in business for all of 2005 and that important acquisitions have been made during the year, an unrevised proforma report is made for 2005 in which it has been assumed that all acquisitions were carried out on 1 January 2005. No adjustments have been made for events after 31 December 2005. A proforma report is only intended to describe a hypothetical situation and is presented only for illustration. It is not to be seen as an indication of the real financial outcome or the real financial position. The proforma report should be read together with other information included in this prospectus.

It should be noted that profits have been increased considerably by unrealised value changes and deferred taxes. See *Financial overview* and *Comments on the Financial overview*.

EVENTS AFTER 31 DECEMBER 2005

Diös sold on 26 January 2006 the properties Näringen 21:2 and Näringen 21:3 in Gävle with access for the buyer from 1 February 2006. The price was SEK 4.5 m., which is in line with to book values so that there was no effect on profits. The total lettable area of the properties amounts to approx. 3,000 sq.m. and the rental value amounts approx. SEK 1 m.

New finance

In March 2006, Diös signed a new four-year finance agreement for a revolving credit facility of SEK 2,225 m. and overdraft facilities of SEK 25 m. The new agreement has better interest terms than the present agreement, but the average interest level for Diös will be unchanged or higher as the credit period is longer than previously. See *Legal issues and other information*.

PROFIT AND LOSS STATEMENT

SEK m.	Proforma 2005 January-December
Rental income	210.5
Other income	5.4
Operating/maintenance expenses	-72.2
Property taxes	-7.4
Property administration expenses	-10.1
Net operating income	126.2
Depreciation of other tangible assets	-0.1
Central administration and marketing expenses	-8.9
Unrealised changes in value on investment properties	96.0
Operating profit	213.1
Financial net	-30.1
Profit after financial items	183.1
Current tax	0.0
Deferred tax	82.0
Profit for the year after tax	265.1

BALANCE SHEET

SEK m.	2005 31 December
ASSETS	
Investment Properties	1,672.4
Other tangible assets	0.4
Deferred tax asset	82.0
Short-term receivables	17.7
Liquid funds	57.3
Total assets	1,829.8

EQUITY AND LIABILITIES	
Equity	586.7
Provisions	0.3
Interest bearing liabilities	1,172.2
Non-interest bearing liabilities	70.6
Total equity and liabilities	1,829.8

KEY RATIOS

	Proforma 2005 January-December
Financial	
Return on equity, %	45.2
Return on total capital, %	11.7
Return on capital employed, %	12.1
Equity/asset ratio, %	32.1
Loan to value, properties, %	70.1
Interest coverage ratio, multiple	3.9
Debt/equity ratio, multiple	2.0

Share related	
Earnings per share, SEK	13.27
Equity per share, SEK	29.38
Number of shares at end of period, thousands	19,968

Property related	
Number of properties at end of period	52
Lettable area at end of period, sq. m.	266,785
Market value properties, SEK m.	1,672
Rental value, SEK m.	225
Economic occupancy rate, %	93.4
Yield, %	7.5
Surplus ratio, %	60.0

For further information regarding proforma reporting, see *Financial overview*. Note that the effects of the new share issue have not been considered and no adjustments have been made for events occurring after 31 December 2005.

Risk factors



Hattmakaren 16, Falun



All business activities involve a certain amount of risk. Below, in no particular order, are some of the factors which could be important to Diös business activities, financial position and profits. Not all risk factors can be covered here. A collected risk evaluation should therefore also include other information in the prospectus, general business intelligence and general information about the property market and property companies.

RENTAL INCOME AND RENTAL DEVELOPMENT

Rental income for commercial premises is affected in the long term by availability and the demand from the market. Unlike commercial properties, residential properties are covered by regulations which mean that rents are decided by such things as the principle of utility value. This means that rental levels for public benefit property holdings in each location affect rents for privately owned properties.

Diös' income is affected by the occupancy rates of its properties, contracted rental levels and the ability of tenants to pay.

Occupancy rates and rent levels are affected by general economic conditions, the rate of production of new residential, infrastructure changes, population growth and employment levels. If for example, the number of people in a community goes down, so does the demand for residential and commercial premises. This can in time lead to an increased number of vacant properties with the risk that rent levels develop weakly or fall. If occupancy rates or rent levels fall, regardless of the reason, Diös profits will be affected negatively after each contract expires. The risk of major fluctuations in vacancy levels and reduction in rental income increases if a property company has few

but large tenants. On 31 December 2005, Diös' five largest tenants stood for 34 percent of Diös' contracted rental income. There is no guarantee that Diös' major tenants will renew or extend their rental agreements when they expire, which in time can lead to reduced rental income and increased vacancies.

Diös rental contracts with longer durations than three years are normally wholly or partly tied to the consumer price index (CPI), i.e. wholly or partly adjusted for inflation. If inflation increases more than the compensation Diös receives from this indexation, Diös profits can be affected negatively. There is also no guarantee that Diös will always be able to sign rental contracts which wholly or partly compensate for inflation.

Diös is dependent upon tenants paying agreed rents on time. In some rental contracts, tenants' obligations are guaranteed by parent companies or bank guarantees. There are still many cases, however, where there is a risk of the tenant stopping payments or in other ways failing to fulfil their obligations. If this happens, Diös' profits will be affected negatively.

CORPORATE AND PROPERTY ACQUISITIONS

A natural part of Diös' business activities is corporate and property acquisitions. These are by nature associated with a degree of uncertainty. When acquiring properties, loss of tenants, environmental factors and technical problem are risk areas. There are no guarantees that future activities or properties arising through acquisitions will affect Diös profits positively.



Saga 21 , Borlänge

CAPITAL GAINS, LOSSES AND CHANGES IN VALUE

The ability of Diös to generate capital gains when selling properties or property-owning businesses depends on both how well Diös succeeds in developing and adding value to the properties and the customer and agreement structure. It also depends on general interest levels and general economic conditions. In addition, the regional balance between supply and demand, expected rental growth, taxes, loan opportunities and demands for returns also affect property prices. Demands for returns are affected by interest levels for so-called risk-free placements, such as government bonds, and also by specific property risk. Demands for returns can also be affected by the availability of and returns from alternative placements. There are thus no guarantees that future Diös sales of properties or property-owning companies will generate capital gains. Changes in the market value of properties can affect Diös profits negatively. As Diös reports the real value of its holdings of investment properties (in accordance with IAS Investment Properties), this means that the book value equates to the market value of the investment properties. This means that changes in value in Diös property holdings directly affect the Company's income statement.

OPERATING AND MAINTENANCE COSTS

Diös property management sometimes includes Diös being responsible for operating and maintenance costs, and also such costs as electricity, refuse collection, heating and water. Some of these goods and services can only be bought from one provider, which can affect the price. With regard to electricity, the cost is usually dependent on supply and demand on the open electricity market. If price increases cannot be compensated for by regulating

rental contracts, or rent increases through renegotiated rental contracts, Diös profits can be affected negatively. Unforeseen and large-scale renovations can also affect profits negatively.

KEY PERSONNEL

Diös future development depends to a great extent upon the knowledge, experience and commitment of the company management and other key personnel. Diös has key personnel on employment contracts with terms and conditions Diös considers typical of the market. Diös considers all its personnel to be a great asset and therefore works continually at maintaining good personnel policies. Despite this, there is no guarantee that Diös will be able to keep these people and always be able to recruit new, skilled personnel.

TAXES, CHARGES AND BENEFITS

Changes in company and property taxes and other state taxes, residential benefits and interest benefits can affect Diös business activities. There are no guarantees that these taxes and benefits will remain unchanged in the future. There are major differences in the views of various political parties regarding whether there should be property taxes and how much. It is not out of the question that tax rates will change in the future or that other changes occur in the state system which affect property ownership. In most Diös rental contracts, however, the tenant is responsible for property taxes. Changes in company tax and other state taxes can affect Diös profits negatively. A change in tax legislation leading to, for example, reduced opportunities for tax depreciation or for making deductible deficiencies can mean that Diös' future tax situation will change and thus also affect profits.



Gamla Bergsskolan 15, Falun



ENVIRONMENTAL RISKS

Property management and property exploitation has environmental effects. Diös has an active environmental policy which prioritizes energy, choice of materials, hazardous goods, refuse management, local environment and transport.

According to the Environment Code, those who carry on business activities which cause pollution are also responsible for the pollution effects. If the business cannot clear up or pay for clearing up a polluted property, then those who acquire the property, and should have discovered the pollution, are responsible. This means that under certain conditions, demands, can be made upon Diös for ground sanitation or clearing up suspected ground or water pollution so that the property complies with the Environment Code. Such demands can affect Diös profits negatively. No full report has been made on environmental pollution in Diös' property holdings. There are currently, however, no significant environmental demands to be made upon Diös.

FINANCING

Diös' business activities are financed by equity and liabilities. The ratio between equity and liabilities is regulated by the chosen financial risk level and by the amount of equity required by lenders in order to grant loans. Finance via liabilities means that Diös is exposed to a number of financial risks such as interest risk and finance risk.

Interest risk

Interest risk is defined as the risk that changes in interest rates will affect Diös finance expenses. Interest expenses are one of Diös major expense items. Diös' fixed interest strategy means balancing short-term fixed interest rates that reduce interest expenses in the long term and long-term fixed interest rates that achieve a stable development of interest expenses. The balance is decided by financial strength, cash flow and forecast interest developments.

Finance risk

The Diös policy to limit finance risks is that the average remaining duration for interest bearing liabilities, so called capital tie-up, is to be between two and four years and that the maturity structure of the loan is to be evenly spread over time. Diös also uses binding credit pledges with evenly spread maturities which reduce the risk when being renegotiated.

On 31 December 2005 the average capital tie-up period including credit pledges was 1.6 months.

CREDIT RISK

Credit risk is defined as the risk that Diös' financial counterparties cannot fulfil their financial obligations to Diös. Credit risk in financial business occurs when placing excess liquidity, subscribing to interest swaps and when receiving long and short-term credit agreements. Diös' policy for reducing credit risk is that placement of excess liquidity and swap agreements are to be carried out with a limited number of counterparties and within stated



Falun 21, Falun

limits approved by the Diös Board. In addition, Diös policy is to only work with banks or equivalent credit institutes with a rating of at least A from both Moody's and Standard & Poor's. With regard to Diös accounts receivable, the customary credit worthiness tests are performed before a new tenant is approved. The credit worthiness of any promissory notes arising from sales of properties and/or companies is also tested.

OPERATIONAL RISK

Operational risk is defined as the risk of causing losses through faulty routines and/or irregularities. Good internal control, appropriate administrative systems, training and access to reliable valuation and risk models are good ways to reduce operational risks. Diös works continually on monitoring the Company's administrative security and control.

INFLUENCE OF MAIN SHAREHOLDERS

Humlegården owns shares in Diös equivalent to approx. 26.6 percent of the Company shares and votes, LRF equivalent to approx. 23.1 percent, Brinova equivalent to approx. 18.5 percent, Fonden Fokus through Catella Kapitalförvaltning equivalent to approx. 11.5 percent, Klöverne equivalent to approx. 10.8 percent and Fabege equivalent to approx. 4.9 percent. Even after the Offer has been completed, the shareholders mentioned will have major shareholdings in Diös. The shareholders mentioned will therefore be able to affect Diös in such matters that require voting at the Annual General Meeting, for

example, election of Board members. The shareholders mentioned could also have the power to stop Diös being acquired through a public buy-out.

THE DIÖS SHARE

Trading in securities is always associated with risk. Since an investment in shares can both rise and fall in value, it is not certain that an investor can get back the invested capital. Investment in Diös shares should therefore be preceded by a thorough analysis of the Company, its competitors, world developments and general information about the property business and property companies. An investment in shares should never be seen as a quick way to make money, but rather as a long-term investment with funds one can manage without.

Invitation to subscribe for shares



Norr 30:5, Gävle



The Board of Diös and its owners¹ have decided to spread ownership by a new share issue. In addition, the Diös Board has applied for listing of the Company's shares on the Stockholm Stock Exchange O-list.

The issue price will be set by a book-building procedure and is expected to be set between SEK 30–34 per share. The issue price of the offer to the general public will not exceed SEK 34 per share. The issue price will be announced publicly around 15 May 2006. Listing of the shares on the Stockholm Stock Exchange is estimated to start on 22 May 2006.

The Board of Diös, supported by authorization from the Annual General Meeting of 4 April 2006, is to decide on an increase in share capital by a maximum of SEK 16,666,800 from SEK 39,936,630 to SEK 56,603,430 by a new share issue of a maximum of 8,333,400 shares.¹ This means that the newly issued shares will equate to a maximum of 29.4 percent of the total shares and votes after the New issue. Depending on the issue price, to be set by the book-building procedure, the new share issue will give Diös capital of at least approx. SEK 238 m. and a maximum of approx. SEK 271 m. after deductions for issue expenses². With an exception for the current shareholders' preferential rights, the right to subscribe for the newly issued shares will fall to the general public in Sweden and institutional investors in Sweden and abroad. Exceptions to this are set out on the inside cover of this prospectus.

Shareholders representing 69.3 percent of the total the number of shares in Diös prior to the New issue have agreed that until 31 December 2006 not to sell Diös shares without written approval³.

In March 2006, all existing shareholders in Diös⁴ gave guarantees regarding subscription for the total amount of the New issue. If the Offer is not fully subscribed, the existing shareholders will subscribe for the remaining shares on a pro rata basis at the issue price set by the book-building procedure. The New issue is thus fully guaranteed.

This is an invitation to subscribe for a maximum of 8,333,400 shares in Diös in accordance with the conditions in this prospectus, equivalent to 29.4 percent of shares and the votes in the Company after completion of the Offer.

The reader is otherwise referred to the report contained in this prospectus, which has been drawn up by the Board of Diös due to the Offer and the listing of the Company's shares on the Stockholm Stock Exchange O-list. The Board of Diös, consisting of chairman Lars Holmgren and board members Gustaf Hermelin, Lars-Ove Håkansson, Anna-Stina Nordmark-Nilsson and Thorsten Åsbjer, are responsible for the content of this prospectus.

We hereby assure the reader that all reasonable measures have been taken to ensure that the information in this prospectus is true and correct, as far as the Board knows, and that nothing has been left out that could affect its implications. Where information has been obtained from a third party, no information has been left out which would make the reported information incorrect or misleading. Where information has been obtained from a third party, the information has been reproduced correctly and no information has been left out.

Östersund, Sweden, 12 April 2006

Diös Fastigheter AB (publ)
The Board

¹ See the section Shares, share capital and ownership.

² Expenses in the form of payment to the issuing institute and other estimated transaction expenses related to the Offer which are payable by the Company are estimated to be approx. SEK 12 m.

³ See further the section Legal issues and other information.

⁴ See the section Shares, share capital and ownership.

Terms and conditions



Stranden 16:1, Mora

THE OFFER

The Offer is for a maximum of 8,333,400 newly issued shares in Diös and is divided into two parts: the offer to the general public and the institutional offer. The distribution of shares for each part of the Offer will be based on demand. The distribution will be decided by the Board of Diös in consultation with Catella Corporate Finance and Swedbank Markets.

BOOK-BUILDING PROCEDURE

In order to achieve an appropriate market price for the shares offered for subscription in the Offer, institutional investors will be given the opportunity to participate in a book-building procedure by registering their interest to Swedbank Markets. Within the framework of this book-building procedure, which will continue until 12 May 2006, the issue price will be established.

ISSUE PRICE

The issue price of the Offer is expected to be set between SEK 30–34 per share. The issue price of the offer to the general public will not exceed SEK 34 per share. No commission will be charged. The final issue price will be made public by press release on 15 May 2006 at which time the outcome of the Offer will also be announced.

APPLICATION

The offer to the general public

Applications for share subscriptions from the general public are to be for a minimum of 200 shares or blocks of 200 shares. Applications are to be made using a special application form, to be handed in to a branch of FöreningsSparbanken or a collaborating Sparbank in Sweden.

Application forms can also be sent to: FöreningsSparbanken, Swedbank Markets, Emissioner E476, 105 34 Stockholm, Sweden.

Applicants for share subscriptions must when applying have an approved account¹ with FöreningsSparbanken or a collaborating Sparbank. Applicants for Diös share subscriptions who do not have such an account must open one in good time before the end of the application period on 11 May 2006.

Applications for share subscriptions are to arrive at FöreningsSparbanken *on 26 April 2006 at the earliest and by 17.00 on 11 May 2006 at the latest*. Note that some banks close before 17.00 hours. Late applications may be left unprocessed. Incomplete or faulty application forms may be left unprocessed. No changes or additions may be made to the printed text. Only one application per person may be made and only the first application to arrive at FöreningsSparbanken will be processed. *Note that an application is binding upon the applicant. Note also that Diös Board issue or allocation decisions based upon applications received can vary from the applications with regard to distribution, i.e. share allocation is not guaranteed.*

Private persons who are customers of FöreningsSparbanken or of a collaborating Sparbank Internetbank, and companies who are customers of FöreningsSparbanken or of a collaborating Sparbank Internetbank with NetTrade Aktiv, may also apply via the Internetbank. Instructions for participating in the Offer via the Internetbank are available after logging on to the Internetbank at www.fsb.se.

¹ Approved accounts for private persons are sparkapitalkonto, e-sparkonto, privatkonto, servicekonto, ungdomskonto, sparandekonto and transaktionskonto. Approved accounts for companies are företagskonto, penningmarknadskonto and placeringskonto.

Customers, who subscribe to FöreningsSparbanken's or a collaborating Sparbank's telephone bank with "personal service", can apply by telephone by following instructions.

State on the application form the account of the approved type from which FöreningsSparbanken is to have the right to deduct payment for the number of shares applied for. Only one account can be used for payment and the account holder must be the same person who is applying to subscribe for shares.

In order to qualify for allocation of shares, the balance of the account stated in the application must be at least equivalent to SEK 34 multiplied by the number of shares the application is for during the period from 12 May 2006 until 18 May 2006.

The money must therefore be deposited in the account by 11 May 2006 to ensure the required amount is in the account for the period of time stated. This means that the account holder is obliged to keep the required amount available in the account for this period and that the application for subscription can be invalid if the amount is not available in the account for this period of time. Note also that the amount cannot be used for this period of time. As soon as allocation has been made, the money will be freely available for those who received no allocation. Money which is not available for the stated period will draw interest in accordance with the conditions for the account stated in the application.

Those applying for subscription for shares must also have and submit a securities deposit to which the allocated shares can be sent.

Diös employees

Permanent employees of Diös who wish to subscribe for shares are to follow special instructions from the Company.

The institutional offer

Applications from institutional investors in Sweden and abroad are to arrive at Swedbank Markets, ECM E478, SE-105 34 Stockholm, Sweden by 12 May 2006.

PROSPECTUS AND APPLICATION FORM

A prospectus and application form can be obtained free of charge from Diös (telephone: +46-770-33 22 00, e-mail: margaretha.bygdestahl@dios.se) or FöreningsSparbanken, Swedbank Markets, Issues (telephone: +46-8-585 918 00, e-mail: emissioner.sthlm@swedbank.com).

A prospectus and application form are also available from the websites of Diös (www.dios.se), FöreningsSparbanken (www.fsb.se/prospekt) and Finansinspektionen (www.fi.se, prospectus only).

ALLOCATION

Allocation decisions will be made by the Board of Diös after the application period ends and in consultation with Catella Corporate Finance and Swedbank Markets. The aim will be to achieve a good institutional ownership base and a broad spread of shares among the general public that will make possible regular and liquid trading of Diös shares on the Stockholm Stock Exchange. Allocations will only be made to those who have applied at the right time in the right way.

The offer to the general public

If the number of available shares is not enough, allocation will be as follows. In the first stage, up to 4,000 blocks of 200 shares per block, equivalent to a maximum of 800,000 shares, will be distributed and allocated randomly among applicants with one (1) block each. After this, the remaining shares will be distributed pro rata after the number of blocks the application is for, after due deductions have been made for allocations in the first stage. Allocations will only be made in blocks of 200 shares.

An allocation can thus be zero or a fewer number of shares than applied for. Allocations are not dependent upon when applications are received.

Allocations can be made to employees of FöreningsSparbanken, but with no priority given. Allocations in such cases are in accordance with the regulations of Svenska Fondhandlarföreningen and Finansinspektionen.

Diös employees

Permanent employees of Diös will have priority in the allocation of shares up to a total amount of SEK 30,000 per employee. For all employees this means a total of up to 0.3 percent of the Offer. Allocations will only be made in blocks of 200 shares.

The institutional offer

When making decisions on the allocation of shares within the framework of the offer to institutional investors in Sweden and abroad, Diös, as mentioned above, will strive for a good institutional ownership base. Distribution among the institutions who have registered their interest will be completely discretionary.

NOTIFICATION OF ALLOCATION AND SETTLEMENT

The offer to the general public

Allocations are estimated to take place around 15 May 2006. As soon as possible after this, settlement notes will be sent to those receiving an allocation within the Offer. Those who have not been allocated shares will receive no note. Final settlement is estimated to be deducted from the relevant bank account on 18 May 2006.



Norr 31:9, Gävle

The institutional offer

It is estimated that institutional investors will be notified of allocations around 15 May 2006, after which settlement notes will be sent. Full payment for allocated shares is to be made by 17 May 2006.

Note that if full payment is not made in time, allocated shares may be transferred to other applicants. If the sale price during such a transfer is less than the issue price of the Offer, the organisation which was allocated the shares may be required to pay the difference.

REGISTRATION AND REPORTING OF ALLOCATED SHARES

Registration of allocated shares at VPC (the Securities Register Centre) is estimated to start around 22 May 2006. After this, VPC will send a VP-note showing the number of shares in Diös registered in the recipient's VP-account. Notification to nominee shareholders will be carried out in accordance with each nominee's normal routines.

STOCK EXCHANGE LISTING

The Board of Diös has applied for listing of Diös' shares on the Stockholm Stock Exchange O-list. Trading blocks have been proposed at 200 shares. Listing is estimated to start around 22 May 2006.

RIGHT TO DIVIDENDS

The shares give the right to dividends starting in business year 2006. The dividend to be paid out will be decided at the Annual General Meeting of 2007. This will be taken care of by VPC or for nominee shareholders in accordance with each nominee's normal routines.

CONDITIONS FOR COMPLETION OF THE OFFER

The Offer is made on condition that the required spread of Diös' shares is achieved for listing purposes and that no circumstances arise which can lead to the timing of the Offer being adjudged as unsuitable. Such circumstances can be, for example, of an economic, financial or political nature and relate to events both in Sweden and abroad. Or interest in the Offer could be adjudged insufficient by the Diös Board. The Offer is also conditional on Swedbank Markets and the Company coming to an agreement on placement of shares in the Company around 15 May 2006. See *Legal issues and other information*. The Offer could thus be wholly or partly recalled. Notification of this will be announced publicly as soon as possible by press release. After Diös is listed and trading has begun on the Stockholm Stock Exchange, the Offer cannot be withdrawn.

GUARANTEE

In April 2006, all existing shareholders in Diös gave guarantees regarding subscription for the total amount of the New issue. If the Offer is not fully subscribed, the existing shareholders will subscribe for the remaining shares on a pro rata basis at the issue price set by the book-building procedure. The new share issue is thus fully guaranteed. Diös has no expenses for these guarantees.

Background and reasons



Falan 20, Falun

The majority of the major property owners on the Swedish property market have chosen to concentrate their property investments in the major city regions in central and southern Sweden, e.g. Stockholm, Göteborg and the Öresund region. This concentration has led to an imbalance between supply and demand regarding properties north of Dalälven in Sweden. This in turn has meant that properties there can be purchased on attractive terms. At the beginning of 2005, it was decided to exploit this opportunity to create a new property company focusing on high yielding properties north of Dalälven in Sweden. It was adjudged that the new company would be able to create stable, high-level returns for the owners.

In April 2005, a number of investors acquired a group of companies and changed its name to Diös Fastigheter. On 1 June, 2005 Diös bought properties from AP Fastigheter and thus laid the foundations of Diös. In order to further strengthen the Company, properties were acquired from Fabege, Humlegården and Klöver in September 2005. With these transactions Diös, created a solid base for the Company's continued development and expansion.

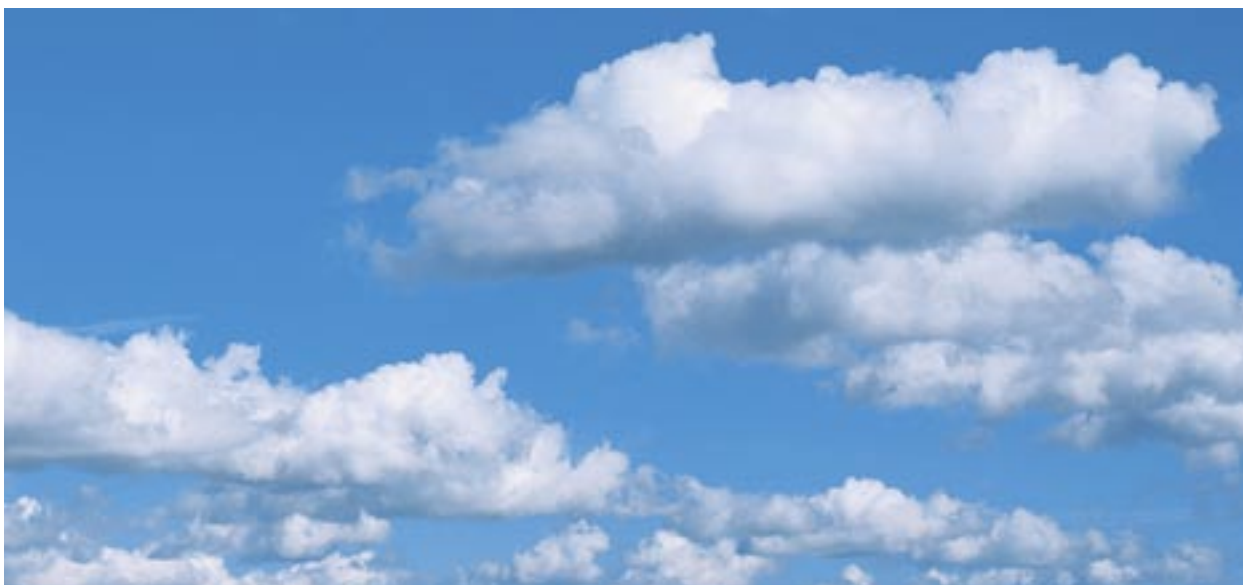
The company name Diös has a long history. In 1921, Anders Diös from Mora founded the building firm Anders Diös AB which grew and was active over much of the country. At the end of the 1980s, business activities were refined down to property management with properties in Stockholm, Uppsala and Gävle and a few towns in Dalarna. These property holdings with associated business activities in Gästrikland and Dalarna are still part of Diös today.

With its present size of approx. SEK 1,672 m. in property value, Diös is one of the major operators on many of the Company's selected markets. Opportunities to strengthen the Company's existing market positioning and expand into new markets are adjudged to be very good. In order to exploit these expansion opportunities, the Board has made the decision to apply for listing of the Company's shares on the Stockholm Stock Exchanges O-list and carry out a new share issue targeting new investors.

The New issue is estimated to provide Diös with capital of at least approx. SEK 238 m. and a maximum of approx. SEK 271 m. after deductions for issue expenses. This will increase Diös' acquisition potential by approx. SEK 952 m. to SEK 1,085 m. based on an assumed loan to value ratio of 75 percent.

In addition to fulfilling Diös' current capital needs, the reason for a listing is to improve the Company's access to the capital market for future capital needs and to create a liquid share for the Company's existing and future owners. A liquid share priced on the market also increases the possibility to use the share to pay for future acquisitions of properties and property companies. A listing also means increased attention from tenants, collaboration partners, the media and investors. This leads to stimulating demands upon the organisation and increased awareness of Diös as a property company.

Tax issues in Sweden



Below is a short account of tax consequences for investors in Diös who are taxed in Sweden, unless otherwise stated. The summary is based on current regulations and is only intended as general information. The account does not take up securities held as stock items in business activities or by business partnerships. In addition, the special regulations for tax-free capital gains (including the ban on deductions for capital losses) and dividends in the companies sector which can apply to holdings of shares considered to be held for business purposes. The account does not treat the special tax relief regulations which in certain cases apply to dividends and capital gains from shares in previously unlisted companies. Neither are the special regulations included which in certain cases apply to shareholdings in companies which were previously close companies or for shares which have been acquired with the support of such shares. For certain categories of taxpayer, special tax regulations apply. Each investor is recommended to consult a tax advisor to obtain information about the tax consequences which may arise in each individual case.

Individuals

For individuals, capital gains and dividends are taxed in the capital income category at a rate of 30 percent. A preliminary tax of 30 percent is generally withheld on dividends by VPC or, for nominee-registered shares, by the nominee.

Capital gains are calculated as the sale amount after deductions for sales expenses and overheads. To calculate the overhead expenses for a share, the average overhead expense for all shares of the same kind sold is to be used. An alternative for listed shares is to use a standardized method, giving overhead expenses of 20 percent of the sale amount after deductions for sales expenses. A capital loss on shares may be fully offset against capital gains realized during the same year on shares and other quoted securities that are taxed as shares except for units in Swedish mutual funds containing only receivables denominated in the Swedish currency (interest-bearing funds).

A capital loss in excess of such gains will be deductible from other income from capital at 70 percent. Should a net loss arise in the capital income category in a given year, such excess net loss may reduce the tax on income from employment and business operations as well as property tax. The tax reduction is granted at 30 percent of the loss that does not exceed SEK 100,000 and at 21 percent for any remaining part.

Wealth tax

Diös shares are listed on the Stockholm Stock Exchange O-list and are thus not assets subject to wealth tax.

Limited companies

All income for limited companies is generally taxed as income from business operations at a rate of 28 percent. Capital gains or losses are calculated as for individuals.

Capital losses on shares may only be offset against taxable capital gains on shares and other securities that are taxed as shares. Capital losses, which have not been utilized within a certain year, may be carried forward and offset against eligible capital gains in future years without limitation in time. Special provisions apply for certain categories of corporate shareholders.

Shareholders not resident in Sweden

For shareholders who are not fiscally resident in Sweden and who receive dividends from a Swedish limited company, Swedish withholding tax is generally payable. The tax rate is 30 percent but is normally reduced by tax agreements between Sweden and other countries designed to avoid double taxation. In Sweden, VPC or, for nominee-registered shares, the nominee, generally effects the withholding tax deductions. Shareholders who are not fiscally resident in Sweden and are not carrying on business operations from a permanent establishment in Sweden, are generally exempt from capital gains taxation

in Sweden on the disposal of shares. However, shareholders may be liable for tax in their countries of domicile. There is a special regulation which can make persons who are residents abroad for tax purposes liable to Swedish taxation when selling Swedish shares. This occurs if a shareholder has been resident or lived permanently in Sweden at any time during the year of the sale or the ten calendar years immediately preceding the year of the sale of Swedish shares. This right to tax is, however, limited by several tax treaties that Sweden has concluded with other countries.

Allocation to employees

There is normally no taxation of share allocations. For company employees, however, allocation of shares may in certain cases be subject to fringe benefit tax. Fringe benefit tax is not invoked if employees acquire on the same conditions as others a maximum of 20 percent of the total number of shares offered and for not more than SEK 30,000.

Business operations

Diös is a property company with properties north of Dalälven in Sweden. Diös current main regions of property ownership are Borlänge, Falun, Gävle and Mora. In these towns, Diös is one of the major property companies. Its property holdings are centrally situated and include offices, retail, storage facilities, industrial premises and residential properties in each of these towns. On 31 December 2005 Diös owned 52 properties with a lettable area of 266,785 square metres. The assessed market value of the properties on the same date was SEK 1,672 m.

HISTORY

Anders Diös from Mora founded the construction company Anders Diös AB in 1921. The company grew quickly and operated in most of Sweden.

At the end of the 1980s, the business activities were refined down to property management with properties in Stockholm, Uppsala and Gävle and in a couple of towns in Dalarna. Shortly thereafter, the property company was listed on the Stockholm Stock Exchange.

At the end of 2000, AP Fastigheter bought Diös as it was then on the Stockholm Stock Exchange. The property holdings and personnel in Gävle and Dalarna continued under the name Diös Gävle/Dala, even though the formal owner now was AP Fastigheter.

In April 2005, the Diös Fastigheter Group was founded. The aim was to acquire, manage, develop and sell properties profitably on the market north of Dalälven in Sweden.

On 1 June 2005, Diös acquired properties of AP Fastigheter in the Gävle/Dala region, which once were part of the earlier Diös.

At the beginning of September 2005, the latest property acquisitions were effected through a number of non cash issues. Diös owned on 31 December 2005, 52 properties, with a lettable area of 266,785 sq.m.

BUSINESS CONCEPT

Diös is to acquire, manage, develop and sell properties profitably on the market north of Dalälven in Sweden.

OVERALL AIMS AND STRATEGIES

Diös' main aims are to create profitability in its business activities and thus give the Company's shareholders good, long-term, stable returns on their capital, and to become one of the leading operators on the property market north of Dalälven in Sweden. In order to achieve these aims, Diös is to:

- create long-term tenant relations through efficient, market-oriented property management,
- offer tenants individually adapted premises in well-maintained, properties with rational layouts,
- be aware of developments on the transaction and letting property markets and maintain the ability to change, and
- maintain a professional organisation with skilful and committed personnel with high ethical standards.

FINANCIAL GOALS AND DIVIDEND POLICY

Return on equity

Return on equity shall under a business cycle amount to the risk-free interest rate plus 10 percent. The risk-free interest rate is defined as the rate on a 5-year Swedish government bond.

Equity/asset ratio

The long-term, visible equity/asset ratio shall be at least 25 percent.

Interest coverage ratio

The long-term interest coverage ratio shall not fall below 1.8.

Dividend

In the long term, dividends are to amount to 50 percent of net profits. They are to come partly from profits from ongoing property management¹ and partly from realised profits generated by property sales², with the aim of making the value added visible. If the equity/asset ratio falls below 25 percent, the contribution to dividends may be lower.

ORGANISATION

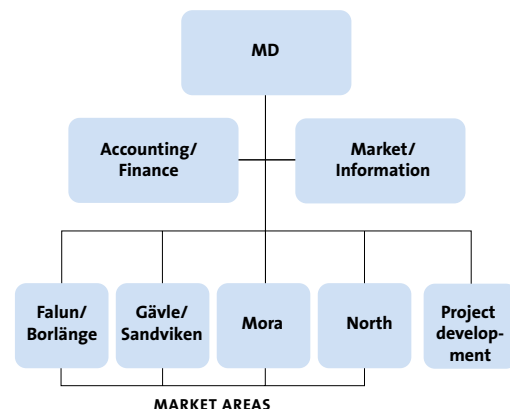
Legal structure

Diös Fastigheter AB (publ), corporate identity number 556501-1771, is the parent company in a group of nine wholly owned subsidiaries. The group was founded in its present form, on 29 April 2005 in Sweden with its registered office in Östersund. The Company's legal form is a limited liability company and is thus governed by the Swedish Companies Act. Diös Fastigheter AB carries on business activities in accordance with Swedish law.

Operative structure

Diös organisation consists primarily of a property management function. In addition, Diös operative structure incorporates the shared group functions Accounting/Finance and Market/Information.

Group management consists of a managing director, financial manager, head of project development and



¹ Pre-tax profit, excluding realised and unrealised changes in value, taxed at the 28 percent standard rate.

² The difference between sales price and total invested capital taxed at the 28 percent standard rate.

head of marketing and information. Group management has the overall responsibility for business development, budget follow-up, financial control, market information and the implementation of strategies. The management organisation consists of four market areas. Each market area is headed by a market area manager who has the operational responsibility for the properties in that market area. The aim of this division into the various market areas is to gain close acquaintanceship with the local property and rental market. Diös also has the resources to implement both transactions and project development, which are collected together in the project development function.

Management

The Diös management organisation is structured to suit the specific market conditions of northern Sweden. This means that Diös has a decentralized management organisation, divided into four geographical market areas. The division is Falun/Borlänge, Gävle/Sandviken, Mora and North.

The aim is that each market area is to consist of geographically concentrated property holdings, each of which is to be a sub-market in itself. This aim has been achieved by Diös today for all Company market areas except market area North, which is being built up. Diös has chosen to work mainly with its own personnel in order to ensure a high degree of quality and service and also to allow Diös company values to pervade all contacts with tenants, the community and business.

A total of 21 people work in the four Diös market areas.

SHARED GROUP FUNCTIONS

Economy/Finance

The Diös Economy/Finance department provides important support to its business activities. It is the head of finance who has overall responsibility and leads the work of this department.

The Economy/Finance department includes the Accounting function, which is responsible for the Company's accounts and financial reporting. This department also takes care of rental notifications.

The Economy/Finance department is also in charge of financing of the Company's business activities. For a more detailed description of Diös finance policies, see *Financing*.

Four people currently work in this department.

Market/Information

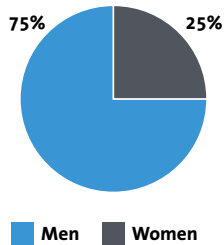
The Diös Market/Information department is a strategically important control and management instrument and an effective toll in achieving the Company's business goals. Diös communication policies demonstrate the Company's views on communication, how responsibility is to be divided in communication questions and how internal and external information is to be packaged. Communication tools are to help the Company achieve its business goal of maximizing shareholders' long-term returns. The most important target groups for the Company's communications are the capital market, tenants, potential tenants, the mass media and employees.

One person currently works in this department.

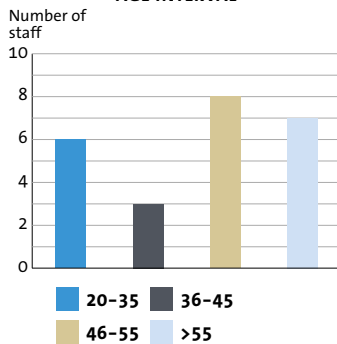
Diös' basic communication values are as follows:

- Openness – the Company's attitude to communication is to be characterized by a great degree of openness. Our ambition is that unsatisfactory states of affairs or faults are to be explained, not explained away.
- Predictability – Diös is to continually analyze and identify specific information and communication needs, and then supply the right information at the right time to the right people.
- Speed and accessibility – Information is to go out with no delay. All share-price affecting information is to reach all groups at the same time. If it will not affect the share price, the aim is that it will reach Diös staff before it reaches external interested parties. It is also to be easy to find the information required. By acting this way, Diös minimize the risk of spreading incorrect information about the company.
- Intelligibility and uniformity – The information that goes out is to be adapted to the needs of the recipients. Regardless of whether the information is directed at Diös' own personnel or at external target groups, the message and meaning of the information are to be the same.
- Correctness – All information that goes out is to be correct in order to create and maintain confidence in Diös. Any problems and difficulties are to always be commented upon objectively and correctly. In such situations, it is always essential to emphasise the measures Diös is taking to solve the difficulties.

NUMBER OF EMPLOYEES



AGE INTERVAL



Employees

On 31 December 2005 the number of Diös employees was 24 people, of which 3 are situated at Diös' head office in Östersund, 11 in Falun/Borlänge, 5 in Gävle/Sandviken, 3 in Mora and 2 in market area North. The proportion of employees with academic qualifications was approx. 32 percent and the average age at Diös was 47 years. Of the Company's employees, 25 percent were women. The largest age group, comprising 8 people, is the 46-55 group.

Diös had a sick leave rate of only 0.7 percent in 2005. The Company's had no staff turnover in this period.

The Company considers it has the necessary resources to recruit qualified personnel for future needs. The current number of Diös employees is 26 people.

Environment

Diös works continually with environmental issues related to property management and property exploitation. Since environmental work is a strategic issue, all environment-related activities start out from wellgrounded management decisions. Diös' vision is that environmental thinking is to pervade all Company processes. This means, for example, that the Company chooses those products and services which have the least possible environmental impact. Another aspect of our environmental thinking is our aim to build up internal environmental expertise within the Company. The ambition is to increase the environmental thinking of our employees and thus of the Company as a whole.

Diös is preparing, in line with the Company's environmental policy, concrete, measurable environmental aims and strategies to achieve these. Measures are being taken to reduce environmental load where this is possible economically feasible. Good profitability is a prerequisite for environmental work, as this creates the conditions for long-term, effective environmental thinking within the Company.

Diös overall environmental goals are to:

- Reduce energy consumption (heating and electricity) in it's properties and thus reduce carbon dioxide issues into the atmosphere. Diös has introduced routines for reading, reporting and measuring energy consumption and is prioritizing various energy-saving measures, while maintaining or improving standards for tenants. In addition, when buying it's electrical power, Diös is to prioritize environmentally friendly production,
- implement functional routines for sorting refuse in our properties in order to increase recycling and reduce any waste of resources,
- steer our purchasing of goods and services toward a greater reduction in environmental impact and
- work with an environment plan of action, in which the Company's interested parties (employees, tenants, suppliers, contractors, authorities and others) become involved in environment work in an appropriate manner.

Market overview



DIÖS' MARKET¹

The property market in the last few years has been the scene of great activity. In 2005, there were property related transactions totalling approx. SEK 123 m.² in Sweden. The demand continues to be large and the investment capacity of the major operators is considerable, while the supply of major property holdings is limited.

Interest in properties north of Dalälven in Sweden has also increased in the last few years, just as for properties in the rest of Sweden. One reason is the positive economic development which many of the northern towns are experiencing. Another factor is the historically low interest rates in combination with easy access to capital, which has increased the interest in properties in general. The current low interest rates combined with demands for higher yields on properties in northern Sweden, mean that property investments in this region have attracted interest from both foreign and domestic investors.

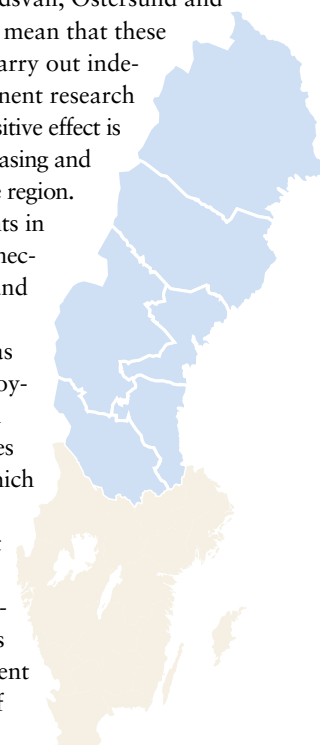
One of the reasons for the positive development seen in northern Sweden in the last few years has been the continued positive development of the region's basic industries and the region's impressive cultural heritage which attracts tourism.

Another positive trend has been noted regarding population movements. The region north of Dalälven is currently experiencing a neutral population growth. Certain sub-regions, for example the Östersund region, has even seen an increase in population and is therefore currently suffering a shortage of housing. Other examples which show strong demand and growing confidence in the region's property market are plans for housing at Gävle harbour and conversions into tenant owned associations in Luleå.

In several places in the region, major resources are currently being invested in education facilities. Högskolan

Dalarna (a university college) continues to expand in both Borlänge and Falun and has also campuses in Ludvika, Leksand, Filipstad and Sälen. Mitthögskolan (another university college) gained university status in 2005 and has campuses in Härnösand, Sundsvall, Östersund and Örnsköldsvik. These investments mean that these seats of learning will be able to carry out independent research and that permanent research resources will increase. Another positive effect is that the number of students is increasing and thus also the base population of the region.

The above-mentioned investments in education has meant that the connection between university research and education and regional trade and industry has strengthened. This has also had a positive effect on employment. The increased investment in northern Sweden not only provides direct jobs in the companies in which investments are made, but also creates indirect effects throughout the region. Relocation of government organisations has also benefited the Diös market. Even if this mainly means so-called replacement jobs, it still broadens the range of work available. Taken together, many new opportunities are being created for the approx. 1.4 million inhabitants of the region.



■ DIÖS' GEOGRAPHICAL MARKET

The following pages describe the towns where Diös market presence is greatest. This description therefore diverges somewhat from the Company's division into market areas.

¹ Facts, tables and diagrams in this section were produced by Forum Fastighetsekonomi, Kungsgatan 29, 111 56 Stockholm, Sweden.
² According to Catella Corporate Finance.

Borlänge

BORLÄNGE

Population on 31 December 2005 **46,987**

Unemployment on 31 December 2005¹ **7.9%**

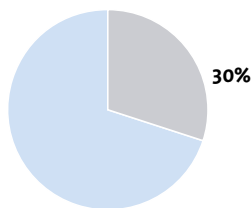
Higher education:

Högskolan Dalarna (university college), approx. 10,000 students

Percentage of population with higher education² **26%**

¹ Openly unemployed including those in job-seeking programmes.

² Refers to people from 20–64 years of age.



DIÖS HOLDINGS IN BORLÄNGE
OF THE TOTAL BOOK VALUE



Sigrid 10, Borlänge

Borlänge, 18 km south-west of Falun, is an industrial town dominated by the steel and paper industries, especially by SSAB Tunnpått and Stora Enso Kvarnsveden. The town has today approx. 47,000 inhabitants and is the county's most important industrial and trading centre.

In the last few decades, however, the dominance of industry has lessened and today Borlänge also has a significant private and public service sector. Borlänge is the centre for the county's wholesale and retail commerce and for road, rail and air transport. Both Vägverket (roads administration) and Banverket (rail administration) have their head offices in the town. Dala Airport is located just south of central Borlänge, which connects the town more closely with the rest of Sweden.

Population growth was relatively strong in the early 1990s, but the population has fallen by over 200 people per year since 1995. There was, however, a small upturn in 2001 and 2002.

In 2005, unemployment in Borlänge was approx. 1.2 percent higher than the national average of 6.7 percent, but despite this, the labour market trend in both Dalarna and Borlänge is carefully considered to be positive. Tourism has shown positive growth and the industry in the region is optimistic about the future. Stora Enso, for example, recently invested approx. SEK 4.5 bn. in Kvarnsvedens Paper Mill, which has led to positive effects.

In Borlänge, the percentage of population with higher education is 26 percent, which is lower than the national average of 33 percent. Högskolan Dalarna has been here since 1977, specializing in liberal arts, behavioural science, languages, natural sciences and engineering. Högskolan Dalarna currently has approx. 10,000 students, mostly divided between Borlänge and Falun.

MAJOR PROPERTY OWNERS¹

	Residential,	Premises,	Total,
	sq.m.	sq.m.	sq.m.
Stora Tunabyggen	393,000	50,000	443,000
Hushagen	–	145,000	145,000
Diös	5,000	72,000	77,000
Masmästaren	17,000	30,000	47,000
GE Real Estate	–	40,000	40,000
Steen & Ström	–	38,000	38,000
Dalabo/Landsort Care	31,000	3,000	34,000
Heba	21,000	1,000	22,000
Solrosen Invest	–	15,000	–
Kungsleden	9,000	5,000	14,000

MAJOR EMPLOYERS²

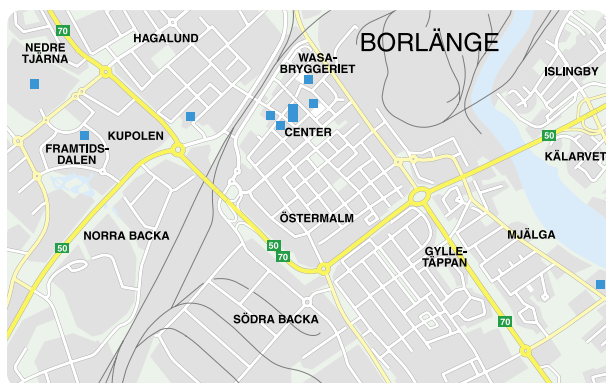
Company name	Number of employees	Share, % ³
Borlänge Kommun	4,575	18.6
SSAB Tunnpått	2,625	10.7
Stora Enso Kvarnsveden	925	3.8
Banverket	825	3.4
Vägverket	825	3.4
Landstinget Dalarna	575	2.3
Högskolan Dalarna	275	1.1
Borlänge Energi	225	0.9
ICA Sverige	225	0.9
Green Cargo	225	0.9
Samhall	225	0.9
Coop Sverige	175	0.7
Sodexho	175	0.7
Dagab	175	0.7
Posten Sverige	175	0.7

¹ Statistics 2005.

² Statistics 2004.

³ Percentage of total number of jobs in the town.

Source: Forum Fastighetsekonomi



Property holdings in Borlänge are 30 percent of Diös total property holdings. For properties owned, see *List of properties*.

THE PROPERTY MARKET

The property market in Borlänge consists of a number of major property owners. In addition to Borlänge municipality's own companies Stora Tunabyggen and Hushagen, there are amongst others Diös, Masmästaren, GE Real Estate and Steen & Ström. There are also a number of property owners who own between one and three properties.

Borlänge has a low turnover on the property market. Only a few transactions have been registered regarding residential properties in the last twelve months and the majority are for small properties. KF Väst Properties sold, for example, a business property with a lettable area of 550 sq.m. to Stora Tunabyggen in March 2005, at a price equivalent to 2,700 SEK/sq.m.

Another transactions, which took place in the first half of 2005, was Stiftelsen Olle Engkvist Byggmästares sale of four properties. The buyer was HSB through its Dalecarlia company.

One property transaction which received attention in 2005 was the sale of 426 apartments. These properties are in central Borlänge and Kvarnsveden. The purchase was completed during spring 2005 through a company transaction. The buyer was Landsort Care AB and the seller was Stora Tunabyggen. The purchase price was approx. SEK 165 m., equivalent to a yield of seven percent.

In June 2005, Dalecarlia and Masmästaren agreed upon an exchange transaction. Masmästaren took over the property Balder 6 in central Borlänge and Dalecarlia received five residential properties in the town.

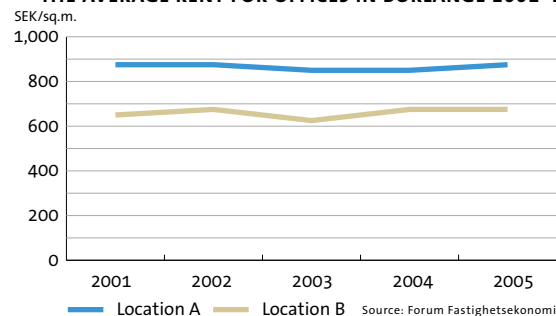
RENTAL MARKET

The office rental market

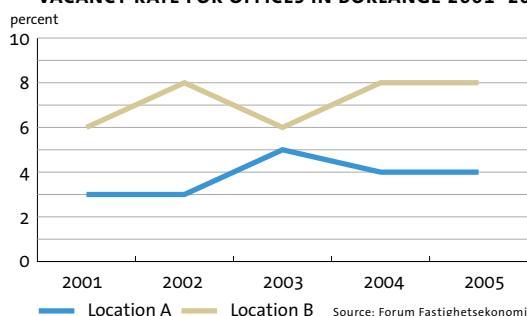
The office rental market in Borlänge could be said to be divided between central Borlänge and the externally situated Framtidsdalen, which includes Högskolan Dalarna. Otherwise the office rental market is of a more fragmented nature, except in the industrial area Southern Backa and in the shopping mall Kupolen where there is a certain concentration of offices. New production of offices is limited. It can be mentioned, however, that the centrally situated ex-brewery, Wasabryggeriet, has been converted into approx. 1,800 sq.m. of modern offices.

The current supply of office buildings exceeds the current demand and what is predicted for the near future. Pure office buildings are rare. Buildings are often a combination of offices, retail and housing, or a combination of offices and storage facilities – relatively common in industrial areas. The rental market in Borlänge has been relatively calm for several years. The average rent for A-locations has stayed fairly still at around 900 SEK/sq.m. However, a weak upturn in rents has been detected in the last half year.

THE AVERAGE RENT FOR OFFICES IN BORLÄNGE 2001–2005



VACANCY RATE FOR OFFICES IN BORLÄNGE 2001–2005



CENTRAL BORLÄNGE

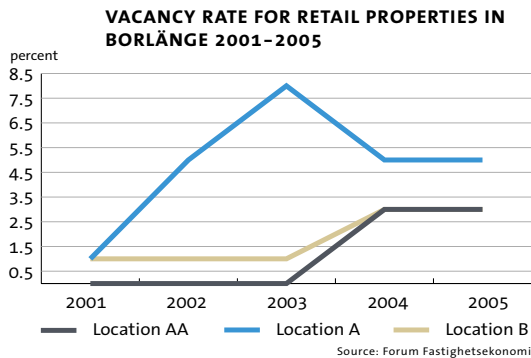
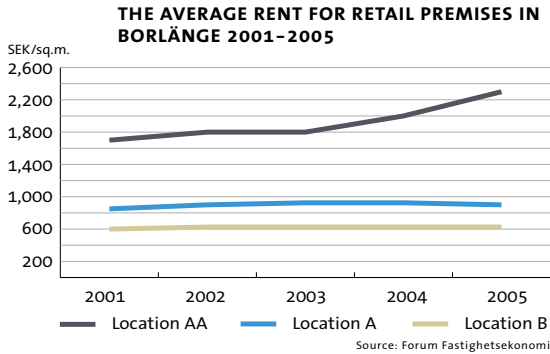
Office holdings in the central region are mostly of an older standard and amount to approx. 95,000 sq.m. The level of vacancies is estimated at between 5,000–6,000 sq.m., which is approx. six percent. For offices in central Borlänge, contracts are for between 650–875 SEK/sq.m. Top rents of between 950–1,000 SEK/sq.m. do occur. In B-locations rent levels are between 600–700 SEK/sq.m.

FRAMTIDSDALEN

Office holdings in Framtidsdalen amount to approx. 85,000 sq.m. and are classed as an external A-location for offices in Borlänge. Here the demand is greater than in central Borlänge, which is partly because buildings are younger, have a higher standard and make more efficient use of floor space. The rent level in Framtidsdalen is adjudged to be between 875–1,150 SEK/sq.m. Perhaps the most prominent office property within Framtidsdalen – Teknikdalen – has rent levels in the upper part of the range. The level of vacancies for offices in Framtidsdalen is estimated at between 3,000–5,000 sq.m., which is approx. six percent.

The retail rental market

The retail rental market is also divided in two main areas, namely central Borlänge and the externally situated shopping center Kupolen. In general, retail rents vary greatly both between and within the two areas.



CENTRAL BORLÄNGE

Retail rent levels in central Borlänge vary greatly. For A-locations in central Borlänge, contract levels are between 1,200–1,400 SEK/sq.m., while more normal levels today are estimated at between 950–1,000 SEK/sq.m. For retail premises in B-locations rent levels are estimated at between 600–750 SEK/sq.m. The level of vacancies in central Borlänge is thought to be between 3,000–4,000 sq.m., which is an estimated vacancy rate of approx. seven to eight percent.

The previous major vacant property, Åhléns department store at Sveatorget, is today converted into the entertainment centre 'Metropol' with a cinema, bowling and billiards hall etc. The trend in the last few years have otherwise been that retail locations around Sveatorget have become less attractive, which means that there are some vacancies in this area today.

KUPOLEN

Kupolen's retail premises are classed as AA-locations in Borlänge. Retail rent levels in Kupolen are based to a certain degree on retail turnover and vary due to location and size. The average rent is estimated at between

1,600–1,700 SEK/sq.m., but for normal sized retail premises in better locations the average rent is between 2,500–3,000 SEK/sq.m. and a maximum rent of approx. 4,000 SEK/sq.m. Kupolen is today more or less without vacancies. In 2005, retail area at Kupolen was increased when the events hall 'Arena Kupolen' was built. Because of Kupolens strong attraction, more retail outlets have set up in the area.



Saga 21, Borlänge

The residential rental market

The residential rental market is dominated by Stora Tunabyggen which has approx. 6,000 apartments spread around the town, which is approx. 50 percent of all rental apartments. The vacancy rate for residential properties has started to fall in the town, from being relatively high to currently approx. seven percent. The empty apartments are mostly in the outer areas.

Average rent levels in older rented residential properties and in more central locations are between 690–720 SEK/sq.m. and approx. 670 SEK/sq.m. in small attractive locations. For younger holdings, levels vary between 770–845 SEK/sq.m.

DIÖS' POSITION IN BORLÄNGE

Diös property holdings in Borlänge consist mainly of properties in good, central locations.

Diös properties have a high standard and the Company is market leader in office premises in the town. The economic occupancy rate amounts to approx. 95 percent and the Company feels that the demand for office premises is increasing.

Diös is focusing upon keeping town centre commerce alive and is actively helping to develop the town central area. An example of this is the current development of Liljängallerian in central Borlänge.

Falun

FALUN

Population on 31 December 2005 55,280

Unemployment on 31 December 2005¹ 7.3%

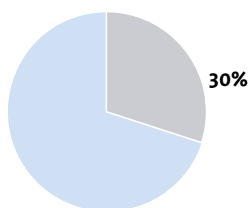
Higher education:

Högskolan Dalarna, approx. 10,000 students

Percentage of population with higher education² 35%

1 Openly unemployed including those in job-seeking programmes.

2 Refers to people between 20–64 years old.



DIÖS HOLDINGS IN FALUN OF THE TOTAL BOOK VALUE



Gamla Bergsskolan 15, Falun

In the mid-1900s Falun changed greatly, from a copper-mining town and ore-processing center to more of an administrative and educational town. The town still has much of its mining town character, including the old, low-rise wooden buildings. With approx. 55,000 inhabitants, Falun is today the county town of Dalarna and its administrative and cultural centre.

Falun's industry is now a mixture of companies of different sizes and in different sectors. Here there are large, export-oriented companies, small engineering companies and a growing number of private service companies. Graphical, chemical and technical industries are important in the town. The largest companies are Scania, Stora Enso, Tidningstjänst, Cederroth and Ericsson Network & Technologies.

Population growth has fluctuated for a number of years, but a small increase has been registered in the last few years. In 2005, the population increased by 280 people.

The labour market is diffuse, and the proportion who work in the public sector is approx. 45 percent. Unemployment in Falun is approx. 0.6 percent higher than the national average of 6.7 percent, but despite this, the town and the whole Dala region is subject to cautious, positive development.

In Falun, the proportion of inhabitants with higher education is 35 percent, which is higher than the national average at 33 percent. Högskolan Dalarna has been here since 1977, specializing in liberal arts, behavioural science, languages, natural sciences and engineering. Högskolan Dalarna currently has approx. 10,000 students, mostly divided between Borlänge and Falun.

MAJOR PROPERTY OWNERS¹

	Residential, sq.m.	Premises, sq.m.	Total, sq.m.
Kopparstaden	411,000	57,000	468,000
Kommunfastigheter	–	330,000	330,000
Masmästaren	75,000	60,000	135,000
Diös	3,000	66,000	69,000
Amazon	–	54,000	54,000
Akelius	–	41,000	41,000
Möller & Partners	–	37,000	37,000
GE Real Estate	7,000	27,000	34,000
Solrosen Invest	–	20,000	20,000
Cegulo	–	12,000	12,000

MAJOR EMPLOYERS²

Company name	Number of employees	Share, % ³
Falu Kommun	3,775	14.1
Landstinget Dalarna	3,625	13.6
Scania	625	2.3
Stora Enso Grycksbo	575	2.2
Länsstyrelsen i Dalarna	525	2.0
Högskolan Dalarna	325	1.2
Tidningstjänst	325	1.2
Cederroth International	225	0.8
Ericsson Network Technologies	225	0.8
Försäkringskassan i Dalarna	225	0.8
Dellner Couplers	225	0.8
Stora Enso	175	0.7
Rikspolisstyrelsen	175	0.7
WM-data Sverige	175	0.7
Dalarnas Tidningar	175	0.7

1 Statistics 2005.

2 Statistics 2004.

3 Percentage of total number of jobs in the town.

Source: Forum Fastighetsekonomi

THE PROPERTY MARKET

The property market in Falun is dominated by a number of major operators such as Kopparstaden, Kommunfastigheter Masmästaren, Diös, Amazon and Akelius. Other property owners are relatively small and own in general only a few properties.

In the last year, the number of property transactions for both residential and commercial properties has been at a normal level for the town, i.e. approx. ten to fifteen properties per year.

The large Domänverket office building in the non-central area Kvarnberget was sold in spring 2004 to the company Cegulo AB. The property consists of approx. 1,000 sq.m. of office premises. The purchase price amounted to SEK 26.3 m., which translates to a purchase price of 2,221 SEK/sq.m.

Examples of major property transactions are the following: Vasallen's sale of ex-military property Dalregementet in Falun to property company Amazon. The area has 30,000 sq.m. of premises, of which approx. 11,000 sq.m. consists of offices. The transaction was completed in June 2005.

In January 2006, Möller and Partners bought 15 properties in the Falun region for SEK 250 m. The sellers were Exerator AB and Haga Trade AB. The properties acquired were mixed and 25 percent of the lettable area was retail, 10 percent offices, 5 percent residential and approx. 60 percent storage facilities and logistics. Most of the properties are located in Falun.



Property holdings in Falun comprise 30 percent of Diös total property holdings. For properties owned, see *List of properties*.

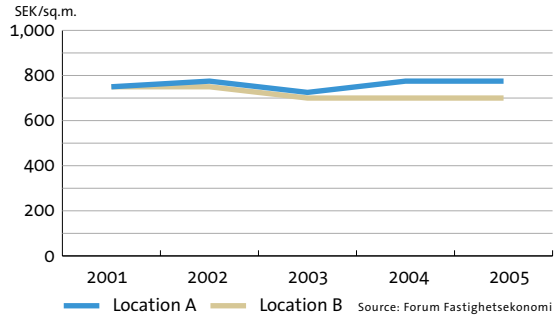
RENTAL MARKET

The office rental market

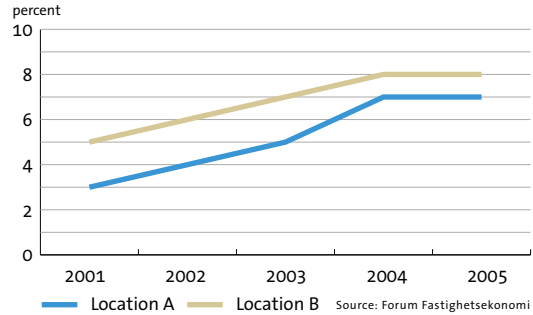
The office rental market in Falun consists mainly in central Falun and Dalregementet. In the industrial area, Ingarvet, there are also a certain number of offices. The total supply of office premises currently exceeds the

demand, a situation likely to be unchanged in the next few years. This means that the office rental market in Falun has many vacancies and low rent levels. The level of vacancies is estimated at between 12,000–13,000 sq.m. within Falun, a vacancy rate of approx. seven percent.

THE AVERAGE RENT FOR RETAIL PREMISES IN FALUN 2001–2005



VACANCY RATE FOR RETAIL PROPERTIES IN FALUN 2001–2005



CENTRAL FALUN

Central Falun has approx. 135,000 sq.m. of offices. Tenant turnover on the rental market is low. For normal offices in central Falun, contracts are at levels between 650–800 SEK/sq.m., but local divergences occur. The top rent level for office premises in A-locations is just over 1,000 SEK/sq.m. For B-locations, the rent level is normally between 600–750 SEK/sq.m. The level of vacancies in central Falun is estimated at between 8,000–10,000 sq.m., which is a vacancy rate of approx. seven percent.

DALREGEMENTET

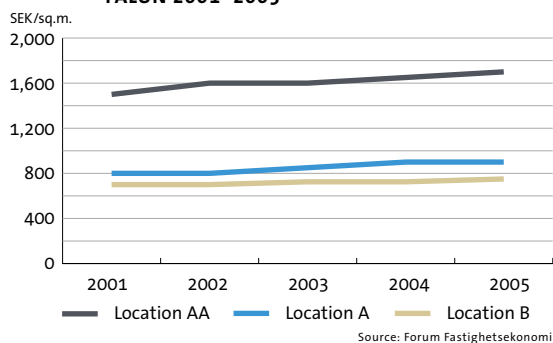
The ex-regimental area Dalregementet has approx. 30,000 sq.m. of premises. After the regiment was closed down, these premises have been developed into educational premises for Höskolan Dalarna and office premises for local and regional businesses. Dalregementet, which is classed as a B-location, estimated rent levels for refurbished offices are between 700–900 SEK/sq.m. and for educational premises between 900–1,000 SEK/sq.m. The level of vacancies is estimated at between 2,100–2,400 sq.m., which equals a vacancy rate of approx. seven to eight percent.

The retail rental market

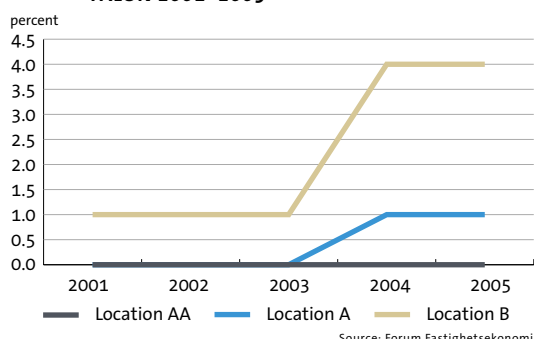
The retail rental market in Falun is concentrated to central Falun. The town currently has no shopping centers outside the city center. Work is progressing, however, on a new external shopping area just north of the regimental area. Here, ICA is putting up a 4,300 sq.m. superstore. There are also premises for small shops totalling approx. 5,300 sq.m. being built. The construction work is estimated to be finished by the middle of 2006 and other businesses are expected in the area in the long term.

The center of Falun has a relatively large range of shops, including a number of malls. There are plans to renovate and modernize some of the malls. A-location is Holmgatan from Åhléns/Hemköp to Stora Torget. The middle part of this stretch has the absolute best business location, equivalent to an AA-location. Rent levels in these locations vary between 1,200–2,200 SEK/sq.m. On the edges of Holmgatan rent levels are between 800–1,100 SEK/sq.m. and the level of vacancies is low. In better B-locations, such as Åsgatan and Slaggatan, rent levels are between 800–900 SEK/sq.m. and here there are a few vacancies. Outside these locations, rent levels vary between 500–700 SEK/sq.m. The vacancy level is estimated to a total of 1,000 sq.m., which is approx. two percent.

THE AVERAGE RENT FOR RETAIL PREMISES IN FALUN 2001–2005



VACANCY RATE FOR RETAIL PROPERTIES IN FALUN 2001–2005



Falan 21, Falun

The residential rental market

The residential rental market is dominated by the local municipality owned Kopparstaden. With approx. 6,300 apartments spread over the whole town, their ownership share is almost 50 percent of all rental apartments in the town. Vacancy rates for rental apartments in Falun have fallen in the last five years and are currently approx. three percent. The empty apartments are mostly in Falun's outer areas, while the vacancy rate in the center is very low. Average rent levels for older rental apartments are between 735–785 SEK/sq.m. in more central locations and between 690–720 SEK/sq.m. in less attractive locations. For younger holdings in the town, levels vary between 750–850 SEK/sq.m.

DIÖS' POSITION IN FALUN

Diös property holdings in Falun have a high standard, are well maintained and almost all are centrally situated. The properties consist mainly of office and retail premises.

The Company is the market leader with regard to office premises in Falun. The economic occupancy rate amounts to 89 percent.

Diös is concentrating on refining and developing its property holdings further and thus increase the occupancy rate. An example of this is the current conversion project for the property Falan 21, for which tenants already exist.

Gävle

GÄVLE

Population on 31 December 2005 **92,205**

Unemployment on 31 December 2005¹ **10.6%**

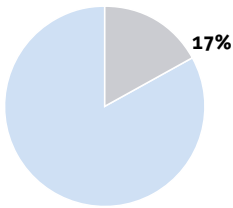
Higher education:

Högskolan Gävle, approx. 13,000 students

Percentage of population with higher education² **32%**

¹ Openly unemployed including those in job-seeking programmes.

² Refers to people 20–64 years of age.



DIÖS HOLDINGS IN GÄVLE OF THE TOTAL BOOK VALUE



Norr 29:5, Gävle

Gävle has a long history as a manufacturing town and industry is still an important part of the town's identity. Shipyards, snuff and tobacco producers, distilleries, wood, paper and textile industries were the largest employers for a long time. Gävle, with approx. 92,000 inhabitants, is also the county town of Gävleborg and has thus a strong position as a regional center.

The public sector is large and generates approx. 40 percent of the town's jobs. In the private business sector, employers like Korsnäs, Ericsson, Sodexo and Malacoleaf dominate. Gävle also has a strong entrepreneurial spirit with a total of approx. 8,000 registered small companies.

In 2005, the population increased by 124 people – an increase mainly due to people moving in from other communities in the county and from abroad. The town has a higher unemployment rate than the country as a whole.

The total unemployment rate is 10.6 percent, but is expected to fall during the next few years. In the town there are many small and medium-sized companies with good growth potential. The number of new enterprises in Gävle is also on the increase. The town's university college, Högskolan Gävle, is aiming for university status, which would give more professional jobs and make more people move to the town.

In Gävle, the proportion of inhabitants with higher education is 32 percent, which is marginally lower than the national average at 33 percent.

MAJOR PROPERTY OWNERS¹

	Residential, sq.m.	Premises, sq.m.	Total, sq.m.
Gavlegårdarna	1,028,000	161,000	1,189,000
FastPartner	21,000	106,000	127,000
Realia (Kungsleden)	37,000	84,000	121,000
Norrporten	2,000	100,000	102,000
Kungsleden	28,000	48,000	76,000
Norrvidden	6,000	65,000	71,000
Akademiska Hus	–	45,000	45,000
ENA Fasighets	18,000	19,000	37,000
Brynäs Byggnads	–	35,000	35,000
Diös	1,500	29,500	31,000

MAJOR EMPLOYERS²

Company name	Number of employees	Share, % ³
Gävle kommun	8,525	19.7
Gävleborgs läns landsting	3,525	8.2
Korsnäs	1,325	3.1
Ericsson	1,075	2.5
Lantmäteriverket	875	2.0
Högskolan i Gävle	625	1.4
Länsstyrelsen i Gävleborg	525	1.2
Sodexo	475	1.1
Rikspolisstyrelsen	425	1.0
Banverket	375	0.9
Konsumentföreningen i Gävleborg	325	0.8
Malacoleaf	325	0.8
Swebus	275	0.6
Tidningstjänst	225	0.5
Samhall	225	0.5

¹ Statistics 2005.

² Statistics 2004.

³ Percent of total number of jobs in the town.

Källa: Forum Fastighetsekonomi

THE PROPERTY MARKET

The property market in Gävle is dominated by a small number of major operators such as Gavlegårdarna, FastPartner, Kungsleden, Norrporten and Norrvidden.

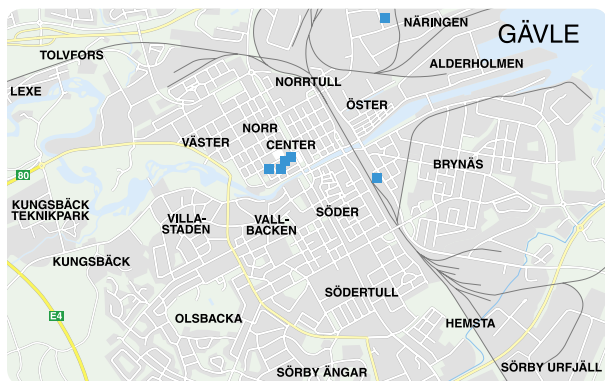
In general, approx. twenty transactions take place annually on the Gävle property market and in 2005 the same pattern was repeated. The latest major transaction took place in November 2005 when FastPartner AB sold the property North 21:5 to Boultee for SEK 671 m. The sale included the shopping centre Gallerian Nian with its car park.

Another large transaction took place in September 2005 when FastPartner acquired three properties from Akelius in Gävle and Söderhamn at a value of SEK 196 m.

A number of new construction projects are also in progress in the town. The largest is a residential project at Alderholmen/Gävle Strand. A preliminary agreement has been signed between the municipality of Gävle and NCC, Skanska, Riksbyggen, JM, HSB and Gavlegårdarna. This area is strategically situated between Gävle town center and the sea. The area was previously a harbour/industrial estate.

Another project is Sörby Ängar, where HSB Gävleborg were contracted by Gavlegårdarna to build 36 partly pre-fabricated apartments in the first stage. Stage two recently started.

At Valbo shopping center, west of Gävle, KF Properties are planning a major increase in retail area. The construction plans for this project, however, are a little in the future.



Property holdings in Gävle are 17 percent of Diös total property holdings. For property ownership, see *List of properties*.

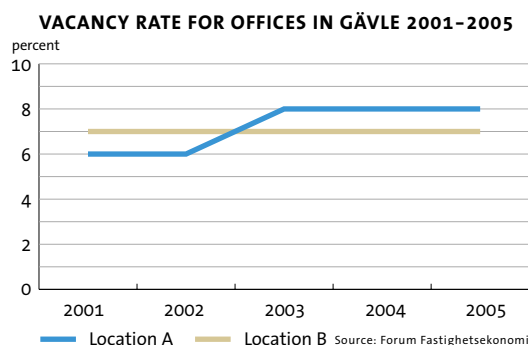
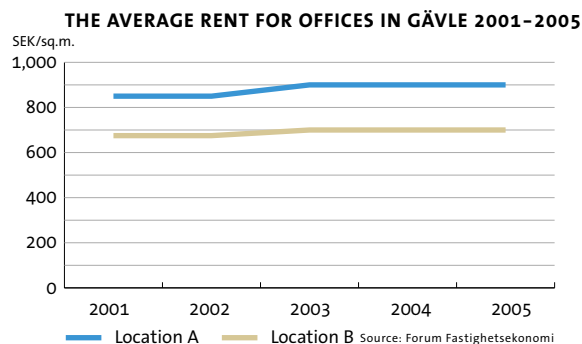
RENTAL MARKET

The office rental market

The office rental market in Gävle comprises mostly of the inner town, the university area with Teknikparken and offices in Gävle's industrial estates. The office rental market in the town is estimated to approx. 800,000 sq.m. and for a long time there has been a surplus of office space. Rent levels for offices has been relatively unchanged and is thought in A-locations to be between 800–1,100 SEK/sq.m. In the rest of the

town center, levels are normally between 600–800 SEK/sq.m. For newly produced offices at Teknikparken in the university area, levels are higher and the average is thought to be approximately 1,100 SEK/sq.m.

For county town Gävle, government authorities changing needs have been noticeable with movement within the town as an effect. This has also meant an increased number of vacancies in the central areas. The level of vacancies is estimated at approx. 55,000 sq.m., which is approx. seven percent.



Retail rental market

The retail rental market in Gävle comprises two main areas; central Gävle and the external shopping center Valbo.

CENTRAL GÄVLE

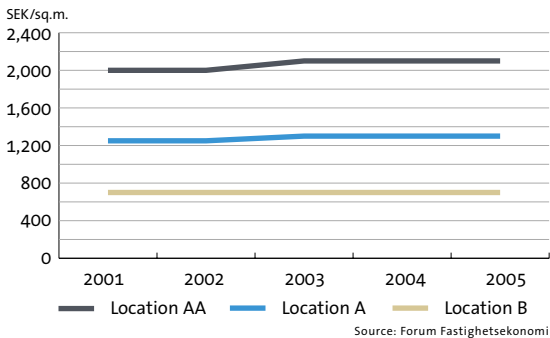
In central Gävle, the most attractive retail locations are around Stortorget and the pedestrianized Drottninggatan. The converted Gallerian Nian at Stortorget is the obvious hub with approx. 50 shops and restaurants with a total lettable area of approx. 19,000 sq.m.

Rent levels for retail premises in A-locations around Stortorget are normally in the range 1,900–2,500 SEK/sq.m. and for other central B-locations of the pedestrian precinct in the range 900–1,600 SEK/sq.m. There are no vacant modern retail premises in central Gävle. In small, non-modernized, retail buildings just outside Stortorget there are vacancies, however, including one left after Systembolagets moved to Gallerian Nian.

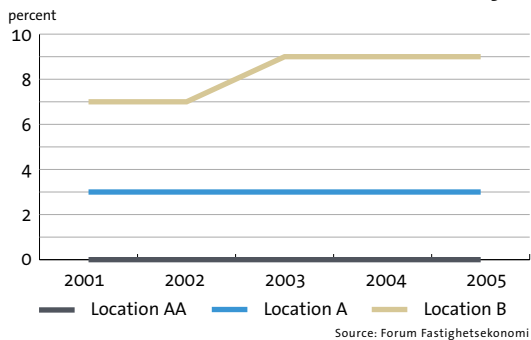
VALBO

Valbo shopping center, between Gävle and Sandviken, was built in the 1970s and now has around 60 shops. The area is defined as an external A-location for Gävle. The shopping center has a total area of approximately 62,000 sq.m., and includes both Coop Forum and IKEA as major tenants. The rent level fluctuates greatly depending on size of premises and investments made in the premise. Major stores pay an estimated 800–1,200 SEK/sq.m. and small stores of 150–450 sq.m. normally pay between 1,800–2,500 SEK/sq.m. The shopping center has a queue of interested, potential retail tenants and there are plans for a large extension south of national route 80.

THE AVERAGE RENT FOR SHOPS IN GÄVLE 2001–2005



VACANCY RATE FOR SHOPS IN GÄVLE 2001–2005



The residential rental market

The residential rental market in Gävle is dominated by the municipality owned Gavlegårdarna with around 17,000 apartments. The demand for housing is larger than the supply in central parts of the town. In combina-



Norr 31:8, Gävle

tion with the large surplus of office premises, this has led to property owners converting offices to housing. residential rents for older properties is estimated at between 650–850 SEK/sq.m. and for more newly produced residential properties at between 850–1,200 SEK/sq.m. The vacancy rate is estimated to average around three percent. In the last few years, Gavlegårdarna has applied differentiated rent increases using a point based system, which generates different points depending on the location of the residential premises.

DIÖS' POSITION IN GÄVLE

Diös property holdings in Gävle consist mainly of properties in central, attractive locations. The properties have a high standard and are well maintained. Most of the properties consists of office/retail premises. Then economic occupancy rate is approximately 93 percent.

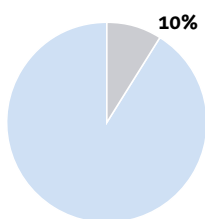
Diös is currently concentrating upon nurturing its relations with its existing tenants, thus creating opportunities to fulfil increased demands for premises. This in turn further improves the occupancy rate. Diös is also focusing upon maintaining a healthy collaboration climate with other property owners in order to strengthen Gävle's position as a powerfully growing commercial town.

Mora

MORA

Population on 31 December 2005	20,212
Unemployment on 31 December 2005 ¹	8.1%
Percentage of population with higher education ²	25%

1. Openly unemployed including those in job-seeking programmes.
2. Refers to people between 20–64 years of age.



DIÖS HOLDINGS IN MORA OF THE TOTAL BOOK VALUE



Stranden 19:6, Mora

Mora is a commercial and industrial town and is in the absolute top stratum of per capita commerce in Dalarna, both for everyday commodities and consumer durables.

In the town, which has approx. 20,000 inhabitants, there is also a relatively strong and differentiated manufacturing industry with prominent companies such as Ostnor and Wibe. Other major employers in the town are the municipality of Mora, Dalarna County Council, Morastrand, Stora Enso Skog and Finnveden Metal Structures. An important sector for employment is tourist industry in Mora, with good booking rates both winter and summer.

In 2005, the population increased by approximately 130 people, mostly due to people moving in from other places in the county. The total unemployment rate in Mora has fallen during the last two years and was 8.1 percent in December 2005, which was higher than the national average of 6.7 percent at the same point in time.

In Mora, the proportion inhabitants with higher education is 25 percent, which is lower than the national average of 33 percent.

THE PROPERTY MARKET

The property market in Mora is dominated by a few major operators such as Morastrand, Diös, Nils Skoglund and Rolf Mossbäck. There are also a number of property owners who own one to three properties.

Turnover on the property market in Mora is low, especially for residential properties. An exception took place in 2005 when Diös bought AP Fastigheter's Norrland portfolio which included properties in Mora. Another property transaction completed in 2005 was when the listed Danish company Ei Invest Nordisk Retail acquired the property Stranden 18:4, better known as Affärshuset

MAJOR PROPERTY OWNERS¹

	Residential, sq.m.	Premises, sq.m.	Total, sq.m.
Morastrand	150,000	–	150,000
Diös	9,000	21,000	30,000
Fastighetsbolaget Nils Skoglund	3,500	10,000	13,500
Rolf Mossbäck Trävaru	4,000	8,000	12,000
Siljansringen	–	4,000	4,000

MAJOR EMPLOYERS²

Company name	Number of employees	Share, % ³
Mora kommun	1,625	15.2
Landstinget Dalarna	1,075	10.0
Ostnor	475	4.4
Wibe	425	4.0
Morastrand	175	1.6
Stora Enso Skog	175	1.6
Finnveden Metal Structures	125	1.2
K J Eriksson i Mora	125	1.2
Dalabuss	125	1.2
Siljan Timber	125	1.2
Samhall	75	0.7
Assre Service	75	0.7
Rosengrens	75	0.7
Rikspolisstyrelsen	75	0.7
Mattsson Metal	75	0.7

1 Statistics 2005.

2 Statistics 2004.

3 Percent of total number of jobs in the town.

Source: Forum Fastighetsekonomi

Kronan from KF Properties. The transaction was part of a package of three shopping centres, where the other two were Bydalens Centrum in Sundsvall and Gallerian in Sandviken. The total transaction price was approximately SEK 174 m.



Property holdings in Mora represent 10 percent of Diös total property holdings. For property ownership, see List of properties.



Stranden 11:4, Mora

RENTAL MARKET

The office rental market

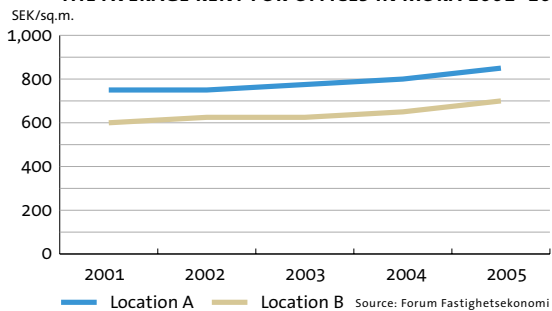
The office rental market in Mora is in principle the same as the town center, where the A-location is Kyrkogatan. The rental market is adjudged to be experiencing an up-turn and the demand is mostly for small premises. Many newly started small companies are looking for work premises to share with other companies, which means that market for office hotels is good. The level of vacancies for offices has been stable in the last few years and is estimated at 1,500 sq.m. A major part of the vacancy can be found at Mora Utbildningscenter, which is classed as a B-location. Here there are approx. 800 sq.m. to let.

Rental development is positive. New contracts for modern office premises in good locations are estimated at between 850–1,000 SEK/sq.m. For rooms in office hotels, the rent level can be as high as 1,900 SEK/sq.m.

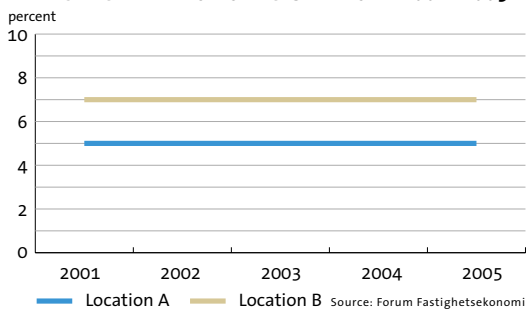
The retail rental market

The retail rental market in Mora is in practice divided into two different areas, Kyrkogatan in the town centre and Noret at the entrance to Mora. Both sub-markets are currently experiencing strong demand from commercial companies which wish to set up in the area.

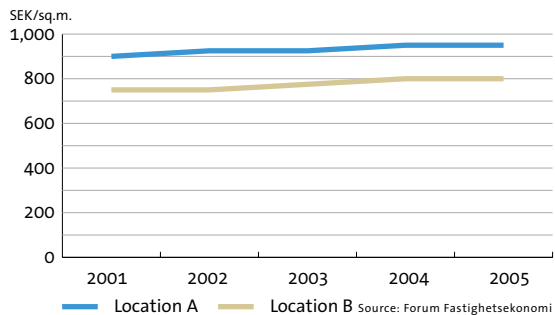
THE AVERAGE RENT FOR OFFICES IN MORA 2001–2005



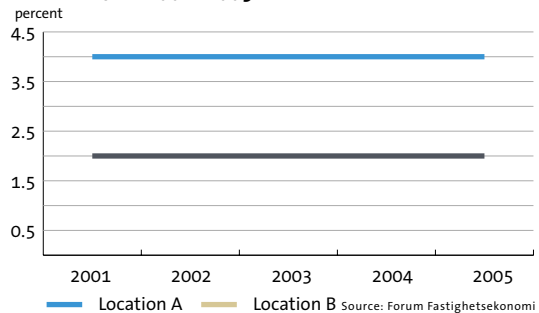
VACANCY RATE FOR OFFICES IN MORA 2001–2005



THE AVERAGE RENT FOR RETAIL PREMISES IN MORA 2001–2005



VACANCY RATE FOR RETAIL PROPERTIES IN MORA 2001–2005



KYRKOOGATAN

Along a stretch of Kyrkogatan, designated as an A-location, there are approx. 10,000 sq.m. of lettable area. Most in demand are premises between 1,000–1,500 sq.m. The rent level for retail premises in Kyrkogatan varies between 900–1,200 SEK/sq.m. and the vacancy level is low. In other parts of the town, rent levels are between 550–1,000 SEK/sq.m.



Stranden 18:3, Mora



Stranden 17:5, Mora

NORET

Noret, which from a retail rental perspective is classed as a B-location, has approx. 7,000 sq.m. of lettable retail area. Here the demand is for larger retail premises of 1,000–1,500 sq.m. or more. The rent level for retail premises varies between 500–1,000 SEK/sq.m. depending on size and layout. Vacancies in the area comprise mainly of a closed down Konsum shop of approx. 1,200 sq.m., which generates a vacancy rate of approx. 17 percent. At the same time, new retail premises are being built in the area for tenants in need of a more floor space.

The residential rental market

The residential rental market is dominated by the municipality owned Morastrand which has approx. 2,100 apartments spread over the whole town. This is approx. 85 percent of the town's residential rental market. Morastrand has historically struggled with too many vacancies, but today the apartments are fully rented out and there is even a queue to get an apartment.

This also applies to private property owners. The reason for the positive development is that Mora has had more people moving in over the last few years.

DIÖS' POSITION IN MORA

In Mora, Diös is one of the largest owners of centrally situated properties. The properties consist mostly of residential premises with retail premises at street level. Diös property holdings are in relatively good condition and the economic occupancy rate is almost 100 percent.

With its geographical position as a commercial center for both Dalarna and Härjedalen, and strong growth in the number of visitors, Mora is an important strategic town for Diös. NUTEK has recently defined Mora as one of four growth towns in inland Sweden.

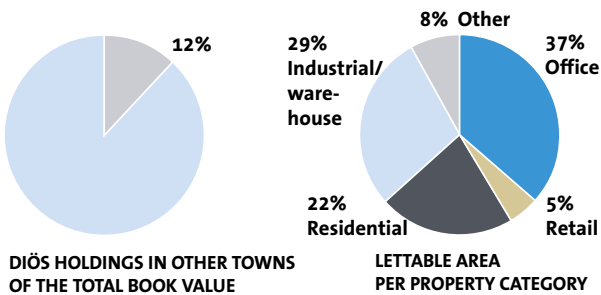
Other towns



Skrivaren 4, Sandviken



Snäckan 25, Östersund



Diös' presence in other towns in Norrland is currently limited to seven towns. A number of these are university and college towns. Diös aim is to strengthen their presence in these towns so that they become market areas in themselves.

There is a great deal of activity and plans to develop business and office complexes, shopping centres and industry centres and premises for local authority services within several Norrland municipalities. Here, Diös with its background and expertise can act as a partner to towns and other property owners in order to develop these areas.

Diös holdings in other towns consist of properties in Sandviken, Sundsvall, Härnösand, Östersund, Umeå, Lycksele and Luleå. On 31 December 2005 the total was eleven properties with a book value of approx. SEK 209 m. and a total lettable area of 47,162 sq.m. Rental value amounted to approx. SEK 34 m. and the contracted proforma rental income 2005 was SEK 31 m. The average economic occupancy rate amounted to 92 percent.

Property holdings comprise of 37 percent offices, 5 percent retail, 22 percent residential, 29 percent industrial/warehouse and 8 percent other premises. The largest property in terms of lettable area for these towns is in Luleå and has 7,560 sq.m.

The eleven properties in other towns in Norrland are distributed as follows:

- Three properties in Luleå of which two are office buildings and is an industrial/warehouse facility. Total lettable area is 14,254 sq.m.
- Three properties in Sandviken of which two are residential properties and one is an industry/storage facility. Total lettable area is 13,683 sq.m.
- One office building in Sundsvall with a total lettable area of 5,894 sq.m.
- One office building in Härnösand with a total lettable area of 4,509 sq.m.
- One industrial/warehouse facility in Umeå with a total lettable area of 3,959 sq.m.
- One industrial/warehouse facility in Östersund with a total lettable area of 3,382 sq.m.
- One office property in Lycksele with a total lettable area of 1,480 sq.m.



Property holdings



Björken 8, Falun

DIÖS PRESENCE ON THE MARKET IN NORTHERN SWEDEN



PROPERTY HOLDINGS

As per 31 December 2005

Number of properties	52
Number of towns	11
Book value, SEK m.	1,672
Total lettable area, sq.m.	266,785

Proforma 2005

Rental value, SEK m.	225
Rental income, SEK m.	211
Net operating income, SEK m.	126
Surplus ratio, %	60.0
Yield, %	7.5
Economic occupancy rate, %	93.4

For further information regarding proforma reporting, see the section *Financial overview*.

Diös property holdings are mainly commercial properties situated in the towns Borlänge, Falun, Gävle and Mora. Property holdings comprised on 31 December 2005 of 52 properties with a total lettable area of 266,785 sq.m. and an estimated market value of SEK 1,672 m. Rental value proforma 2005 amounted to SEK 225 m. and the contracted rental income was SEK 211 m., which represents an economic occupancy rate of approx. 93 percent.

Property holdings are divided into four geographical market areas:

FALUN/BORLÄNGE – 22 properties with a book value of SEK 1,007 m., of which most are situated in central Borlänge and Falun. The market area has approx. 57 percent of the total rental value and approx. 60 percent of Diös-

properties' book value. Of the market area's total rental value, offices are 61 percent, retail 26 percent, residential 7 percent and other types of premises 7 percent. Diös total rental income for the market area is to SEK 119 m. and the lettable area is 149,456 sq.m.

GÄVLE/SANDVIKEN – 10 properties with a book value of SEK 348 m., of which the majority of the holdings are in Gävle. The market area has approx. 22 percent of the total rental value and approx. 21 percent of the book value of the properties. Of the market area's total rental value, offices are 39 percent, retail 24 percent, residential 23 percent and industrial/ warehouse facilities 14 percent. Diös total rental income for the market area amounts to SEK 47 m. and the lettable area is 53,747 sq.m.

MORA – 12 properties with a book value of SEK 171 m. The market area has approx. 11 percent of the total rental value and approx. 10 percent of the book value of the properties. Of the market area's total rental value, offices are 45 percent, retail 17 percent and residential 38 percent. Diös total rental income for the market area amounts to SEK 24 m. and the lettable area is 30,103 sq.m.

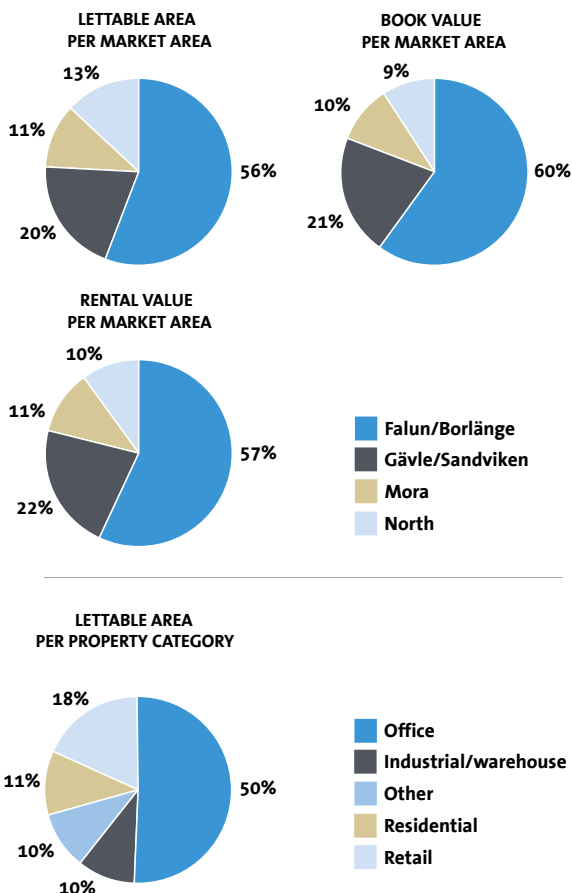
NORTH – 8 properties with a book value of SEK 146 m., of which the majority of the holdings are in Luleå. The market area North has 10 percent of the total rental value and approx. 9 percent of the book value of the properties. Of the market area's total rental value, offices are 52 percent and industrial/warehouse facilities 48 percent. Diös total rental income for the market area amounts to SEK 21 m. and the lettable area is 33,478 sq.m.

RENTAL VALUE AND OCCUPANCY RATE

The proforma total rental value of Diös property holdings 2005 was SEK 225 m. The estimated rental value for vacant premises is approx. SEK 14 m. The total area of properties was 266,785 sq.m. on 31 December 2005 of which 37,747 sq.m. vacant, which is a vacancy rate of approx. 14 percent of area. Of the vacant floor area, the single largest vacancy of 5,821 sq.m. is the property Kansliet 20 in Falun.

Diös total vacant area on 31 December 2005 was distributed as follows: 20 693 sq.m. in Falun/Borlänge, 3,173 sq.m. in Gävle/Sandviken, 1,372 sq.m. in Mora and 12,509 sq.m. in market area North. The vacant area per category was 4,130 sq.m. for office premises, 4,590 sq.m. for retail premises, 23,485 sq.m. for industrial/warehouse facilities, 461 sq.m. for residential and 5,080 sq.m. for others.

The economic occupancy rate proforma 2005 was 92 percent in Falun/Borlänge, 96 percent in Gävle/Sandviken, 98 percent in Mora and 88 percent in market area North. The economic occupancy rate per category was 94 percent for office premises, 92 percent for retail premises, 96 percent for industrial/warehouse facilities, 97 percent for residential premises and 75 percent for other premises.



RENTAL CONTRACTS AND EXPIRY STRUCTURE

For Diös, the contracted rental income proforma 2005 was SEK 211 m. Rental income includes rental supplements for property taxes, heating and electricity which is passed on to tenants. Diös adjudges that rental income is at an appropriate market level.

On 31 December 2005 Diös had a total of 476 rental agreements with contracted rental income of SEK 177 m.

Rental agreements with a duration of three years or longer are normally subject to yearly rent reviews in the form of increases in line with the consumer price index. On 31 December 2005, 76 percent of Diös' contracted rental income was subject to such rent reviews.

Rental income from Diös' ten largest tenants on 31 December 2005 was approx. SEK 91 m., which is approx. 40 percent of Diös contracted rental income.

DURATIONS FOR DIÖS' RENTAL CONTRACTS as per 31 December 2005

Year of maturity	Number of leases	Lettable area, sq.m.	Contractual rental income as per 31 December 2005	
			SEK k.	Share, %
Leases				
2006	135	27,415	21,803	11
2007	125	35,139	30,278	15
2008	102	45,734	37,570	19
2009	77	51,579	47,449	24
2010	20	23,800	22 727	11
>2011	17	16,430	17,367	9
Total rental leases	476	200,097	177,194	88
Residential leases	431	28,925	20,788	10
Parking spaces	642	-	3,620	2
TOTAL	1,549	229,022	201,602	100

THE TEN LARGEST TENANTS as per 31 December 2005

Tenant	No. of leases	Value of leases, SEK k.	Share of total lease value, %	Mean lease period, years
Vägverket	14	32,799	15	3.2
Posten Sweden AB	27	15,834	7	2.4
Falu Kommun	3	11,931	5	4.6
Polismyndigheten, Dalarna	6	7,937	4	2.7
Länsstyrelsen, Dalarna	7	6,467	3	2.4
Åhléns AB	5	5,263	2	4.6
Försäkringskassan, Dalarna	6	3,141	1	2.7
Nordea Bank Sweden AB	6	2,906	1	2.3
Poståkeriet Sweden AB	4	2,160	1	2.5
Hemköpskedjan AB	2	2,144	1	2.3
Total largest tenants	80	90,582	40	3.1

OTHER INCOME

In addition to rental income from letting the Company's properties, Diös receives income from other property management. This is mostly from invoicing tenants for customisations for tenants, the Company carries out and for which tenants pay.

PROPERTY EXPENSES PROFORMA 2005**Operating and maintenance expenses**

Diös' largest operating expenses are heating, water, electricity and property care. Other operating expenses are insurance, security and refuse collection. During Diös' period of ownership, the focus has been upon reducing consumption of electricity and heating through energy-saving measures in its property holdings.

Another category of property expenses for Diös' business activities is maintenance expenses. In order to keep properties in good condition and of a high standard, planned, continuous maintenance is carried out.

Diös operating and maintenance costs amounted to approx. SEK 72 m., which is 271 SEK/sq.m.

Property taxes

State property tax is currently 1,0 percent of the tax assessment value for business premises and 0.5 percent for residential and industrial properties. Properties classified as special properties are not subject to property taxes.

The tax assessment value of Diös property holdings 2005 amounted to approx. SEK 847 m. Property tax amounted to approx. SEK 7 m. Of the Company's total property taxes, approx. SEK 6 m. is passed on to tenants in the form of rental supplements.

Property administration

Expenses for property administration are mostly costs for rent payments, rentals and marketing. Diös' expenses for property administration amounted to approx. SEK 10 m., which is 38 SEK/sq.m.

Distribution of responsibility between land lord and tenant

Diös tenants have a far reaching responsibilities regarding both operation and maintenance. Market practice is that Diös takes care of outer maintenance, while the tenant has inner maintenance.

INVESTMENTS

Investment expenses which generate added value to property holdings are reported as investments and are not taken up as expenses. These measures are taken primarily to extend the useful life of the property holdings. Examples of investments are costumisations requested by tenants and project developments. Investments in Diös existing property holdings amounted to approx. SEK 14 m., which is approx. 52 SEK/sq.m.

LEASEHOLDS

Diös has no properties with leasehold.

PROJECTS IN PROGRESS

In Falun, two major customisations projects for tenants are in progress. On 31 December 2005 in the property Falan 21, work valued at SEK 9 m. of SEK 21 m. had been completed. In the property Kansliet 20, SEK 5 m. of SEK 9 m. had been completed. Both projects are estimated to be finished in 2006. Added value in projects in progress is noted and included in the external property evaluation upon which the actual value of investment properties on 31 December 2005 is based.

PROPERTY HOLDINGS PROFORMA 2005

The tables below are based on Diös property holdings proforma 2005. Rental income means contracted rental income proforma 2005. Net operating income is based on the contracted rental income of properties minus operating and maintenance expenses, property administration and property taxes for Diös property holdings proforma 2005.

DISTRIBUTION PER MARKET AREA AND PROPERTY CATEGORY

	No. of properties	Lettable area, sq. m.	Book value		Rental value		Economic occupancy rate, %	Rental Net operating income, SEK m.		Yield, %	Surplus ratio, %
			SEK m.	SEK/sq. m.	SEK m.	SEK/sq. m.		SEK m.	SEK m.		
Falun/Borlänge	22	149,456	1,007	6,738	128	860	92	119	72	7.2	60.7
Gävle/Sandviken	10	53,747	348	6,483	49	905	96	47	28	7.9	59.0
Mora	12	30,103	171	5,695	25	823	98	24	15	8.9	62.9
North	8	33,478	146	4,348	23	700	88	21	11	7.7	54.1
Total Diös	52	266,785	1,672	6,269	225	845	93	211	126	7.5	60.0
Residential	12	29,387	190	6,452	29	994	97	28	14	7.4	49.3
Retail	10	49,239	443	8,997	49	998	92	45	28	6.3	61.4
Offices	20	133,309	894	6,708	120	900	94	113	72	8.0	63.6
Industrial/warehouse	7	27,206	101	3,697	18	672	96	17	10	10.2	58.8
Other	3	27,644	45	1,628	9	317	75	7	2	5.4	36.6
Total Diös	52	266,785	1,672	6,269	225	845	93	211	126	7.5	60.0

DISTRIBUTION PER PROPERTY CATEGORY WITHIN EACH MARKET AREA AFTER THE MAIN USE OF THE PROPERTIES

	No. of properties	Lettable area, sq. m.	Book value		Rental value		Economic occupancy rate, %	Rental Net operating income, SEK m.		Yield, %	Surplus - ratio, %
			SEK m.	kr/sq. m.	SEK m.	SEK/sq. m.		SEK m.	SEK m.		
Falun/Borlänge											
Residential	3	10,527	56	5,345	8	803	92	8	4	6.6	48.2
Retail	7	38,905	319	8,205	33	857	91	30	17	5.4	56.9
Offices	9	83,643	586	7,012	78	932	95	74	49	8.3	65.8
Industrial/warehouse	-	-	-	-	-	-	-	-	-	-	-
Other	3	16,381	45	2,747	9	536	75	7	2	5.4	36.6
Total Falun/Borlänge	22	149,456	1,007	6,738	128	860	92	119	72	7.2	60.7
Gävle/Sandviken											
Residential	3	15,763	74	4,702	11	718	100	11	5	6.9	45.2
Retail	1	10,306	91	8,845	12	1,119	94	11	8	8.7	72.6
Offices	2	17,476	147	8,408	19	1,074	95	18	11	7.6	62.4
Industrial/warehouse	4	10,202	36	3,551	7	687	97	7	4	9.7	51.6
Other	-	-	-	-	-	-	-	-	-	-	-
Total Gävle/Sandviken	10	53,747	348	6,483	49	905	96	47	28	7.9	59.0
Mora											
Residential	6	13,278	59	4,460	9	712	99	9	5	8.7	55.1
Retail	2	4,856	33	6,722	4	873	98	4	3	8.2	64.8
Offices	4	11,970	80	6,649	11	926	98	11	7	9.4	68.9
Industrial/warehouse	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Mora	12	30,103	171	5,695	25	823	98	24	15	8.9	62.9
North											
Residential	-	-	-	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-	-	-	-
Offices	5	18,577	81	4,371	12	656	82	10	4	5.4	44.2
Industrial/warehouse	3	14,901	64	4,318	11	756	95	11	7	10.5	63.4
Other	-	-	-	-	-	-	-	-	-	-	-
Total North	8	33,478	146	4,348	23	700	88	21	11	7.7	54.1
Total Diös	52	266,785	1,672	6,269	225	845	93	211	126	7.5	60.0

Property list¹

Property designation	Location	Address	Year built/ converted	Lettable area, sq.m.					Rental ² value, SEK m.	Tax assess- ment value, SEK m.	
				Residential	Retail	Offices	Industrial/ warehouse	Others			Total
Falun/Borlänge											
Björken 8	Falun	Bergmästaregatan 2	1932, 1981	90		3,274		41	3,405	2.7	11.9
Cuprum 2	Falun	Åsgatan 14, 16	1936	1,405	895				2,300	1.9	8.3
Falan 20	Falun	Stora torget	1968		249	9,791			10,040	9.2	47.2
Falan 21	Falun	Stora torget	1966		5,652	2,685	821	1,890	11,048	7.3	53.0
G:a Bergsskolan 14	Falun	Holmgatan 18	1965		4,285		1,016		5,301	4.2	20.4
G:a Bergsskolan 15	Falun	Holmgatan 14, 26	1979		3,119	1,645		8	4,772	5.1	21.1
Hattmakaren 16	Falun	Nybrogatan 21, Slag- gatan 19, Ö:a Hamngatan	1980		953	2,350	75	380	3,758	1.6	13.7
Holmen 7	Falun	Holmgatan 11	1978	64	743	495	80		1,382	2.1	9.3
Kansliet 20	Falun	Nybrogatan 20	1920	122	831	19,295	547	803	21,598	15.0	68.0
Köpmannen 4	Falun	Falugatan 5	1984	1,687	1,807				3,494	3.2	15.5
Lasarettet 16	Falun	Svärdsjögatan 28	1987	86		296		1,714	2,096	1.6	0.6
Adils 17	Borlänge	Vasagatan 1-7	1962	3,934		1,208	49	59	5,250	4.0	16.1
Bordet 1	Borlänge	Mjälgvägen 47	1958			1,376		2,228	3,604	1.8	
Intagan 1	Borlänge	Röda Vägen 1	1978-80			30,902		112	31,014	36.4	113.2
Mimer 1	Borlänge	Stationsgatan 2-4	1965/96	93	3,478	2,936	185		6,692	6.8	25.9
Målaren 3	Borlänge	Skomakargatan 18	1986			1,054			1,054	1.2	6.3
Saga 21	Borlänge	Stationsgatan 11	1955/73	1,053	752	996	176		2,977	2.6	9.6
Saga 25	Borlänge	Borganäsvägen 30	1960/91	393	3,681	1,673	365	104	6,216	4.6	17.2
Sigrid 10	Borlänge	Borganäsvägen 26	1974/88		1,423	4,417	248	58	6,146	6.2	21.5
Tyr 10, Valhall 1	Borlänge	Wallingatan 37	1972, 1974		72	6,524		32	6,628	5.7	20.1
Verdandi 10	Borlänge	Borganäsvägen 46-48	1971		1,061	903	2,305	6,412	10,681	5.4	19.1
Total Falun/Borlänge				8,927	29,001	91,820	5,867	13,841	149,456	128.5	517.9
Gävle/Sandviken											
Näringen 21:2, 21:3 ³	Gävle	Trutvägen 2	1963				1,978	1,050	3,028	1.0	3.7
Brynäs 12:1	Gävle	S:a Fältskärgsgatan 10			133	2,018	3,571	519	6,241	5.2	
North 29:5	Gävle	Drottninggatan 6, 8	1984		1,240	2,647		1,413	5,300	6.2	27.0
North 30:5	Gävle	N:a Slottsgatan 3 A-B	1946	1,464	188	73		1,288	3,013	2.0	11.5
North 31:8	Gävle	Drottninggatan 14	1973/85		6,576	1,909		1,821	10,306	11.5	51.4
North 31:9	Gävle	Drottninggatan 18	1973/87		3,076	6,265		2,835	12,176	12.6	52.2
Dalslänningen 6	Sandviken	Hyttgatan 9 A-C, 11 A-B	1963	5,050	343	76		384	5,852	4.3	19.2
Skrivaren 4	Sandviken	Jansasgatan 2 A-C	1962	5,218	1,413	195		73	6,898	5.0	21.8
Säterjätten 3	Sandviken	Västerled 30	1987				933		933	0.8	
Total Gävle/Sandviken				11,732	12,968	13,183	6,555	9 310	53,747	48.6	186.9
Mora											
Stranden 11:4	Mora	Fridhemsgatan 9	1981			2,816	50	39	2,905	3.0	10.7
Stranden 16:1	Mora	Kyrkogatan 31	1958	2,389	896	239	301	109	3,934	2.6	10.4
Stranden 16:2	Mora	Kyrkogatan 27	1975	40	670	1,026	65		1,801	1.8	6.8
Stranden 17:4	Mora	Moragatan 13	1960	1,531	606	308	119	391	2,955	2.1	8.0
Stranden 17:5	Mora	Moragatan 17	1963	1,965			22		1,987	1.6	5.9
Stranden 17:6	Mora	Strandgatan 24		1,538	246			30	1,814	1.2	4.5
Stranden 18:2	Mora	Kyrkogatan 25	1972		1,116	558			1,674	1.7	6.0
Stranden 18:3	Mora	Kyrkogatan 21	1970		1,749	548	384	501	3,182	2.6	9.0
Stranden 19:6	Mora	Kyrkogatan 20	1977		573	2,065	25		2,663	2.8	9.4
Stranden 20:2	Mora	Millläkersgatan 6	1968, 1974			4,105	336	160	4,601	3.5	12.0
Stranden 35:7, 35:8	Mora	Kyrkogatan 10	1920, 2001	1,250	904	434			2,588	1.9	6.8
Total Mora				8,713	6,759	12,099	1,302	1,230	30,103	24.8	89.5
North											
Borgmästaren 10	Sundsvall	Köpmangatan 19 m fl	1956			4,852		1,042	5,894	4.4	25.4
Djuret 3	Luleå	Blomgatan 17	1983	15	107	463	6,777	198	7,560	5.3	
Råtten 18	Luleå	Storgatan 53, Kungsgatan 23	1953		10	3,106		437	3,553	4.1	19.2
Snäckan 25	Östersund	Rådhusgatan 100	1985			957	2,425		3,382	2.8	
Stadshuset 7	Lycksele	Fabriksgratan 12, Storgatan 24	1985		394	936	150		1,480	1.0	
Stigbygeln 2	Umeå	Signalvägen 12	1973				3,212	747	3,959	3.1	
Tullen 10	Härnösand	Köpmangatan 13	1983			4,509			4,509	2.4	8.1
Vattenormen 8	Luleå	Midgårdsvägen 19	1964/77/83			1,383	918	840	3,141	0.2	
Total North				15	511	16,206	13,482	3,264	33,478	23.4	52.7
Total Diös				29,387	49,239	133,309	27,206	27,644	266,785	225.3	847.0

1 On 31 December 2005.

2 Proforma 2005.

3 The properties Näringen 21:2 and Näringen 21:3 were sold in 2006. The properties were vacated on 1 February 2006. The sale price of the properties amounted to 4,5 SEK m.

Valuation of Diös' properties

THE ASSIGNMENT

Ernst & Young Real Estate (Ernst & Young) and Savills Sweden AB (Savills) were commissioned by Diös Fastigheter AB (Diös) to carry out a market value assessment of all properties as per 31 December 2005.

The purpose was to describe the value of the properties and other valuation parameters. The commission was carried out in accordance with SFI instructions.

The market value is the most likely price the buyer and the seller, having the same information and acting rationally and voluntarily, can agree upon in an effective market. The number of valued units is 52.

UNDERLYING DOCUMENTATION FOR THE INSPECTION

Information regarding lettable area, type of premises, rents, indexation, rental supplements, property tax supplements, discounts, contract durations, other contract conditions, vacancies and planned investments has been supplied by Diös in addition to copies of important rental contracts.

For each property, budgeted operating and maintenance expenses were supplied for 2006 and, where appropriate, outcome and budgets for 2005.

In addition, supplementary information was supplied from the National Swedish Land Survey property register and some information from development plans.

Most of the properties were inspected in 2006 prior to the valuation report. Other properties were inspected in 2005 when Diös acquired them.

METHODOLOGY

The valuation is based upon a cash-flow analysis meaning that the value of properties is based upon the present value of the forecast cash flow and the residual value during a five-year period. Assumptions regarding future cash flows are made after analyzing:

- Current and past rents and expenses.
- Market/local area future development.
- The market potential and market position of the property
- Existing rental terms.
- Market-based rental terms upon the expiry of the contract.
- Operating and maintenance expenses in similar properties and comparing them with the property in question.

The properties' net operating income resulting from the analysis for the period years 2006–2010 and a residual value at the end of the period was then discounted using a calculated discount rate. The discount rate is based on actual, comparable transactions on the property market. The value-affecting parameters used in the valuation are the joint interpretation by Ernst & Youngs and Savills of how investors on the market would reason and the total current value of the operating surplus and residual value which can thus be taken as an expression of the market value.

VACANCY RATES, OPERATING AND MAINTENANCE COSTS ETC.

For each sub-market where the property in question is situated, long-term vacancies were investigated and assessed as well as the time period involved. The cost of tenant-requested adaptations was taken up as a standard amount for vacant premises. In appropriate cases, a project-adapted level of costs was included in the calculation equivalent to the intended future use and rental terms.

Operating and maintenance expenses for each individual property were assessed using Diös' outcome, budget, and forecasting materials and standardized expenses, which also included allocations for future periodic maintenance and property administration.

RENTS

Market rents have been assessed based on the characteristics of each property within its sub-market. When necessary, adjustments have been made where location, condition and standard have been taken into consideration.

PROPERTY TAXES

Property tax was calculated following current regulations and the share paid by tenants in accordance with their agreements was taken into consideration.

DEVELOPMENT RIGHTS

It was established that the properties had no building rights of any value.

RESULT

In accordance with the conditions described above and on the basis of the assumptions and considerations made, the market value of the 52 properties valued, all owned with total rights of possession, is one billion six hundred and seventy-two million SEK (1,672,000,000 SEK).

Stockholm, 3 February 2006

Ernst & Young Real Estate
Juris Smitmanis

Savills Sweden AB
Lars Rickardsson

Authorized Property Valuer SFF

Financing



INTEREST AND LOAN MATURITY STRUCTURE as per 31 December 2005

Maturity, year ¹	Interest maturity		Loan maturity	
	Loan amount, SEK m.	Average interest, %	Credit agreements, SEK m.	Utilized, SEK m.
2006	1,172	2.33	1,226	1,172
2007	-	-	-	-
2008	-	-	-	-
2009	-	-	-	-
2010 +	-	-	-	-
TOTAL	1,172	2.33	1,226	1,172

¹ The maturity point of loans is the time for the next renegotiation, not the final payment.

Diös' business activities are financed by equity and liabilities. The ratio between equity and liabilities is regulated by the chosen financial risk level and by the amount of equity required by lenders in order to grant loans. The capital structure targets are set in order to fulfil the demands for return on equity, the opportunity to obtain the required loan finance and to ensure there is room for investments. The capital structure target is long-term equity/asset ratio of at least 25 percent and an interest coverage ratio of 1.8 at the lowest.

In order to make it possible for Diös to acquire more equity, the AGM authorized the Board to carry out a new share issue.

FINANCE POLICY

Diös financing follows the finance policy established annually by the Board. The finance policy contains regulations for how the Diös finance function is to be managed and how finance risks are to be limited.

The managing director's responsibility according to the finance policy is to:

- assess liquidity development and propose measures if set targets are not achieved,
- decide upon loans, loan durations and interest rates after consulting with the Board,
- decide upon changes in the loans portfolio, for example, changing to another country,
- establish loan principles within the Company,
- monitor developments in the financial markets,
- decide upon sureties and guarantees and limits for these, and
- negotiate loan terms, account terms and other bank related issues with credit institutions.

Diös finance policy falls under Diös managing director's responsibility, who can delegate work to the Company's CFO. It is the CFO's responsibility to see that the Company acts within the framework of the finance policy, to report day-to-day business activities and to immediately call a meeting and report any divergence.

The Diös policy to limit finance risks means that the average remaining duration for interest bearing liabilities, so called capital tie-up, is to be between two and four years and that the maturity structure of the loan is to be evenly spread over time. Diös also uses binding credit pledges with evenly spread maturities which reduce the risk when being renegotiated.

Diös policy is also to only work with banks or similar credit institutions with a rating equivalent to at least A from both Moody's and Standard & Poor's. Diös finance policy is reviewed once a year by the Board.

NEW FINANCE

In March 2006, Diös signed a new finance agreement for a revolving credit facility of SEK 2,225 m. and overdraft facilities of SEK 25 m., with a duration of four years. The new agreement has better interest terms than the present agreement, but the average interest level for Diös will be unchanged or higher as the credit duration is longer than previously. See *Legal issues and other information*.

MORTGAGE DEEDS

Total mortgages taken out and pledged on Diös property holdings on 31 December 2005 amounted to SEK 1,046 m.

Financial overview

PROFORMA REPORT

The Diös Group was created in April 2005 and in May 2005 acquired 39 properties from AP Fastigheter with access on 1 June 2005. In June 2005, a further eleven properties were acquired from Klöver, with access on 1 September 2005, one property from Humlegården, with access on 1 September 2005 and one property from Fabege, with access on 5 September 2005. Considering these changes occurred during the year and that they are extensive, a proforma report for 2005 is presented below. The unrevised proforma income statement has been produced under the assumption that the acquisitions were carried out on 1 January 2005. No adjustments have been made for events after 31 December 2005.

The revised balance sheet of 31 December 2005 shows Diös' total property holdings. In order to show the effects of the imminent New issue, an unrevised proforma balance sheet of 31 December 2005 has been presented. The proforma report has been based upon the EU approved International Financial Reporting Standards (IFRS), which are used by Diös.

The Diös Group of companies' financial report for 2005 has been the basis of the proforma report presented. In addition, information has been obtained from previous owners regarding income and expenses related to each property for the period up to Diös gaining access.

A proforma report is only intended to describe a hypothetical situation and is presented only for illustration. It is not to be seen as an indication of the real financial outcome or the real financial position which would have applied if the above events had taken place at the date stated. Neither should it be considered an indication of future profits Diös will generate or its financial position in the future.

The proforma report should be read together with other information included in this prospectus.

Assumptions and assessments

The assumptions and assessments which form the basis of the summary are based on both known and estimated circumstances. The following assumptions and assessments have been made for adjusting the proforma income statement:

- Rental income and other income has been adjusted with the actual income which the properties acquired during the year generated during the period up to the transfer point. Rental value and vacancies have been based upon reports received from each seller.

- Operating and maintenance expenses and property taxes have been increased with the actual expenses charged to the properties acquired during the year during the period up to the point of transfer. Expenses for property administration have been adjusted with estimated whole-year expenses for Diös existing organisation after each acquisition.
- Expenses for central administration have been increased with estimated whole-year expenses for Diös' existing organisation at the end of 2005.
- Operating and maintenance expenses and expenses for central administration have been reduced for start-up expenses of a once-only nature.
- Realised and unrealised changes in value of properties have not been adjusted in the proforma report.
- Financial expenses have been increased by the extra interest expenses Diös would have paid if the loan had been taken up on 1 January 2005 instead of throughout the year in connection with property acquisitions. A mean interest of 2.57 percent has been used, which equates to the interest current when the loan was taken.
- Deferred tax is entirely assignable to tax deficits with deductions for temporary differences. Valuation of deferred tax assets after deductions for temporary differences has been based upon an assessment of the group of companies' earning ability at the end of 2005.

The following assumptions and assessments have been made for adjusting the proforma balance sheet:

- Unrealised changes in value and deferred tax assets have not been adjusted since these were valued on the balance day, 31 December 2005.
- In the proforma balance sheet, the effects of the New issue are shown. An issue price of SEK 32 per share (the middle of the price range) and 8,333,400 shares issued have been assumed, which provides Diös with SEK 255 m. after deductions for issue expenses. The new capital is assumed to be entered against liquid assets. Profit items have not been adjusted because of the New issue and key ratios after the New issue have been calculated proforma January–December 2005.

The following assumption has been made for calculating proforma key ratios:

- All new share issues in 2005 are assumed to have been carried out on 1 January 2005.

**PROFORMA REPORT
AND FINANCIAL OVERVIEW IN SUMMARY**

	Actual 2005 June-Dec	Proforma adjustment	Elimination of one-off effects	Proforma 2005 Jan-Dec
INCOME STATEMENTS				
Amount in SEK k.				
Rental income	107,172	103,343	-	210,515
Other income	5,782	-338	-	5,444
Operating/maintenance expenses	-36,704	-35,515	-	-72,219
Property taxes	-4,228	-3,197	-	-7,425
Property administration expenses	-7,949	-3,829	1,688	-10,090
Net operating income	64,074	60,464	1,688	126,225
Depreciation of other tangible assets	-86	-61	-	-147
Central administration and marketing expenses	-6,696	-3,943	1,742	-8,897
Realised changes in value on investment properties	-	-	-	-
Unrealised changes in value on investment properties	95,964	-	-	95,964
Operating profit	153,255	56,460	3,430	213,145
Financial income	100	-	-	100
Financial expenses	-16,783	-13,393	-	-30,176
Profit after financial items	136,572	43,067	3,430	183,069
Current tax	-	-	-	-
Deferred tax	82,000	-	-	82,000
PROFIT FOR THE YEAR AFTER TAX	218,572	43,067	3,430	265,069
BALANCE SHEETS				
	2005 31 December		2005 31 December	After New issue
ASSETS				
Investment Properties	1,672,418		1,672,418	-
Other tangible assets	441		441	-
Deferred tax asset	82,000		82,000	-
Total non-current assets	1,754,859		1,754,859	-
Short-term receivables	17,683		17,683	-
Liquid funds	57,269		57,269	254,669
Total current assets	74,952		74,952	-
TOTAL ASSETS	1,829,811		1,829,811	-
EQUITY AND LIABILITIES				
Equity	586,746		586,746	254,669
Provisions	289		289	-
Interest bearing liabilities	1,172,211		1,172,211	-
Non interest bearing liabilities	70,565		70,565	-
TOTAL EQUITY AND LIABILITIES	1,829,811		1,829,811	-
KEY RATIOS				
	Actual 2005 June-Dec		Proforma 2005 Jan-Dec	After New issue
FINANCIAL				
Return on equity, %	37.3		45.2	31.5
Return on total capital, %	8.4		11.7	10.2
Return on capital employed, %	8.7		12.1	10.6
Equity/asset ratio, %	32.1		32.1	40.4
Ratio risk bearing capital, %	32.1		32.1	40.4
Loan to value, properties, %	70.1		70.1	70.1
Interest coverage ratio, multiple	3.4		3.9	3.9
Debt/equity ratio, multiple	2.0		2.0	1.4
SHARE RELATED				
Earnings per share, SEK	18.37		13.27	9.37
Equity per share, SEK	29.38		29.38	29.73
Number of shares at end of period, thousands	19,968		19,968	28,302
Average number of outstanding shares, thousands	11,901		19,968	28,302
PROPERTY RELATED AND OTHER				
Number of properties at end of period	52		52	52
Lettable area at end of period, sq.m.	266,785		266,785	266,785
Market value properties, SEK k.	1,672,418		1,672,418	1,672,418
Rental value, SEK k.	115,559		225,340	225,340
Economic occupancy rate, %	92.7		93.4	93.4
Yield, %	3.8		7.5	7.5
Surplus ratio, %	59.8		60.0	60.0
No. of employees at end of period	24		24	24

KEY RATIOS**Return on equity**

The profit for the period in relation to average equity.¹

Return on total capital

Profit prior to tax plus financial expenses divided by average assets.¹

Return on capital employed

Profit prior to tax plus financial expenses in relation to average capital employed.¹ Capital employed is calculated as total assets minus non-interest bearing liabilities and allocations.

Equity/asset ratio

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

Ratio risk bearing capital

Total of equity and deferred tax debts divided by total assets at the end of the period.

Loan to value, properties

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

Interest coverage ratio

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

Debt/equity ratio

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

Earnings per share

The profit for the period after tax, assignable to holders of shares, divided by the average number of outstanding shares.

Equity per share

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

Average number of outstanding shares

Number of outstanding shares at the beginning of the period, adjusted with the number of shares issued or re-purchased during the period weighted with the number of days shares have been outstanding in relation to the total number of days in the period. Diös has no outstanding financial instruments which can give rise to a dilution effect.

Number of shares at end of period

Current number of outstanding shares at the end of the period. Diös has no outstanding financial instruments which can give rise to a dilution effect.

Dividend per share

Dividend decided or proposed divided by number of outstanding shares at the end of the period.

Economic occupancy rate

The rental income for the period divided by rental value at the end of the period. The rental income for the period is adjusted so that properties bought in the period are included as if they were owned for the entire period and properties sold during the period are excluded as if not owned during the period.

Rental income

Rent charged for the period minus rental losses and rebates.

Rental value

Annual rents with additions for estimated market rents for vacant lettable area.

Surplus ratio

The net operating income for the period divided by the rental income.

Yield

The net operating income divided by properties' market value at the end of the period.

Net operating income

Rental income minus operating and maintenance expenses, site-lease rents and property taxes during the period.

Operating expenses

Expenses for electricity, heating, water, property care, cleaning, insurance and day-to-day maintenance minus amount charged to tenants for operating and maintenance.

Market value properties

Estimated market value according to the latest valuation.

¹ For actual, proforma and after the New issue, the key ratios is calculated from the ending balance since no starting balance exists.

AUDITORS' REPORT REGARDING PROFORMA REPORT

To the Board of Diös Fastigheter AB (publ)
Corporate identity number: 556501-1771

We have audited the proforma report on pages 41 – 43 in Diös Fastigheter AB prospectus dated 12 April 2006.

The proforma report has been prepared solely with the purpose to disclose the effects of Diös Fastigheter AB consolidated balance sheet as per 31 December 2005 and consolidated income statement for 2005 as if all properties owned by the company on 31 December 2005 had been acquired on 1 January 2005. For further information, see page 41 the prospectus.

The Board and managing director's responsibility

The Board and managing director are responsible to prepare a proforma report in accordance with requirements of Commission Directive EC 809/2004.

Auditor's responsibility

Our responsibility is to express an opinion according to Appendix II point 7 of Commission Directive EC 809/2004. We have no obligation to make any further statements regarding the proforma report or any of its parts. We do not take any responsibility for financial information used in the summary of the proforma report other than the responsibility we have for the reports regarding historical financial information previously supplied by us.

Work performed

We conducted our audit in accordance with Proposal to RevR5. Our performance has mainly been to compare the non-adjusted financial information with historical information provided, assess the documentation for the proforma adjustments and discuss the proforma report with the corporate management. Our work performed has not included audit of the underlying financial information.

We have planned and performed our audit to obtain the information and explanations we assessed essential to obtain reasonable assurance that the proforma report has been prepared in accordance with the conditions stated on page 41.

As the proforma report describes a hypothetical situation and consequently not the company's actual results of operations or financial position, we can not express an opinion on whether the actual results and financial position would be in compliance with the proforma report. Variances might be material.

Opinion

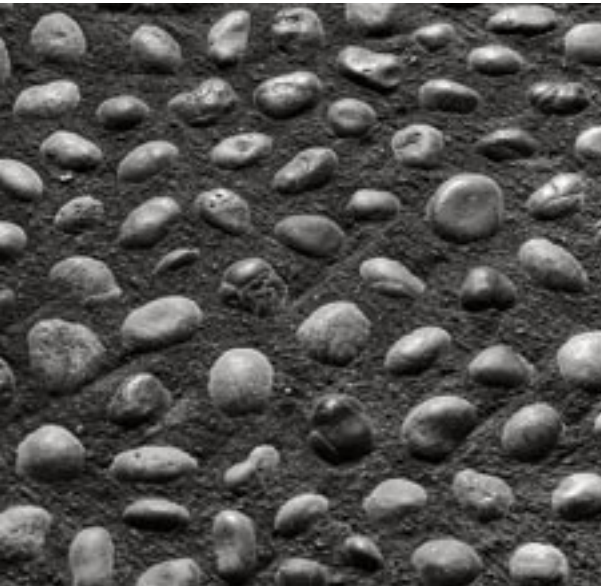
We believe that the proforma report has been prepared in accordance with the conditions stated on page 41 and the reporting principles applied by Diös Fastigheter AB.

Östersund, Sweden, 12 April 2006

Deloitte AB

Lars Helgesson
Public Authorized Accountant

Comments on the financial overview



Brynäs 12:1, Gävle

Information in brackets below are proforma for the whole year 2005 prior to effects of the New issue.

Business activities in 2005

The Diös Group was created in April 2005 with the aim of becoming one of the leading property companies in northern Sweden. Business activities in the Group started on 1 June 2005 and are concentrated to growth regions north of the Dalälven river. The property holdings the Company had on 31 December 2005 were built up through a cash acquisition from AP Fastigheter and three acquisitions in kind from Fabege, Humlegården and Klöver. These property holdings were 89 percent commercial premises and 11 percent residential.

Business activities during the year, apart from normal management and completed property deals, have consisted to a great degree of setting up Diös' head office in Östersund and manning the central administrative organisation.

Property holdings

In May 2005, 39 properties were acquired by corporate acquisition from AP Fastigheter, with a total lettable area of approx. 201,000 sq.m. in the Gävle/Dala region. The purchase price amounted to SEK 1,165 m. and access to the properties was on 1 June 2005. In June, eleven properties were acquired from Klöver, with access on 1 September 2005, one property from Humlegården, with access on 1 September 2005 and one property from Fabege, with access on 5 September 2005. These properties have a lettable area of approx. 66,000 sq.m. and the purchase price amounted to SEK 368 m.

At the end of 2005, Diös owned 52 properties with a total lettable area of approx. 267,000 sq.m. spread around eleven towns in the north of Sweden.

Of the properties' total lettable area, 50 percent was offices, 18 percent was retail premises, 10 percent was industrial and warehouse facilities, 11 percent was residential and 10 percent was other premises. The total rental value on 31 December 2005 was SEK 226 m. and the contracted rental income was SEK 202 m., equivalent to an economic occupancy rate in property holdings of 89 percent at the end of 2005.

An external valuation was carried out of the total property holdings on 31 December 2005, which gave an estimated market value of SEK 1,672 m. This equates to the book value after unrealised changes in value are taken into consideration. The residual value of the properties for tax purposes amounted to SEK 1,533 m.

Investments in existing properties during the period amounted to SEK 14 m.

Rental income

Rental income in 2005 was SEK 107 m. (211). Diös had a total of 1,549 contracts broken down into 476 rental contracts for business premises, 431 residential contracts and 642 contracts for car parks and others. The contracted rental income on 31 December 2005 amounted to SEK 202 m., of which Diös' five largest customers accounted for 37 percent. Rental contracts for these customers are of 2 to 5 years' duration.



Adils 17, Borlänge

The economic occupancy rate fell after the original acquisition on 1 June 2005 from 94 to 93 percent and after the in-kind acquisitions of September 2005. Vacant areas are mostly other premises and car parks. Geographically, the occupancy rate varied on 31 December 2005 from 79 percent within market area North to 97 percent within market area Mora.

During the year, 101 new contracts were signed with a total yearly rent of SEK 38 m. During the year, 15 contracts, with a total yearly rent of SEK 3 m., were terminated.

Of contracted rents for premises, 76 percent is subject to indexation, which with the present low inflation only means small rent changes for 2006 compared to 2005. In Mora, an agreement has been reached for raising residential rents by 1.6 percent from 1 March 2006. Otherwise, rents for residential are unchanged.

Operating profit from property management

Property expenses in 2005 were SEK 49 m. (90), of which operating and maintenance expenses were SEK 37 m. (72), property taxes SEK 4 m. (7) and property administration SEK 8 m. (10). The net operating income amounted to SEK 64 m. (126), equivalent to a surplus ratio of 60 percent (60). Since the properties have been owned by the Company for no longer than since June, the net operating income has been affected positively, mostly because heating and electricity have only affected profits during the warmer half of the year. The warm, snow less autumn and early winter has also meant lower expenses for gritting and snow clearance.

Expenses for central administration reduced operating profit by SEK 7 m. (9), of which SEK 2 m. was for start up expenses when the Group of companies took its present form.

An external valuation was carried out of the total property holdings on 31 December 2005, which gave an estimated market value of SEK 1,672 m. This meant that unrealised changes in value affected the year's operating profit positively by SEK 96 m. The major reason for value change is the market's reduced demands for returns compared to the demand for returns from the Company's original acquisitions.

Operating profit amounted to SEK 153 m. (213). No property sales were carried out in 2005.

Profit and profitability

Net interest income/expense amounted to SEK -17 m. (-30) and profit after financial items amounted to SEK 137 m. (183). Profit after tax amounted to SEK 219 m. (265), equivalent to a profit per share of SEK 18.37 (13.27). Profit after tax has been affected positively by SEK 82 m. regarding deferred tax, which is SEK 6.89 of profit per share (4.11).

The Group of companies' total deductible deficiency on 31 December 2005 was SEK 994 m., after adjustment for the year's profit. Deferred taxes of SEK 82 m. are based, according to the Board's decision, on future earning capacity from existing property holdings.

Return on equity amounted to 37.3 percent (45.2). The value of the 2005 outcome is not representative of a normal year as profit is assignable to business activities for

only a part of the financial year. Further, profit has been significantly increased by unrealised changes in value in properties and deferred tax. Key ratios have also been calculated on final equity, on 31 December 2005, instead of on average equity.

Deferred income tax recoverable

In April 2005, Diös acquired the original owner of a Group of companies consisting of dormant companies. The aim of the acquisition was to create a base for the formation of the new property company. The acquired companies' only assets at the time of acquisition was cash of approx. SEK 40 m. and unexploited deductible deficiencies which according to tax returns for 2005 taxation were approx. SEK 1,026 m.

A temporary difference arose regarding properties on 31 December 2005 amounted to SEK 139 m. It is adjudged that the unexploited deductible deficiencies which for 2006 taxation are expected to be approx. SEK 994 m. can be exploited against future tax surpluses and against temporary differences which arise in Diös. This opportunity to offset is not limited in time. It is noted that SEK 65 m. of the deductible deficiencies of SEK 994 m. is covered by the so-called group contribution blocker and cannot thus be exploited freely until tax year 2008.

The value of deferred recoverable tax will be tested at each year-end closing and if needed, a revaluation will take place. Due to a change in business activities, and after testing, Diös' Board has made the assessment that the value of deferred recoverable tax assignable to the tax deficit with deductions for deferred tax liabilities assignable to temporary differences regarding properties are to be entered in the balance sheet on 31 December 2005 to an amount of SEK 82 m.

Theoretically, the total of deferred recoverable tax on 31 December 2005 could amount to approx. SEK 239 m. (28 percent of approx. SEK 855 m.). If Diös pursues its acquisition strategy successfully, there will thus be over-value for the item deferred recoverable tax. However, this is only on condition that taxation is assessed according to what has been declared and that the ownership picture does not change in such a way that deductible deficiencies are limited.

A successful implementation of the acquisition strategy in the foreseeable future assumes that the acquisitions are financed partly through a new share issue.

Cash flow and financial position

From the establishment of the Group on 29 April 2005 until the Group actually started business activities, Group equity was SEK 44 m., of which the main part was a conditional shareholders' contribution from the previous

owners. Diös received on 31 May 2005 a further SEK 162 m. via a directed cash issue. In addition, on 1 June 2005, the Company took up a loan of SEK 947 m. to be able to complete the initial acquisition of Fastighets AB Cuprum. On 1 September 2005, a loan of a further SEK 204 m. was taken up, which, together with a non-cash issue of SEK 163 m., formed the basis for the acquisitions from Fabege, Humlegården and Klöverm.

Equity on 31 December 2005 was SEK 587 m. and the equity/asset ratio 32.1 percent.

Profits gave a liquidity contribution of SEK 42 m. After reduction of operating capital by SEK 579 m., day-to-day business activities provided a liquidity change of SEK -537 m. Investments and cash flow-affecting acquisitions totalled SEK 954 m. Operational cash flow amounted to SEK -1,490 m. Group liquid assets excluding an unexploited overdraft and after the completed new share issue, shareholders' contribution and loans, on 31 December 2005 amounted to SEK 57 m.

Overdraft facilities have been granted for SEK 50 m., of which SEK 8 m. was used on the balance day.

Interest bearing liabilities at the end of the period were SEK 1,172 m. with a mean interest rate of 2.33 percent excluding expenses for loan pledges and 2.34 percent including expenses for loan pledges. The mean interest rate is calculated as yearly interest based on current debts and current interest levels on 31 December 2005. Of the total liabilities SEK 947 m. were from a revolving credit facility, with a total amount granted of SEK 1,000 m., and SEK 225 m. of company credits. The loan average fixed interest time was on 31 December 2005 1.6 months. No derivative instruments were used during the period. The average capital tie-up period including loan pledges amounted to 1.6 months.

Assuming an issue price of SEK 32 per share and 8,333,400 shares issued, the New issue will provide Diös with an increase in equity and positive liquidity effects of SEK 255 m. after deductions for issue expenses.

Investments

In 2005, in addition to property and corporate acquisitions, investments of SEK 14 m. were made in existing properties for conversions and customer adaptations. In Falun, two major conversion projects are in progress. In the property Falan 21, SEK 9 m. was invested during the year of the total budgeted SEK 21 m. In the property Kansliet 20 SEK 5 m. was invested during the year of the total budgeted SEK 9 m. Both projects are estimated to be completed during 2006.

The parent company

Business activities in the parent company, owning and running subsidiaries are all carried out by shared group functions. Turnover during the year amounted to SEK 20 m. and profit after tax to SEK –7 m. The Company's liquid assets on 31 December 2005 were SEK 0. Of overdraft facilities granted, SEK 8 m. was used on the balance day. The Company's interest bearing liabilities amounted to SEK 947 m., at an average interest of 2.57 percent. This applies to the finance for the original the acquisition from AP Fastigheter. The Annual General Meeting decided that the amount of SEK 36,624 k. available to the parent company is to be carried forward.

Reporting in accordance with IFRS 2005

Diös draws up its consolidated reports according to IFRS (International Financial Reporting Standards). IFRS is a common set of regulations all listed companies within EU are to follow from 2005.

For Diös, IFRS affects mostly valuation and reporting of properties, income tax, company acquisitions and financial instruments. Investment properties are reported according to IAS 40 at their actual values in the balance sheet with unrealised changes in value in the profit and loss statement. This means that no depreciation and write-downs are applied to properties and that profits from property sales are replaced by realised changes in value (the difference between sales price and the latest valuation). Taxes are reported according to IAS 12, Income tax. Total tax is tax for current years and deferred tax. From 2005, IAS 39 is also be applied which means that any financial instrument is to be valued at actual values in the balance sheet and that changes in value will affect profit.

On the whole, it can be said that reported values of Diös property holdings on 31 December 2005 amounted to the market value according to an external property valuation at year-end. The change of value since acquisition is reported in the profit and loss statement as unrealised value change.

Tax reported is deferred recoverable tax in full assignable to deductible deficiencies. Recoverable tax is reported as a financial fixed asset in the balance sheet and as tax income in the profit and loss statement.

Acquisitions of subsidiaries have been reported according to IFRS 3, Acquisition method.

No financial instruments were made use of in 2005.

Finance policy

Diös finance and management of financial risks is carried out according to the finance policy decided by the Board. Financial business activities are centralized to the parent company. The finance policy includes mandates and limits for management of financial the risks defined in the policy and the overall division of responsibility.

The aims of the finance policy are:

- to maintain a capital structure with a long-term equity/asset ratio of at least 25 percent and an interest coverage ratio of at least 1.8 multiple,
- to minimize interest and credit risks, and
- to secure liquidity and long-term finance needs.

Events after the end of the financial year

Diös has sold the properties Näringen 21:2 and Näringen 21:3 in Gävle with access for the buyer on 1 February 2006. The sale price was SEK 4.5 m. which equates to book values so that there is no effect on profit. The Group management group has been supplemented by Margaretha Bygdeståhl, head of marketing and information.

In March 2006, Diös signed a new four-year finance agreement for a revolving credit facility of SEK 2,225 m. and overdraft facilities of SEK 25 m. See *Legal issues and other information*.

Prospects for 2006

Diös is well equipped to continue expansion on the Company's priority markets. Growth conditions are good since there is a lot of activity in the property sector in the regions Diös prioritizes. Acquisitions regarding both property holdings and property companies are discussed all the time and the Company is counting on several cash and in kind acquisitions during the year.

Operative efforts will be mainly focused upon increased rentals and activities that further strengthen our ties with tenants.

Low inflation means that rents for 2006 regarding existing agreements will increase marginally, at the same time as the low inflation can affect operating expenses positively through smaller increases. On 1 January 2006, the Company signed an agreement with Telge Energy for group electricity supply. This is expected to lead to simplified administration and lower expenses for the Group.

Expenses for central administration and marketing are expected to increase in 2006 due to a slightly larger management group, expenses assignable to the listing and the diversified shareholder base and increased market activities.

The conditions are on the whole favourable for positive and value-creating developments for Diös.

Dividend

For financial year 2005, the Annual General Meeting of 4 April 2006 decided that no dividend would be paid.

EQUITY AND DEBT/EQUITY RATIO

Group equity at the end of 2005 was SEK 587 m., of which SEK 40 m. was share capital, SEK 328 m. additional capital and SEK 219 m. balanced profit.

Long-term liabilities at the end of 2005 were SEK 1,172 m. and short-term liabilities SEK 71 m. As security for SEK 947 m. of the long-term credits, two internal promissory notes and all shares in Diös Fastigheter VIII AB and in Diös Fastigheter I AB were mortgaged. For the remaining long-term liabilities of SEK 225 m. security was provided by mortgaging properties in Diös V AB of SEK 256 m. and by an unlimited general guarantee from parent company Diös Fastigheter AB.

No significant changes have occurred in the Company's equity and/or debt since the end of 2005.

OPERATING CAPITAL

Diös considers that operating capital is sufficient for the needs the Company perceives for the next twelve-month period.

SENSITIVITY ANALYSIS

The table below shows the theoretical profit effect before tax upon Diös' yearly earning capacity after financial items, after changes in the most important variables.

Factor	Change	Profit effect, SEK m.
Rental income	+/- 1%	+/- 2.1
Economic occupancy rate	+/- 1%-unit	+/- 2.3
Interest level for interest bearing liabilities	+/- 1%-unit	-/+ 11.7
Property expenses	+/- 1%	-/+ 0.9
Value change investment properties	+/- 1%	+/- 16.7

Shares, share capital and ownership

SHARES AND SHARE CAPITAL

Share capital in Diös prior to the New issue was SEK 39,936,630 distributed over 19,968,315 shares, each with a par value of SEK 2. Share capital is in SEK. All shares give equal rights to share in Diös' assets, profit and any surplus upon liquidation. Each share has one vote.

If fully subscribed, the Offer will increase share capital by SEK 16,666,800 from SEK 39,936,630 to SEK 56,603,430 through new share issue of 8,333,400 shares, which will be 29.4 percent of the total number of shares after the New issue.

The shares issued in the New issue are of the same type and with the same rights as Diös' existing shares. The new shares are in accordance with Swedish law and, regulated by the Companies Act (2005:551).

Diös' shares are registered according to the law (1998:1479) governing account keeping of financial instruments. VPC AB, Box 7822, 103 97 Stockholm manages this register and share accounts. Diös shares ISIN-code is SE0001634262.

Dividends are decided by the Annual General Meeting. Rights to dividends go to the person registered in the share register on the record day and noted in the in record register. The record day for dividends and the day dividends are to be paid out is decided by the Annual General Meeting or by the Board after authorization from the Annual General Meeting. Dividends are normally paid out as a cash amount per share but can also be paid out in other forms. Payment of cash dividends is carried out through VPC. After a limitation period of ten years, they revert to the Company. There are no restrictions on dividends or special procedures for shareholders outside Sweden. For shareholders who are not resident for tax purposes in Sweden, normal Swedish withholding tax is payable, see further the section Tax issues.

Shareholders have preference in subscribing for new shares in relation to the number of shares they own, as long as the Annual General Meeting, or the Board after the Annual General Meeting's authorization, do not decide on a non-cash issue or new share issue without shareholders preference or if this follows from conditions notified at a previous issue of subscription options or convertibles.

The Diös Articles of Association state that share capital is to be a minimum of SEK 39,000,000 and a maximum of SEK 156,000,000.

Shares are not subject to offers made due to bidding obligations, redemption rights or obligations. There have been no public offers in the current or previous financial years.

AUTHORIZATION

At the Diös Annual General Meeting of 4 April 2006, the following authorization was granted to the Board to decide upon new share issues:

1. Authorization for the Board to decide upon a new share issue, in fulfilment of the Offer, of a maximum of 8,333,400 shares, meaning that share capital can be raised by a maximum of SEK 16,666,800, against cash payment with no shareholders' preference and otherwise according to the conditions stated in this prospectus.
2. Authorization for the Board to, by the next Annual General Meeting, on one or more occasions, decide upon a new share issue of a maximum of 6,000,000 shares, meaning that share capital can be raised by a maximum of SEK 12,000,000. Subscription for the new shares may be with or without shareholders' preference. Payment for the new shares is to be through non-cash means, offsetting or cash payment.

These authorizations have been registered with Bolagsverket (The Swedish Companies Registration Office).

The Diös Board has not received any authorization to decide upon new share issues or issues of convertibles or subscription options other than stated above.

SHARE CAPITAL DEVELOPMENT

On 1 January 2005, Diös had 10,000 shares outstanding. In 2005, Diös carried out a split of the Company's shares, where each existing share was split into 100 new shares. The Company also carried out a new share issue with cash payment, where 1,489,903 shares were issued, and a non-cash issue, where 1,503,760 shares were issued. Of the shares which were issued in 2005, 50.2 percent were paid for by other assets than liquid assets.

At the extraordinary Annual General Meeting of 15 November 2005, a fund issue was decided in which SEK 39,537,263.70 was transferred from the premium fund to share capital, and the Company's shares were split, each existing share being split into five new shares.

On 31 December 2005, Diös share capital was SEK 39,936,630.00, divided up into 19,968,315 issued, fully paid shares, each with a nominal value of SEK 2.00. Diös' Articles of Association on 31 December 2005, included a maximum limit for share capital of SEK 156,000,000, equivalent to a maximum number of shares of 78,000,000.

SHARE CAPITAL DEVELOPMENT

Year	Event	Increase in no. of shares	Increase in share capital, SEK	Total no. of shares	Total capital, SEK	Par value ¹ , SEK
2005	Year beginning	–	–	10,000	100,000.00	10.00
2005	Split	990,000	0.00	1,000,000	100,000.00	0.10
2005	New share issue	1,489,903	148,990.30	2,489,903	248,990.30	0.10
2005	Non-cash issue	1,503,760	150,376.00	3,993,663	399,366.30	0.10
2005	Fund issue	0	39,537,263.70	3,993,663	39,936,630.00	10.00
2005	Split	15,974,652	0.00	19,968,315	39,936 630.00	2.00
2006	The new issue	8,333,400	16,666,800.00	28,301,715	56,603,430.00	2.00

¹ For 2005 the nominal values per share are given.

OWNERSHIP

The table below contains information regarding ownership of Diös. In addition to the actual ownership prior to the Offer, there is also a proforma adjustment for changes resulting from this, on condition that the Offer is fully subscribed without invoking the guarantee. For further information about owners' obligations, see *Terms and Conditions* and *Legal issues and other information*.

Shareholders	Number of shares		Share of capital and votes, %	
	prior to the Offer	after the Offer	prior to the Offer	after the Offer
Humlegården Holding III AB	5,302,510	5,302,510	26.6	18.7
Lantbrukarnas Ekonomi-Aktiebolag	4,610,940	4,610,940	23.1	16.3
Brinova Inter AB	3,688,720	3,688,720	18.5	13.0
Fonden Fokus through Catella Kapitalförvaltning AB	2,305,470	2,305,470	11.5	8.1
Klövern AB	2,158,700	2,158,700	10.8	7.6
Fabege AB	979,800	979,800	4.9	3.5
Frösundaviksparken AB	461,085	461,085	2.3	1.6
Gustaf Hermelin / Skandinavisk Fastighets- utveckling AB	230,545	230,545	1.2	0.8
Christer Sundin / SUBO Konsult AB	230,545	230,545	1.2	0.8
New shareholders	–	8,333,400	–	29.4
Total	19,968,315	28,301,715	100.0	100.0

ADDRESSES OF SHAREHOLDERS

Humlegården Holding III AB
c/o Humlegården Fastigheter AB
P.O.Box 5182
SE-102 44 STOCKHOLM
Sweden

Lantbrukarnas Ekonomi-Aktiebolag
SE-105 33 STOCKHOLM
Sweden

Brinova Inter AB
Verkstadsgatan 13
SE-252 27 HELSINGBORG
Sweden

Fonden Fokus genom
Catella Kapitalförvaltning AB
P.O.Box 7328
SE-103 90 STOCKHOLM
Sweden

Klövern AB
P.O.Box 1024
SE-611 29 NYKÖPING
Sweden

Fabege AB
P.O.Box 888
SE-131 25 NACKA
Sweden

Frösundaviksparken AB
P.O.Box 1144
SE-262 22 ÄNGELHOLM
Sweden

Gustaf Hermelin /
Skandinavisk Fastighetsutveckling AB
Vedeby Gård
SE-640 20 BJÖRKVIK
Sweden

Christer Sundin / SUBO Konsult AB
Långbackavägen 98
SE-804 28 GÄVLE
Sweden

Board of directors, leading management and auditors

Diös' Board currently consists of five ordinary members and no deputies. Board membership for all directors is until the end of the next Annual General Meeting. The Board's address is Box 188, 831 22 Östersund, Sweden. Telephone +46 770-33 22 00.

The Company's managing director is to attend board meetings but is not part of the Board. The Company's auditor is to be invited to participate in the board meeting where the annual report is taken up and is to always participate in the board meetings where decisions are made regarding the interim report for the first half of each year-end closing. In addition to the constituting meeting, the Board is to meet at least six times per year.

According to the Companies Act, the Board is responsible for the Company's organisation and administration of the Company's business. This means that the Board is to continually assess the Company's economic situation and see to it that the Company's economic circumstances are managed in an adequate manner. The Board is to also appoint the managing director and make sure that the managing director fulfils his/her obligations. The Board of Diös has established an agenda for its work and instructions for the managing director setting out the obligations and division of work between the Board and managing director. These instructions for the managing director include limits regarding which agreements the managing director can be party to.



Lars Holmgren

LRF, Klara Östra Kyrkogata 12, SE-105 33 Stockholm, Sweden.

Born 1952. Chemical economist.

Chairman since April 2005.

Shareholding in Diös: -

Holds several positions within LRF, including economy and finance director and managing director of Lantbrukarnas Ekonomi-Aktiebolag.

Chairman of LRF Holding AB, LRF Försäkring Livförsäkringsaktiebolag, LRF Försäkring Skadeförsäkringsaktiebolag, LRF Samköp AB, Lantbrukets Avbyttjänst AB, Fastighetsaktiebolaget Hällen, SwedeAgri Invest AB, LRF Fastigheter AB, LRF Media AB, LRF Konsult AB,

Swedish Markservice AB, Swedish Sigill AB and Sänga-Säby Kurs & Konferens AB. Board member in Klöver AB, SwedeAgri Treasury Consulting AB, UNIVERO AB, Kronfågel Holding AB and

Lantbrukarnas Ekonomi-Aktiebolag.

Previous chairman of LRF Revision AB, Skapa matglädje AB, Greenbiz AB, Trancilo AB, FORA Fastighetsutveckling AB and LRF Leasing AB. Previous board member of Bostadsinvest i Haninge AB, Saturn Nordic Holding AB and Agroetanol Sweden AB.



Gustaf Hermelin

Klövern AB, Nyköping Strand, SE-611 29 Nyköping, Sweden.

Born 1956. Economic studies at Stockholm School of Economics.

Board member since May 2005.

Shareholding in Diös: 230,545 shares via company.

Chairman of Klöver AB, Klöver Elly AB, Klöver Ethel AB, Klöver Örebro AB, Klöver Elba AB, Klöver Elin AB, Klöver Elsa AB, Klöver Tullholmsviken AB, Klöver Emma AB, Klöver Strand AB, Klöver Barkenlund AB, Klöver Evelina AB, Klöver Adam AB, Klöver Bobby AB, Klöver Charbel AB, Klöver Dante AB, Klöver Efraim AB, Klöver Ström AB, Klöver A AB, Klöver Komp A AB, Klöver Dagny AB, Klöver Frippe AB, Klöver Gerhard AB, Klöver Helmut AB, Klöver Ingmar AB, Klöver Jonathan AB, Klöver Komp Adam AB, Klöver Ringborren AB, Klöver Ester AB, Klöver Komp Ström AB, Klöver Komp Bobby AB. Board member of and managing director of Klöver AB and Skandinavisk Fastighetsutveckling AB and board member of Vedeby Jord and Maskin AB and Wijkström Timber AB. Shareholder in Klöver AB, Vedeby Jord and Maskin AB and Skandinavisk Fastighetsutveckling AB.

Previous Chairman of Lööveverken AB and Global Exchange Network Sweden AB. Previous board member of Marmorbruks AB, Swedish Meats Support AB, ProNova Science Park AB and Frontosa Group AB. Previous managing director of Klöver Strand AB and Klöver Ström AB. Previous shareholder in Marmorbruks AB, Strand Fastigheter AB, Ström Fastigheter AB, Fyra Tänkare AB, Frontosa Dynamic Partner AB, United Spaces AB and limited partner in Guldkantarellen KB.



Lars-Ove Håkansson

Strandvägen 23, SE-182 60 Djursholm, Sweden
Born 1937. Graduate engineer, CTH and Senior Management Program, Harvard.
Board member since November 2005.
Shareholding in Diös: –

Managing director of Skanska AB for seven years and board member of several listed Swedish companies in the last 20 years.

Chairman of Zeonda AB, Brinova Fastigheter AB, Brinova Inter AB, Tenant & Partner AB, Pegasus Lab AB, Byggelit AB, Infocandy Group Ltd and vice chairman of Rambøllgruppen A/S. Board member of SSRS Property AB, Malmöhus Invest AB, ProstaLund AB, Byggelit Holding AB, Laxå Pellets AB and managing director of Vasaholmen AB and Vasaholmen 1 AB. Shareholder in Malmöhus Invest AB, Vasaholmen 1 AB, Zeonda AB and Infocandy Group Ltd.

Previous Chairman of Ramböll AB, KONE AB, Pegasus Lab Norden AB, Hyrenta Capital AB, Fastighets AB Skånehus and Bedminster AB. Previous board member of Byggelit AB, Tebargo Fastigheter AB, Synerco AB, Bedminster Sweden AB, Rondeco BBC AB, Avigators AB and Open Learning House AB. Previous shareholder in Scandiaconsult AB and Pegasus Lab AB.



Thorsten Åsbjer

Humlegården Fastigheter AB, Birger Jarlsgatan 25, SE-102 44 Stockholm, Sweden.
Born 1948. Architect.
Board member since April 2005.
Shareholding in Diös: –

Chairman of Humlegården Aqua AB. Board member of Blasieholmen 24 AB, Humlegården Nybroviken AB, Aktiebolaget Ericson & Lindell, Humlegården City AB, Humlegården Stureplan AB, Humlegården Stockholm AB, Humlegården Old Stan AB, Erlandsson International AB, Humlegården Kungsholmen AB, Humlegården Stadshagen AB, Kista Galleria AB, Humlegården Treasury AB (publ), Humlegården Kungsbroplan AB, Länsförsäkringar Komplement AB, Property AB Solna Pyramiden 4, Fastighets AB Solna Ugnator, Fastighetsaktiebolaget Lidingö Offices, Humlegården Ronden AB, Fastighets AB SH 9, Humlegården Norrmalm AB, Humlegården Lästis AB, Humlegården

Riddaren 17/18 AB, Humlegården Käkenhusen AB, Humlegården Tegbacken AB, Fastighets AB Stockholm Islandator. Vice managing director of Humlegården Slottsbacken AB, Humlegården Fastigheter AB and Humlegården Stureplan AB. Previous Chairman of Fastighetsaktiebolaget Plommonträdet, Fastighetsförvaltning Dragarbrunn AB and LF Komplement Fastighetsförvaltning AB. Previous board member of Humlegården Uddevalla AB, Humlegården Villan AB, Humlegården Slottsbacken AB, Fastighetsaktiebolaget Trasten, Humlegården Arkivet NR.2 AB, Kontorsförvaltningsgruppen KFG AB, Humlegården Arkivet Nr. 1 AB and Humlegårdens Intressenter AB. Previous board member of and vice managing director of Humlegården International AB and previous managing director of Humlegården Slottsbacken AB.



Anna-Stina Nordmark-Nilsson

Jakobs väg 16, SE-941 64 Piteå, Sweden.
Born 1956. Economist and business administrator.
Board member since November 2005.
Shareholding in Diös: –

Deputy director of Stockholms County Council. Chairman of Centrum för biovetenskap Novum, Karolinska Institutet. Board member of Västerbottens-Kuriren AB, Setra Group AB and Svenska Kraftnät.

Previous Chairman of Södersjukhuset AB, Huddinge Universitetssjukhus AB and Almi Företagspartner Norrbotten AB. Previous board member of Feelgood Svenska Aktiebolag (publ), FöreningsSparbanken AB, AssiDomän AB, Landstingens Ömsesidiga Försäkringsbolag, Norrbottens Turistråd, Umeå Universitet, Stiftelsen Norrlandsfonden and Mitthögskolan. Previous Director of

Roads, Northern Region, Vägverket, director of Norrbottens County Council, managing director of Piteå-Tidningen AB and authorized auditor.



Christer Sundin



Rolf Larsson



Margaretha Bygdeståhl



Bo Bengtsson

LEADING MANAGEMENT

Christer Sundin

Diös Fastigheter AB, Box 188, 831 22 Östersund, Sweden.
Born 1949. Economist and business administrator.
Managing director since June 2005.
Shareholding in Diös: 184,435 directly owned shares and 46,110 shares via company.

Has held various positions in several property companies, including managing director of Hallström and Nisses Fastighets AB and seconded head of finance for KnowIt and Korsnäs.

Board member of REPALLET AB, Åre Station AB and board member of and managing director of SUBO Konsult AB and Åre Centrum AB. Unlimited partner and partner in Tjänstutveckling Gavlekonsult HB and Proca HB. Shareholder in SUBO Konsult AB.

Previous board member of Plinius Fastighets Aktiebolaget in Solna, Fastighetsaktiebolaget Ateneum i Gävle, Oskarsborg Umeå AB, Målerihus i Piteå AB, Fastighets AB Sofiedal, Yllemattan Fastighets AB, Fastighets AB Smultronstigen 2 i Boden, Fastighetsaktiebolaget Genzano i Söderhamn AB, Fastighets AB Renslyckan 1 i Bollnäs, Finsta Centrum Aktiebolag, Norrvidden Norrland AB, Fastighetsaktiebolaget Backa Center, Zamia Fastighets Aktiebolag, Förvaltnings AB Kusten, Fastighetsaktiebolaget Västhagen AB, Fastighets AB Skjutmåttet 9 i Skellefteå, Projektaktiebolaget Läkaren 1, Westhagen Utbildning AB, Bipium AB, Fastighets AB Produkthuset i Åre, Sköle Fastigheter AB, Aktiebolaget Sundsvalls Fryseri, Fastighets AB Thoméegränd 20 i Östersund, Fastighets AB Tåktvägen 4 i Umeå, Fastighets AB Bygdsiljum, Fastighets AB Lövbergavägen 20 i Strömsund, Norrlandskusten holding AB, Norrvidden Norrlandskusten AB, Hallström & Nisses Norrland AB and Hallström & Nisses Invest AB. Previous managing director of TREB Properties Holding AB and Norrvidden Norrlandskusten AB

Rolf Larsson

Diös Fastigheter AB, Box 188, SE-831 22 Östersund, Sweden.
Born 1964. Economist and business administrator and Executive MBA.
Head of Finance since October 2005.
Shareholding in Diös: –

Various management positions since 1995, member of management groups since 1997 and reporting to boards of directors since 1997.

Board member Grand Nordic AB.

Previous managing director of Inlandsbanan AB and administrative chief of Haninge Bostäder AB.

Margaretha Bygdeståhl

Diös Fastigheter AB, Box 188, SE-831 22 Östersund, Sweden.
Born 1953. Market economist.
Head of Marketing and Information since January 2006
Shareholding in Diös: –

Member of management groups for the last 20 years

Board member and shareholder in EMKÅ AB.

Previous Marketing and Sales Manager for Casino Cosmopol AB in Sundsvall, market/information SPP Fastigheter in Sundsvall, teacher of market economist diploma courses, Sundsvall and store manager for IKEA.

Bo Bengtsson

Diös Fastigheter AB, Thulegatan 16 B, SE-851 05 Sundsvall, Sweden.
Born 1948. Studies at the Royal Institute of Technology. Real estate agent and construction engineer.
Head of Projects and Acquisitions since September 2005.
Shareholding in Diös: –

Since 1976 has been a member of Postfastigheters management group with responsibility for investments in Sweden and was Nord unit manager at Klöver

Unlimited partner in Nasaf Konsult Handelsbolag.

Previous chairman of Kovland Utveckling AB.

In the summary above, the assignments, shareholdings and partnerships of board members or leading management which ended before 1 January 2001 have not been included. Neither have partnerships without any real influence been included for these persons.

AUDITORS

Registered auditing company Deloitte AB, 113 79 Stockholm, Sweden, with authorized auditor Lars Helgesson, born 1960, auditor with main responsibility, have been Diös' auditors since 30 May 2005. The mandate period for auditors is until the end of the Annual General Meeting in 2009. For the period up to 30 May 2005, Diös' auditors were registered auditing company Ernst and Young AB, Jakobsbergsgatan 24, Box 7850, 103 99 Stockholm, Sweden, with authorized auditor Jonas Svensson, born 1968, as auditor with main responsibility. The change of auditors was due to the change of ownership (transfer of all shares in Diös) in April 2005.

Lars Helgesson and Jonas Svensson are members of FAR (the Swedish Institute of Authorized Public Accountants).

COMMITTEES

The Diös Board has discussed the matter of Board remuneration and auditing committees. Considering the Company's and the Board's size, the Diös Board decided that these issues ought to be prepared and decided by the entire Board.

The Annual General Meeting of 4 April 2006 decided that Diös is to have an elections committee whose duty is to make proposals to be decided at the Annual General Meeting, including the election of and fees paid to Board members and auditors. The elections committee is to be elected annually and consist of the Board's chairman, and a representative from each of the four largest shareholders in Diös. The Board's chairman is to be the convener. The elections committee itself elects a chairman who is not to be a member of the Board. The managing director or other leading management may not to be a member of the elections committee.

SWEDISH CODE FOR CORPORATE GOVERNANCE

Companies on the Stockholm Stock Exchange A-list and companies on the O-list which have a market value which exceeds SEK three billion are to apply the Swedish Code for Corporate Governance ("the Code"). It is thus not compulsory for Diös to apply the Code. Diös Board will remain informed of the praxis developed regarding the Code and intends to apply the parts of the Code which the Board assesses to be relevant and reasonable for Diös and its shareholders.

RECORDS

After investigation, it has been established that, with the exceptions below, no member of the Board, the managing director or other leading management listed above has in the last five years:

- been convicted in fraud cases,
- been a representative of a company declared bankrupt, put into liquidation (because of insolvency) or subject to company reconstruction,
- been subject to accusations or sanctions by authorities or organisations representing certain professional groups which are regulated by public law, or
- prohibited from trading.

In addition, it has been established that there are no conflicts between the private interests of Board members, the managing director or other leading management and their duties towards the Company. Neither are there any family connections between these persons. None of these persons has reached any agreements with major shareholders, customers, suppliers or other parties, which led to the person in question being given their position. None of the persons has committed themselves to sell securities in the Company within a certain time.

Board member Lars-Ove Håkansson was a board deputy for Gordic AB which suffered bankruptcy in October 2001. The bankruptcy was completed on 13 January 2005 without qualifications.

REMUNERATION AND BENEFITS

Board

In 2005, no fees or expenses were paid to the Board.

At the Annual General Meeting of 4 April 2006, it was decided that Board fees to members for the current mandate period are to be SEK 550 k., of which SEK 150 k. to the Board's chairman. In addition to this, Board members are to receive expenses.

There is no agreement between Diös Board members and Diös, or any of Diös' subsidiaries, according to which the Board chairman or other Board members are to receive any benefits after their period in office is completed.

Managing director

Christer Sundin became managing director in June 2005 and has in 2005 received a basic salary of SEK 704 k. SEK 170 k. in pension provisions and a SEK 26 k. fuel benefit.

According to the current agreement, Sundin has an annual salary of SEK 1,440 k.

The managing director has the right to a company car. While employed by the Company the managing director has the right to insurance and pension benefits according to the current ITP-plan. Opportunities for individual placement which are provided may be exploited. Only cash salary forms the basis of insurance and pension premiums. The pensionable age of the managing director is 65 years. Between the Company and managing director, a six-month mutual period of notice applies. During the period of notice, the managing director has the right to salary and benefits in accordance with the current agreement. If the Company gives the managing director notice, and this has not been caused by the managing director neglecting his duties according to law, current employment agreement or the Board's instructions, a severance payment of 18 times his current monthly salary is payable after the period of notice. The severance payment is not pension entitled. Remuneration during the period of notice and the severance payment are settled against income from other employers.

Other leading management

Other leading management comprised two persons in 2005, Rolf Larsson and Bo Bengtsson. These two persons in 2005 each received a basic salary of SEK 361 k. pension provisions of SEK 39 k. and other remuneration of SEK 9 k.

In January 2006, Margaretha Bygdeståhl joined the Group of leading management. According to current agreements, leading management has annual salaries totalling SEK 1,968 k.

Leading management has the right to a company car. While employed by the Company, they have the right to insurance and pensions premiums according to the current ITP-plan. Opportunities for individual placement which are provided may be exploited. Only cash salary forms the basis of insurance and pension premiums. The pensionable age of senior management is 65 years. The period of notice from the Company's side is 6–12 months and from the employees' side six months.

Legal issues and other information

IMPORTANT AGREEMENTS

Employment agreements

Diös uses standard employment agreements. All employment agreements are based upon the Swedish Employment Protection Act (1982:20) and Swedish labour legislation.

Rental agreements

Business rental agreements have varying durations. The period of notice varies but is never normally less than nine months. The period of notice for residential rental agreements is normally three months. For several rental agreements, the conditions are those contained in the Swedish Property Federation standard agreement.

Credit agreements

In March 2006, Diös signed a new four-year finance agreement for a revolving credit facility of SEK 2,225 m. and overdraft facilities of SEK 25 m. Diös has the right to cancel the agreement at any time without incurring any costs other than possible interest difference compensation.

The loan agreement includes the usual mortgages on Diös properties, chattels shares and shares in group companies.

The loan agreement also has the usual financial and other undertakings for such a credit facility, including the following:

- Interest coverage rate undertaking: This may at no time drop below 1.6. Loan to value undertaking: This may at no time exceed 80 percent of the properties' assessed market value based on the latest property valuation.
- Undertaking to pay all Diös rental income to of the account specified by, and
- Undertaking to not provide security or issue interest-bearing instruments without the lender's written consent (negative clause).

Transfer agreement

Diös was founded by the acquisition of dormant companies. The conditions for the acquisition included a full guarantee for Diös against liability for all events and circumstances regarding the companies prior to the acquisition.

Other important agreements

Apart from those reported in this section, Diös is not dependent upon any other agreement important to the Company's business activities or profitability.

LAND REGISTRATION

Four of the properties acquired in 2005 (Falun Falan 21, Gävle Norr 31:8, Mora Stranden 17:5 and Mora Stranden 18:3) go to companies within the Group through property regulation. These companies are the legal owners of these properties. The Company adjudges that property regulation will be completed in the near future.

AGREEMENTS WITH CLOSELY RELATED ORGANISATIONS

There is a rental agreement for Diös property Falun Björken 8 between Diös and companies which are part of LRF Ekonomi-Aktiebolag, which is major shareholder in Diös. Rental terms are at market levels.

A total of thirteen Diös properties (Falun Falan 20, Falun Falan 21, Falun Hattmakaren 16, Gävle Brynäs 12:1, Sandviken Säterjätan 3, Sundsvall Borgmästaren 10, Härnösand Tullen 10, Östersund Snäckan 25, Umeå Stigbygel 2, Lycksele Stadshuset 7, Luleå Råttan 18, Luleå Djuret 3 and Luleå Vattenormen 8) were acquired from Company shareholders Klöver, Humlegården and Fabege, or closely related organisations to these. All acquisitions were carried out on market terms.

The owners of Diös insurers, Sveland Försäkringar, include Fabege, a shareholder in Diös. Insurance policies are according to market terms.

Catella Corporate Finance has acted as advisor during the setting up of Diös. Through Catella Kapitalförvaltning AB, Fonden Fokus previously had a board representative on the Diös board.

Disqualified board members have not taken part in discussions or decisions in question.

In 2005, Diös paid SEK 307 k. to SUBO Konsult AB, wholly owned by Christer Sundin. The costs were fees and remuneration for the period up to May 2005 for work connected with the Group start up. From June 2005, Christer Sundin has been employed as managing director of the Company.

Otherwise, Diös or companies in the Diös Group have no agreements or other relationship with associated or closely related companies. No board member, leading official or auditor in Diös or in the Diös Group themselves or via companies or close relative has had any direct participation in Diös business transactions of any unusual nature or on any unusual terms. Diös has not given loans, guarantees or sureties for the benefit of any board member, leading official or auditor in Diös or in the Diös Group.

INSURANCE

Diös has the usual corporate and property insurance. According to the Board, Diös has insurance cover adequate to the Company's business activities and size.

DISPUTES

Diös is not and has not during the last year been a party in any legal or arbitration proceedings which have had any recent effects on the Company's financial position or profitability. Neither does the Diös Board does know of any circumstances which could lead to any such legal or arbitration proceedings.

INCENTIVE SCHEME

There are no incentive or option schemes within the Company.

ACQUISITION VALUE

The issue price of the offer to the public can be a maximum of 57 percent higher than the acquisition value per share which Gustaf Hermelin, via Skandinavisk Propertyutveckling AB, and Christer Sundin, himself and via SUBO Konsult AB, has for their respective holdings of shares in Diös. Gustaf Hermelin and Christer Sundin have acquired their respective holdings on the same conditions as the Company's other shareholders prior to the Offer.

AGREEMENT ON PLACEMENT OF SHARES

There will be an agreement, around 15 May 2006, between Diös and Swedbank Markets on placement of shares. Swedbank Markets undertake that to the best of their ability direct subscribers to the shares Diös will be issuing in the Offer. The shares issued will be allocated to subscribers following decisions by the Diös Board in consultation with Swedbank Markets. Swedbank Markets' undertaking according to the agreement includes neither the right or obligation to acquire or pay for shares for themselves. Neither is there any guarantee from Swedbank Markets that the shares will be subscribed or that full payment for the shares will be made by the stated subscribers anvisade tecknare. According to the terms of the agreement, there are certain limits upon Swedbank Markets' liabilities.

LOCK-UP

Humlegården Holding III AB, Lantbrukarnas Ekonomi-Aktiebolag, Brinova Inter AB and Christer Sundin, himself and via SUBO Konsult AB, together representing 69.3 percent of the total number of shares in Diös prior to the new issue, have undertaken to Swedbank Markets not to sell shares in Diös without written consent from Swedbank Markets, up to 31 december 2006. Such consent may not reasonably be denied. In addition, these shareholders undertake on the same conditions not to propose or vote for the issue of shares, options or convertibles in Diös, unless such securities are to be used as payment for company acquisitions.

SHAREHOLDERS' AGREEMENT

Between the original owners there is a consortium agreement. This ceases to be valid automatically ten bank days before the first day for listing. Apart from this, there are no shareholder agreements between shareholders in Diös, as far as the Board knows.

INTANGIBLE RIGHTS

Diös is the registered owner to the Diös trademark (both logo and word), and registered holder of the domain www.dios.se.

OTHER COMPANY INFORMATION

Diös Fastigheter AB's organisation number is 556501-1771. The Company was registered at The Swedish Companies Registration Office (Bolagsverket) on 7 December 1994. The Company has carried out business activities under its current name since 1 June 2005. The Company is associated with VPC. The Company's legal form is regulated by the Companies Act (2005:551). Shareholder rights may only be changed in accordance with these regulations.

DOCUMENTATION AVAILABLE FOR INSPECTION

Diös' Articles of Association and all reports, correspondence and other documentation, past financial information, valuations or explanations issued at Diös' request and past financial information for the Diös Group are available in electronic form and on request in paper form from Diös during the period of validity of this prospectus. Information about Diös is also available at the Company's website www.dios.se.

EXPERT STATEMENTS (VALUATION REPORT)

A certificate of property valuation has been drawn up by Ernst & Young Real Estate, Jakobsbergsgatan 24, P.O. Box 7850, SE-103 99 Stockholm, Sweden and Savills Sweden AB, Sergels Torg 12, SE-111 57 Stockholm, Sweden in connection with the Diös new share issue and stock exchange listing in 2006. Ernst & Young Real Estate and Savills Sweden AB, who have agreed that the property valuation has been included in the prospectus in the form and context in which it is included, have no significant interests in Diös.

REPORTING DUTY AND VOTE VALUE

Apart from members with insight into Diös' administration, management and control, there are no major shareholders, as far as Diös knows, whose shareholding is subject to reporting duty according to the listing agreement with the Stockholm Stock Exchange or applicable Swedish legislation. None of Diös' major shareholders has shares with different voting values.

ADVISORS

In connection with the Offer, Catella Corporate Finance are acting as financial advisors, Swedbank Markets as financial advisors and issuing institution and Glimstedt as legal advisor.

Memorandum and Articles of Association

*For Diös Fastigheter AB (publ), 556501-1771
Adopted at the annual general meeting of 4 April 2006.*

§ 1 COMPANY

The company name is Diös Fastigheter AB. The company is a public company.

§ 2 REGISTERED OFFICE AND SITE OF GENERAL MEETING

The board has its registered office in Östersund municipality.

General meetings shall be held in Östersund or Stockholm.

§ 3 ACTIVITIES

The company's objects are, directly or indirectly through the subsidiary, to own, administrate, renovate and develop real estate and pursue activities compatible therewith.

§ 4 SHARE CAPITAL AND NUMBER OF SHARES

Share capital shall be minimum SEK 39,000,000 and maximum SEK 156,000,000.

The number of shares shall be minimum 19,500,000 and maximum 78,000,000.

§ 5 BOARD OF DIRECTORS AND AUDITORS

The board of directors shall consist of at least three and no more than ten members, with a maximum of ten deputy members.

The company shall have one or two auditors, with or without deputies, or one or two chartered accounting firms.

§ 6 CALLING OF GENERAL MEETING

General meetings shall be convoked by way of notice in the official gazette Post- och Inrikes Tidningar and in Svenska Dagbladet.

§ 7 SHAREHOLDERS' RIGHT TO PARTAKE IN GENERAL MEETING

In order to partake in a general meeting, a shareholder must figure in the transcript or other representation of the full register of shareholders regarding relationships at least five days prior to the meeting and register for the meeting by noon of the date stated on the meeting summons. The said date may not fall on a Sunday or other public holiday, Saturday, Christmas Eve or New Year's Eve and must be at least five weekdays prior to the meeting.

§ 8 ANNUAL MEETING OF SHAREHOLDERS

At the annual meeting of shareholders, the following business shall be included on the agenda:

1. Designation of chairperson for the meeting.
2. Establishment and approval of electoral register.
3. Approval of agenda.
4. Election of two individuals to check the minutes.
5. Determination of whether the meeting was duly convened.
6. Presentation of annual and auditors' report, as well as directors' report and auditors' report for the consolidated financial statements.
7. Resolution regarding
 - a. adoption of income statement and balance sheet and consolidated income statement and balance sheet.
 - b. disposition of company profit or loss according to the adopted balance.
 - c. approval of accounts and discharging of board members and managing director of liability.
8. Determination of the number of board members and deputy board members and, where relevant, auditor and deputy auditor.
9. Determination of remuneration to board and, where relevant, auditor.
10. Election of board members and deputy board members and, where relevant, auditor and deputy auditor or chartered auditing firm.
11. Other topics arising at the meeting, according to the Swedish Companies Act or the memorandum and articles.

§ 9 PRESENCE OF NON-REGISTERED PERSONS AT THE GENERAL MEETING

Persons who are not listed in the register of shareholders may attend the general meeting on the terms established by the board of directors.

§ 10 FINANCIAL YEAR

The company's financial year follows the calendar year.

§ 11 VOTING RESERVATIONS

The company shares must be registered in a voting register in accordance with the Financial Instruments Accounts Act(1998:1479).

Accounts

**EXTRACT FROM THE 2005 ANNUAL REPORT ADOPTED BY THE ANNUAL GENERAL MEETING ON 4 APRIL 2006.
THE HISTORICAL FINANCIAL INFORMATION HAS BEEN AUDITED BY AN AUDITOR;
SEE ALSO SECTION *AUDITORS' REPORT*.**

Consolidated Income Statement

Amount in SEK k.	Note	Jan-Dec 2005
Income	3	112,953
Property operating expenses	4	-48,879
Net operating income		64,074
Depreciation of tangible assets		-86
Gross profit		63,988
Central administration and marketing expenses	5,6	-6,696
Changes in value on investment properties	7	95,964
Operating profit		153,255
Interest income and similar profit/loss items	8	276
Interest expenses and similar profit/loss items	9	-16,959
Profit after financial items		136,572
Tax	10	82,000
PROFIT FOR THE YEAR		218,572
Data per share¹		
Earnings per share, SEK		18.37
Average number of shares, thousand		11,901
Number of shares at period end, thousand		19,968
Dividends per share 2005, SEK		0.0

¹ There is no dilution effect, as no potential shares exist.

Consolidated Balance Sheet

Amount in SEK k.	Note	As per 31 Dec 2005
ASSETS		
Non-current assets		
Tangible fixed assets		
Investment property	11	1,672,418
Other tangible fixed assets	12	441
Total tangible fixed assets		1,672,859
Financial assets		
Deferred assets	14	82,000
Total financial fixed assets		82,000
Total fixed assets		1,754,859
Current assets		
Short-term receivables		
Accounts receivable		6,529
Other receivables		9,883
Prepaid expenses and accrued income		1,271
Total short-term receivables		17,683
Cash and bank balances		57,269
Total non-current assets		74,952
TOTAL ASSETS		1,829,811
EQUITY AND LIABILITIES		
Equity		
Share capital	15	39,937
Reserves		328,237
Retained earnings		218,572
Total equity		586,746
Provisions		
Other provisions	16	289
Total provisions		289
Long-term liabilities		
Liabilities to credit institutions	17	1,172,211
Total long-term liabilities		1,172,211
Current liabilities		
Bank overdrafts	17	7,798
Accounts payable		23,493
Current tax liabilities		4
Other liabilities		5,145
Accrued expenses and prepaid income	18	34,125
Total current liabilities		70,565
TOTAL EQUITY AND LIABILITIES		1,829,811
Pledged assets and contingent liabilities		
Pledged assets for own debts		
Shares in subsidiaries		37,371
Property mortgages		1,046,211
Total pledged assets		1,046,211
Contingent liabilities		
Guarantees		225,704
Other contingent liabilities		800
Total contingent liabilities		226,504

Parent Company Income Statement

Amount in SEK k.	Note	2005	2004
Income	3	19,939	-
Property operating expenses	4	-35	-
Net operating income		19,904	-
Depreciation of tangible fixed assets		-11	-
Gross profit		19,893	-
Central administration and marketing expenses	5,6	-26,810	-1
Operating profit		-6,917	-1
Interest income and similar profit/loss items	8	15,464	-
Interest expenses and similar profit/loss items	9	-15,364	-
Profit after financial items		-6,817	-1
Tax	10	-	-
PROFIT FOR THE YEAR		-6,817	-1
Data per share¹			
Earnings per share, SEK		-0.57	-
Average number of shares, thousand		11,901	10,000
Number of shares at period-end, thousand		19,968	10,000
Dividends per share 2005, SEK		0.0	-

¹ There is no dilution effect, as no potential shares exist.

Parent Company Balance Sheet

Amount in SEK k.	Note	As per 31 Dec 2005	As per 31 Dec 2004
ASSETS			
Non-current assets			
Tangible fixed assets			
Other tangible fixed assets	12	278	–
Total tangible fixed assets		278	–
Financial fixed assets			
Shares in Subsidiaries	13	45,260	–
Total financial fixed assets		45,260	–
Total fixed assets		45,538	–
Current assets			
Short-term receivables			
Receivables from Group companies		1,301,245	86
Other receivables		253	–
Prepaid expenses and accrued income		3	–
Total short-term receivables		1,301,501	86
Cash and bank balances		–	–
Total current assets		1,301,501	86
TOTAL ASSETS		1,347,039	86
EQUITY AND LIABILITIES			
Equity	15		
Restricted capital and reserves			
Share capital		39,937	100
Reserves		284,796	–
Total restricted capital and reserves		324,733	100
Unrestricted capital and reserves			
Retained earnings		–14	–13
Shareholder contribution		43,455	–
Loss for the year		–6,817	–1
Total unrestricted capital and reserves		36,624	–14
Total equity		361,357	86
Non-current liabilities			
Liabilities to credit institutions	17	946,507	–
Total non-current liabilities		946,507	–
Current liabilities			
Used overdraft facility	17	7,798	–
Accounts payable		902	–
Debt to Group enterprises		25,789	–
Tax payable		4	–
Other liabilities		537	–
Accrued expenses and prepaid income	18	4,145	–
Total current liabilities		39,175	–
TOTAL EQUITY AND LIABILITIES		1,347,039	86
Pledged assets and contingent liabilities			
Pledged assets for own debts			
Shares in subsidiaries		17,886	–
Long-term receivables from Group enterprises		1,146,507	–
Total pledged assets		1,164,393	–
Contingent liabilities			
Guarantees for subsidiaries		225,704	–
Other contingent liabilities		800	800
Total contingent liabilities		226,504	800

Statement of changes in Equity

Amount in SEK k.	Number of outstanding shares, thousand	Attributable to parent company shareholders		Retained earnings	Total
		Share capital	Capital reserves		
Group					
Capital and reserves as per 31 December 2004 ¹	0	0	0	0	0
Shareholder contribution			43,441		43,441
Issue of share capital ²		39,937	284,796		324,733
Profit for the year				218,572	218,572
Equity as per 31 December 2005	19,968³	39,937	328,237	218,572	586,746

Amount in SEK k.	Number of outstanding shares, thousand	Share capital	Reserves	Retained earnings	Total capital and reserves
Parent company					
Capital and reserves as per 31 December 2004	10	100	0	-14	86
Shareholder contribution				43,455	43,455
Issue of share capital ²		39,837	284,796		324,633
Loss for the year				-6,817	-6,817
Equity as per 31 December 2005	19,968³	39,937	284,796	36,624	361,357

1 Group was formed in 2005

2 Cash issue and non-cash issue in connection with acquisitions

3 See note 15, Capital and reserves, regarding number of outstanding shares

Cash Flow Statements

Amount in SEK k.	Note	Group	Parent company	
		2005	2005	2004
Operating activities				
Operating profit		153,255	8,447	-1
Adjustments for items not included in the cash flow	1	-95,589	-	-
Received interest		276	100	-
Paid interest		-15,512	-15,364	-
Cash flow from operations before movements in working capital				
		42,430	-6,817	-1
Changes in working capital				
Decrease (+)/increase (-) in receivables		-11,262	-1,376,850	1
Decrease (-)/increase (+) in liabilities		-568,239	114,610	-
Total change in working capital				
		-579,501	-1,262,240	1
Cash flow from operations				
		-537,071	-1,269,057	0
Investing activities				
Acquisitions of subsidiaries	2	-553,503	-45,260	-
Acquisition of tangible fixed assets	3	-400,254	-278	-
Cash flow from investment activities				
		-953,757	-45,538	-
Financing activities				
New share issues		324,633	324,633	-
Shareholder contributions		43,455	43,455	-
Borrowing		1,180,009	946,507	-
Cash flow from financing activities				
		1,548,097	1,314,595	-
Cash flow for the year				
		57,269	0	0
Liquid assets at the beginning of the year				
		0	0	0
Liquid assets at the end of year				
	4	57,269	0	0

Note 1 Items not included in the cash flow

Group	
Unrealised changes in property value	-95,964
Depreciation of tangible fixed assets	86
Provisions for taxes	289
Total	-95,589

Note 2 Acquisitions of subsidiaries

Group	
Tangible fixed assets	-1,176,727
Short-term receivables	-6,335
Liquid funds	-39,802
Short-term liabilities	629,559
Cash considerations	-593,305
Liquid assets in acquired companies	39,802
Impact on group's liquid funds	-553,503

Note 3 Property acquisitions were partly financed via non-cash issues totalling SEK 141,818 k. in 2005.

Note 4 Liquid funds consist of cash and bank balances.

Accounting Principles and Notes

Note 1 Accounting principles

All amounts in SEK k. unless specified otherwise

GENERAL INFORMATION

The consolidated financial statements for Diös Fastigheter AB (parent company) for the financial year ending 31 December 2005 have been approved by the board of directors and managing director for publication on 25 March 2006 and will be presented at the 2006 annual general meeting of shareholders for approval. Diös Fastigheter AB, corporate ID number 556501-1771, is a Swedish limited company with registered office at Östersund in Jämtland County. The registered office's postal address is Box 188, S-831 22 Östersund, and its visiting address is Öneslingan 11.

BUSINESS

The Diös Fastigheter Group was formed in April 2005 with the object of acquiring, administrating, improving and selling property with a high direct return on the market north of Dalälven. Activities are concentrated in the area north of Dalälven. The overall goal of Diös is to generate good profitability in the company and thereby generate a long-term high and stable return for the company shareholders.

Diös is divided into four market areas, each of which is led by a market segment director. The staff of the respective areas has operative responsibility for the properties and customer contacts in the market segment. The goal is, through effective and market-oriented property investment, to form long-term tenant relationships and, in consultation with the customer, to offer individually adapted premises on well-cared-for and rational properties. In addition to the managing director, the parent company, Diös Fastigheter AB, has the common group functions economy/finance and market/information.

BASIS OF PREPARATION

Diös' financial statements have been prepared in accordance with the EU-adopted IFRS standards and interpretations thereof. Furthermore, the consolidated financial statements have been prepared in accordance with Swedish law and the guidelines in RR30, Supplementary Accounting Regulations for Groups of the Swedish Financial Accounting Standards Council. The parent company's financial statements have been prepared in accordance with Swedish law, and in addition Swedish

Financial Accounting Standards Council recommendation 32:05 "Accounting for legal entities" has been applied. The accounts have been prepared based on historical cost, except to managed property, which is recorded at actual value.

CRITICAL JUDGEMENT

To prepare the financial statements in accordance with IFRS and generally accepted accounting principles requires assessments and presumptions that affect assets, liabilities, income and expenses recorded in the accounts. Such assessments are based on both past experience and other factors considered to be reasonable in the existing circumstances. Actual results can differ from these assessments when other assumptions are made or other conditions exist. In assessing investment property, assessments can have a significant impact on the consolidated income and financial position. The analysis requires an assessment of future cash flow and determination of a reasonable discounting factor (return requirement). The assumptions and assessments on which the analysis is made are described in note 11.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IAS 27. The Group's financial reports include both the parent company and subsidiaries directly or indirectly controlled by the parent company. Controlled means that the parent company can affect a subsidiary's financial and operating principles to gain financial benefits. In order for control to exist, the parent company must directly or indirectly own at least half of the votes in a company. Subsidiaries are reported under the parent company according to the cost method, which entails that income from the holding is recorded only if it relates to profit carried forward which the subsidiary earned after the acquisition. Dividends received that exceed that profit are considered repayment of the investment and thus reduce the reported value of the share. The income for a subsidiary acquired during the year is accounted for in the consolidated income starting on the date of acquisition. The income from a subsidiary that is sold during the year is included until the time of sale. All intercompany accounts regarding assets, liabilities, income and expenses are eliminated entirely in the case of consolidation.

BUSINESS COMBINATIONS

For acquisitions of subsidiaries categorised as operating acquisitions, the purchase method is applied, in accordance with IFRS 3. An operating acquisition involves the merger of separate companies or businesses with a reporting entity. The method involves the acquirer reporting the acquired company's identifiable assets, liabilities and any obligations at their fair value at the date of acquisition. Any existing goodwill is reported as an asset and is valued at cost. The acquisition value for goodwill corresponds to that part of the total acquisition value for the acquisition that exceeds acquired identifiable assets, liabilities and any obligations. Acquired goodwill is not amortised; instead, an impairment test is made each year of whether a write-down is needed.

INCOME RECOGNITION

Diös lease agreements are classified as operational leasing agreements in accordance with IAS 17. Lease income is accrued in accordance with the lease agreement, which means that only part of the income pertaining to the current period is reported. That means that advance rent is reported as prepaid lease income. Reimbursement in connection with premature termination of a lease agreement is recognised as income directly if no obligations remain vis-à-vis the tenant. Rental discounts are accrued using a straight-line method over the term of the lease agreement. Purchases and sales of property are reported upon transfer of possession. Interest income is calculated based on the number of outstanding days, the current asset balance and the interest rate in effect at any given time. Income is reported for the period in which they are earned.

DEFINITION OF SEGMENT

The Group's internal reporting system is structured to enable follow-up of the respective market areas' generated return, which is why geographic division is the group's primary basis of division. In addition, activities are tracked according to property type; therefore, this is the group's secondary basis of division. Segments are consolidated according to the same principles as the Group as a whole. Operating-dependent liabilities are not distributed by segment, as there is no basis for doing so in the company's internal reporting system, and there is no basis for reasonable distribution.

CENTRAL ADMINISTRATION

Central administration includes items that are not distributed among other Group enterprises, which includes costs for corporate administration and preparations for stock exchange quotation. The parent company's costs for Group management, personnel administration, computing, market activities, provision of information, auditor fees and financial reports are included in central administration.

EMPLOYEE BENEFIT

Remuneration to employees is reported in accordance with IAS 19, Employee Benefit. Short-term remuneration to employees, such as salaries, paid holidays, paid sick leave etc., as well as related social expenses are reported at the rate at which employees provide services in exchange for benefit.

Pensions

Pensions and other remuneration after ended employment can be classified as either defined contribution or defined benefit pension plans. Diös reports only defined contribution pension plans, which means that the company's legal or informal obligation is limited to the amount the company accepted to contribute. This means that the size of the employee's remuneration after ended employment depends on the fees the company pays to the plan or to the insurance company compared to the return on capital that the fee produces. This way it is the employee that bears the actuarial and investment risk. The old-age and occupational pension engagements for salaried employees are ensured through a policy with Alecta. According to applicable regulations, these are to be classified as a defined ITP plans, which are covered by several employers. As there is not enough information to report these as defined plans, they are reported as defined contribution plans.

Remuneration upon termination

In connection with termination of staff, remuneration is reported as a liability, and an expense only if the company is demonstrably obligated to either prematurely terminate employment or when remuneration is paid as a way to encourage voluntary resignation. For offers concerning voluntary resignation, remuneration is calculated based on the number of employees expected to accept the offer.

TAX

The company and Group apply IAS 12, Income Taxes. Total tax is composed of current tax and deferred tax. Taxes are reported in the income statement, except for underlying transactions that are offset directly against equity, whereby the tax effect is posted in equity. Current tax is tax that is to be paid or received with regard to the current year. Deferred tax is calculated using the balance-sheet method based on temporary differences between carrying and tax values of assets and liabilities. The amount is calculated based on how the temporary differences are expected to be balanced and applying the tax rates and rules effective or announced on the balance-sheet date.

Deferred taxes are valued based on nominal tax rates. Deferred tax receivables regarding tax-deductible temporary differences and deductions for loss are reported only if it is probable that they will result in lower tax payments in the future.

CLASSIFICATION

Tangible fixed assets, long-term liabilities and sales consist primarily only of sums that are expected to be recovered or paid after more than twelve months from the balance-sheet date. Operating assets and short-term liabilities consist primarily only of amounts that are expected to be recovered or paid within twelve months of the balance-sheet date.

VALUATION PRINCIPLES

Assets, provisions and liabilities have been valued at cost, unless specified otherwise.

TANGIBLE FIXED ASSETS**Investment property**

The Group applies IAS 40, Investment Property, for reporting, measuring and disclosures regarding investment property. Investment properties are properties owned with the objective of generating rental income or increased value or a purpose combination of the two. Diös' property at the balance-sheet date consisted exclusively of investment property. The properties were reported in the balance sheet at fair value according to a property valuation done on the balance-sheet date. The fair value is the price at which the property can potentially be exchanged between knowledgeable willing parties in an arm's length transaction. Transaction expenses in connection with sales are not considered. Cost consists of the purchase price and expenses directly related to the acquisition. For significant new construction, renovations or extensions, future expenses that are value-adding are capitalised, which means that repair and maintenance expenses are recorded as costs in the period in which they arise. On the balance-sheet date, the amount of current investments completed by that date is assessed. Value-adding measures are carried over; other measures are recorded as costs in the current profit/loss.

Other tangible fixed assets

Other tangible fixed assets are recognised at cost, less depreciation according to plan and subsequent accumulated impairment losses. Additional expenses are added to the cost to the extent that they improve the asset's performance in relation to the level that applied upon original acquisition. All other additional expenses are reported as costs in the period in which they are incurred. Assets are reported in the balance sheet at cost, less accumulated depreciation and any write-offs, plus any writing up.

Depreciation principles for other tangible fixed assets

Planned depreciation is based on original cost and with consideration to future value-adding expenses, write-ups or write-downs. Depreciation is recorded over the estimated lifetime of the asset using the straight-line method. The starting date for depreciation is the date of purchase.

The following are depreciated:

Parent company and Group	
Inventory and vehicles	20%
Office supplies	20%
Computers	33%

FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are measured at initial recognition at cost plus transaction expenses directly related to the acquisition or the issue of the financial asset or liability. A financial asset or liability is recorded in the balance sheet when the company becomes party to the contractual provision of the instrument. A financial asset is derecognised from the balance sheet when the rights in the agreement are realised, become void or the company loses control of them. The same is true for parts of assets.

A financial liability is derecognised from the balance sheet when the obligation in the agreement is satisfied or in some other way expires. The same is true for parts of financial liabilities. The recorded value for all financial liabilities and assets corresponds to the actual value.

Receivables are recorded at cost, less any write-down. Accounts receivable are recorded in the balance sheet when the invoice is sent. They are measured at the lowest of cost and net sales value, without discounting to nominal amount, as they are considered to have a short lifetime. The value of doubted receivables is calculated according to individual assessment. Liquid funds include cash balances, immediately available bank balances and other monetary instruments with original lifetimes of under three months. Accounts payable are recorded in the balance sheet when the invoice has been received and are measured at fair value. Loans received are initially recognised at fair value, less any debt reductions.

Interest, dividends and profit and loss relating to financial instruments are reported in the income statement as income and expenses, respectively. Any dividends to holders of equity instruments are offset directly against equity, making allowances for any income tax effects. Financial instruments are recognised and measured in accordance with IAS 39. Equity instruments issued by the company are recorded at the proceeds net of direct issue costs.

RELATED PARTIES

Disclosures concerning transactions and outstanding balances with related parties are reported in accordance with IAS 24, Related Party Disclosures. A related party is one that directly or indirectly, through one or more hands, has a decisive influence on, is decisively influenced by a company or is under the same decisive influence as the company. Related parties also refers to those with a sufficient share in the company to give them significant influence or with a joint decisive influence on the company, which includes the parent company, subsidiaries and associated companies. Related parties also includes companies where the party is an associated company, a joint venture in which the company is joint owner, a key individual in a top position in the company or its parent company, close family member with someone who is defined as a related party, a company who is decisively influenced by, under the joint influence of or under the significant influence of a key person in a top position or close family member.

A transaction with a related party is a transfer of resources, services or obligations between related parties, regardless of whether or not remuneration is paid.

Significant influence involves a right to formulate a company's financial and operating strategies in the objective of receiving financial benefits. Joint significant

influence involves two or more individuals to an agreement agreeing to jointly exercise the significant influence on an economic operation. Decisive influence means that the owner company can partake in decisions that affect the company's financial and operating strategies without involving decision-making about these strategies. Significant influence can be achieved through share ownership, rules or agreement.

Key individuals in top positions are those who are authorised and responsible for directly or indirectly planning, managing and administrating a company's operations.

Close family relatives refers to an individual's spouse/mate and children, children of the individual's spouse/mate and people who are financially or otherwise dependent on the individual or his/her spouse/mate.

CASH FLOW STATEMENT

The cash flow statement was prepared using the indirect method, which means that the net income has been adjusted for transactions that did not result in any incoming or outgoing payments during the period and for any income and expenses relating to the investment or financing operations' cash flow.

Note 2 Segment reporting

2005					
Primary segment	Falun/ Borlänge	Gävle/ Sandviken	Mora	North*	Diös Group
Rental income, external	61,575	25,160	13,823	6,614	107,172
Other income	4,909	174	449	250	5,782
Property operating expenses	-29,358	-10,686	-5,585	-3,252	-48,879
Net operating income	37,126	14,648	8,687	3,612	64,074
Change in value on investment properties					
Property, realised	-	-	-	-	0
Property, unrealised	54,446	23,060	17,557	901	95,964
Profit	91,572	37,708	26,244	4,513	160,037
Unallocated items					
Depreciation of tangible fixed assets	-	-	-	-	-86
Central administration and marketing expenses	-	-	-	-	-6,696
Net finance	-	-	-	-	-16,683
Current tax	-	-	-	-	-
Deferred tax	-	-	-	-	82,000
Profit for the year	-	-	-	-	218,572

* North concerns properties in Östersund, Sundsvall, Härnösand, Umeå, Lycksele and Luleå.

Investments	14,024	-	-	-	14,024
Carrying amount	1,006,971	348,458	171,442	145,547	1,672,418
Rental value	66,934	26,104	14,035	8,486	115,559
Economic occupancy rate, %	92	95	98	78	93
Surplus ratio, %	62	58	61	55	60

Secondary segment	Number of properties	Lettable area, sq.m.	Carrying amount, SEK m.	Rental income, SEK m.	Economic occupancy ratio, %	Operating profit, SEK m.	Surplus ratio, %
Offices	20	133,309	894	57	92	38	66
Shops	10	49,239	443	24	93	14	59
Residential	12	29,387	190	16	97	8	50
Industrial/warehousing	7	27,206	100	6	90	3	57
Other*	3	27,644	45	4	79	1	32
Total Diös	52	266,785	1,672	107	93	64	60

* Other concerns premises for training, care, fitness, restaurants, car parks or garages, signs, masts and building lots

Note 3 Income

	2005	2004
Group		
Rental income	107,172	
Other income	5,782	
Total	112,953	
Parent company		
Intercompany income	19,869	-
Other income	70	-
Total	19,939	-

Intercompany income in the parent company concerns invoiced administration, start-up costs and management fees.

Contract expiration structure	No. of leases	Leased area, sq.m.	Contract value, SEK k.	% of value
Premise lease agreement, lifetime				
2006	135	27,415	21,803	11
2007	125	35,139	30,278	15
2008	102	45,734	37,570	19
2009	77	51,579	47,449	24
2010	20	23,800	22,727	11
2011+	17	16,430	17,367	9
Total premise lease agreement	476	200,097	177,194	88

Note 3 cont. ...

Contract expiration structure	No. of contracts	Leased area, sq.m.	Contract value, SEK k.	% of value
Residential lease agreement	431	28,925	20,788	10
Garage/car park	642	–	3,620	2
Total	1,549	229,022	201,602	100

Note 4 Property operating expenses

	2005	2004
Group		
Operating expenses	29,626	
Repair and maintenance expenses	7,079	
Property tax	4,228	
Property administration	7,946	
Total	48,879	
Parent company		
Property administration	35	–
Total	35	–

Property expenses concern both direct property expenses such as expenses for operating, maintenance and property tax and indirect property expenses in the form of leasing and property administration.

Operating expenses include expenses for electricity, heating, water, caretaking, cleaning, insurance, rental losses and property-specific marketing expenses. The majority of operating expenses are passed on to tenants in the form of additional rental charges.

Repair and maintenance expenses consist of both periodical and regular measures to maintain the properties' standard and technical systems. Property tax is a state tax based on the properties' taxable value. The majority of the property tax is charged to the tenants. The tax rate for 2005 was 1% of the taxation value for offices/shops and 0.5% for warehouse/industry and residences. Property administration concerns indirect costs for regular property administration. The costs include, for instance, costs for personnel working with leasing activities and negotiations, expendable items and project administration.

Note 5 Personnel, payroll expenses and auditor and board member fees

Average number of employees	2005	Men	2004	Men
Parent company				
Sweden	22	77%	–	–
Total group	22	77%		

The average number of employees has been calculated for the period that the property operation was run, which is seven months of the financial year.

At the end of 2005, the parent company board of directors consisted of 5 members, one of which, a woman.

The number of executives in the parent company was 3; all of them, men.

All employees in the Group are employed by the parent company.

Personnel's sick leave, expressed as a percentage	Group 2005	Parent company	
		2005	2004
Total sick leave in relation to the total normal working time	0.71%	0.71%	–
Percentage of total sick leave exceeding 60 days or more (long-term sick leave)	–	–	–
Sick leave for women in relation to the total normal working time for women	0.49%	0.49%	–
Sick leave for men in relation to the total normal working time for men	0.76%	0.76%	–
Sick leave for the age group 30-49 in relation to the normal working time for that group	1.55%	1.55%	–
Sick leave for the age group 50 and older in relation to the total normal working time for that group	0.12%	0.12%	–

Note 5 cont. ...

Salaries, other remuneration and social expenses

	2005		2004	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Parent company (pension expenses) ¹	4,819	1,400	-	-
	437	106	-	-
Total group (pension expenses) ²	4,819	1,400		
	437	106		

1 Of the parent company's pension expenses, SEK 160 k. concern the managing director

2 Of the group's pension expenses, SEK 160 k. concern the managing director

Pay and other remuneration divided by board members, managing director, and other employees

	2005		2004	
	Board and managing director	Other staff	Board and managing director	Other staff
Parent company (bonus and the like)	900	3,935	-	-
	-	-	-	-
Total group (bonus and the like)	900	3,935		
	-	-		

PRINCIPLES FOR REMUNERATION TO TOP EXECUTIVES

Remuneration and benefits to the managing director are determined by the company's board of directors. Remuneration to other top executives are determined by the managing director, together with the company's board of directors. In 2005, no remuneration was paid to the board chairman and members by decision of the general meeting of shareholders. Incentive programmes or other share-related remuneration do not apply to anyone in the company's management or board.

The managing director is entitled to a company car. During his employment with the company, the managing director is entitled to insurance and pension benefits in accordance with the ITP plan in effect at any given time. The opportunity for individual investment may be used. Only cash pay comprises the basis for insurance and pension premiums. The pension age for the managing director is 65.

Between the company and the managing director, mutual six-month advance notice applies. During the period of advance notice, the managing director is entitled to pay and benefits in accordance with the agreement in effect. In the event the company should terminate the employment of the managing director, and this is not the result of the managing director significantly neglecting his legal obligations, the employment contract in effect or the board's instructions, after the termination period and expiration of employment, severance payment equivalent to 18 times the monthly pay in effect at the time of termination shall be paid. The severance pay is not pensionable income. Remuneration during the termination period and severance pay are offset against income from other employers.

Other top executives are entitled to a company car. During their employment with the company, other executives are entitled to insurance and pension benefits in accordance with the ITP plan in effect at any given time. Any opportunity given for individual investment may be taken advantage of. Only cash pay comprises the basis for insurance and pension premiums. The pension age for other top executives is 65. Advance notice of termination on the part of the company is 6-12 months and six months on the part of the employee.

BOARD MEMBER REMUNERATION

Board members have received no fee or remuneration for expenses during the year.

MANAGING DIRECTOR REMUNERATION

During the year, the managing director received SEK 704 k. in salary, as well as vehicle and fuel benefits of SEK 26 k.

REMUNERATION TO OTHER TOP EXECUTIVES

To the remaining two top executives, pay and benefits of, in all, SEK 370 k. were paid during the year.

Remuneration and other benefits during the year

	Base salary/ board member fees	Other benefits	Pension expenses	Other remuneration	Total
Board chairperson	-	-	-	-	-
Managing director	704	26	170	-	900
Other top executives (2 individuals)	361	9	39	-	409
Total	1,065	35	209	-	1,309

Note 5 cont. ...

Fee and expense remuneration to auditors

	Group 2005	Parent company	
		2005	2004
Deloitte			
Auditing work	203	113	-
Other work	780	780	-
Total	983	893	-

Note 6 Central administration and marketing expenses

Central administration expenses totalled SEK 6,696 k., SEK 1,742 k. of which concerns expenses relating to the company's establishment. Central administration involves expenses for such common group functions as Group management, computing, annual accounting, auditor fees, legal consultation etc.

Note 7 Changes on investment properties value

	2005
Group	
Realised changes in value	-
Unrealised changes in value	95,964
Total	95,964

No property sales took place in 2005. Unrealised changes in value are based on external property valuation as per 31 December 2005 compared with external assessments made in connection with the respective property acquisitions and investments in existing property made during the year.

Note 8 Interest income and similar financial statement items

	2005	2004
Group		
Interest income, other	276	
Total	276	
Parent company		
Interest income, Group enterprises	15,364	-
Interest income, other	100	-
Total	15,464	-

Note 9 Interest expenses and similar financial statement items

	2005	2004
Group		
Interest expenses, other	-16,959	
Total	-16,959	
Parent company		
Interest expenses, other	-15,364	-
Total	-15,364	-

Note 10 Tax

Tax for the year	Group	Parent company	
	2005	2005	2004
Profit for the year	136,572	-6,817	-
Tax at the domestic income tax	-38,240	-	-
Tax effect of losses carried forward	120,240	-	-
Tax on net income for the year	82,000	-	-
Current tax	-	-	-
Deferred tax	82,000	-	-
Tax on net income for the year	82,000	-	-

Accumulated tax losses is considered to be utilised against future taxable income and offsetable against deferred tax liabilities; see note 14.

Note 11 Property

	Group	Parent company	
	2005	2005	2004
Opening balance	0	-	-
Acquisition	1,562,430	-	-
Investments in existing property	14,024	-	-
Sales	-	-	-
Change in value	95,964	-	-
Closing fair value	1,672,418	-	-

Closing fair value agrees with the external property assessment value as per 31 December 2005.

Taxation value buildings	688,206	-	-
Taxation value land	158,814	-	-
Total	847,020	-	-

Investments in progress

	Investment, SEK k.	Remainder to invest, SEK k.	Ready
Falan 21, Falun	21,000	12,000	2 nd Quarter, 2006
Kansliet 20, Falun	9,000	4,000	2 nd Quarter, 2006

VALUATION

An external market value assessment as per 31 December 2005 of all Diös' property was conducted by Ernst & Young and Savills at the company's request. The market value is the most likely price that a buyer and seller, with similar information and acting in a rational manner, can voluntarily agree on in an effective market. An asset value consists, according to accepted theory, of the discounted current value of the future cash flow that the asset is expected to generate. The basis for the assessment has been an individual assessment for each property of the potential future income and the property's profitability requirement.

The information serving as the basis for the valuation was provided by the commissioning entity. The supposition regarding future cash flow was made based on an analysis of:

- Current and historical rent and expenses
- Market/immediate surrounding's future development
- Property's market conditions and market position
- Existing applicable lease agreement terms

Note 11 cont. ...

- Market-related lease terms at the end of the term of the contract
- Operating and maintenance expenses for similar properties compared to those for the current property

The analysis has resulted in net operating income per property during the calculation period, years 2006-2010, and a residual value at the end of the calculation period, which has been discounted with the estimated discount rate.

Note 12 Other tangible fixed assets

	Group	Parent company	
	2005	2005	2004
Acquisition value at the beginning of the year	0	0	-
Additions	527	289	-
Disposals	-	-	-
Accumulated cost at year end	527	289	-
Accumulated depreciation at the beginning of the year	0	0	-
Disposals	-	-	-
Depreciation for the year	-86	-11	-
Accumulated depreciation at year end	-86	-11	-
Balance at year end	441	278	-

Note 13 Shares in Group enterprises

	2005	2004
Parent company		
Balance at the beginning of the year	0	-
Acquisitions during the year	45,260	-
Balance at year end	45,260	-

A specification of the parent company's directly owned subsidiaries follows.
Other Group enterprises are found in the respective subsidiaries' annual reports.

Subsidiary

Name/Co. id. no.	Co. id. no.	Headquarters	Capital share in %	Carrying amount
Diös Fastigheter I AB	556544-4998	Östersund	100	16,061
Diös Fastigheter II AB	556610-9111	Östersund	100	12,812
Diös Fastigheter V AB	556571-9969	Östersund	100	90
Diös Fastigheter VI AB	556561-0861	Östersund	100	3,102
Diös Fastigheter VII AB	556589-8433	Östersund	100	11,370
Diös Fastigheter VIII AB	556482-7433	Östersund	100	1,825
Carrying amount				45,260

Note 14 Deferred tax assets

	2005
Group	
Deferred tax receivables relating to tax deduction for loss	120,947
Deferred tax liability relating to temporary differences property	-38,947
Total deferred tax assets	82,000

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Diös' total tax deduction is calculated as per 31 December 2005 at SEK 994,000 k. At the balance sheet date, the Group has unused tax losses of SEK 994,000 k. available for offset against future profits. Temporary differences in property at that date totals SEK 139,095 k.

Note 15 Equity

As per 31 December 2005, share capital in Diös Fastigheter totalled SEK 39,936,630.

The total number of shares by the end of the year amounted to 19,968,315, with a nominal value of SEK 2 per share. All shares equally entitle their owner to a share of Diös' assets and profit. Each share gives one vote.

Change in share capital

	Date	Number issued ordinary shares	Nom. SEK/share	Share capital, accumulated, SEK k.
At the beginning of the year	01.01.05	10,000	10.00	100
Split of ordinary shares 100:1	30.05.05	1,000,000	0.10	100
New share issue of ordinary shares	31.05.05	2,489,903	0.10	249
New share issue of ordinary shares	01.09.05	3,993,663	0.10	399
Bonus issue ¹	15.11.05	3,993,663	10.00	39,937
Split of ordinary shares 5:1	15.11.05	19,968,315	2.00	39,937
At end of year	31.12.05	19,968,315	2.00	39,937

¹ Increase in existing shares' nominal value, plus increase in share capital through transfer from share premium fund.

Dividend is proposed by the board in accordance with the provisions of the Companies Act and is decided by the annual general meeting of shareholders. The board of Diös proposes that no dividends be paid out for the 2005 financial year.

Note 16 Provisions

Provisions regarding deferred tax on untaxed reserves in the subsidiary.

Other provisions	Group
At the beginning of the year	-
Changes during year	289
Balance at year end	289

Note 17 Liabilities to credit institutions

	Group 2005	Parent company	
		2005	2004
Interest-bearing liabilities			
Maturity date up to 1 year from balance-sheet date*	1,172,211	946,507	-
Total	1,172,211	946,507	-

* Debts' maturity date concern the date for the next re-negotiation, not the date of final payment.

Overdraft facility

	Group 2005	Parent company	
		2005	2004
Credit limit granted	50,000	50,000	-
Unused portion	42,202	42,202	-
Used portion	7,798	7,79	-

Interest and loan maturity timetable	Interest		Loan	
	Loan amount, SEK k.	Avg. interest, %	Credit agreement, SEK k.	Used, SEK k.
Maturity, year				
2006	1,172,211	2.33	1,225,704	1,172,211
2007	-	-	-	-
2008	-	-	-	-
2009	-	-	-	-
2010+	-	-	-	-
Total	1,172,211	2.33	1,225,704	1,172,211

Principles for financing and financial risk-handling

In its role as net borrower, Diös is exposed to financial risks. Diös is especially exposed to interest risk, refinancing risk and credit risk. As per 31 December 2005, there was no exposure through foreign currency or ownership of financial derivative instruments. The company's financing and handling of financial risks are run in accordance with the financial policy established by the board. Financial activities are centralised in the parent company. The finance policy provides mandates and limits for handling of the financial risks defined in the policy, as well as the overall distribution of responsibility.

Interest risk

Interest risk regards the risk that changes in the interest rate may affect the group's borrowing expenses. The interest expense is one of Diös' larger expense items. The interest-rate guarantee period must be between 2 and 4 years, according to the policy. With regard to the purchase underway of the group's long-term financing, Diös has chosen not to bind the interest for the long term. As per 31 December 2005, all loans to credit institutions at flexible interest had an average effective interest of 2.33%. A sensitivity analysis at 31 December 2005 shows that a change of market interests of 1% affects the group's interest payments by approx. SEK 12 m. for the coming year.

Diös has not used financial derivative instruments to change the interest-rate guarantee period.

Financing and liquidity risk

Liquidity and borrowing risk regards the risk that sufficient liquidity is not available at the time it is needed and that refinancing of mature loans will be costly or rendered more difficult.

The finance policy states that liquid funds and unused credit facilities must be available in order to guarantee payment readiness. The Diös' Group's liquid funds must be held in instruments with good liquidity or short lifetimes.

At year-end, the company had unused credit facilities of SEK 52 m.

Credit risk

Credit risk concerns the risk of loss if the other party fails to fulfil its obligations. The risk is limited in that the policy states that only credit-worthy parties are accepted in financial transactions and that a standard credit check must be made before a new tenant is approved. The maximum credit exposure regarding accounts receivable and promissory note receivables correspond to this reported sum. The credit risk of financial parties corresponds to the value reported for cash and bank balances. As per 31 December 2005, there were no concentrations regarding accounts receivable and other receivables.

Note 18 Accrued expenses and deferred income

	Group 2005	Parent company	
		2005	2004
Prepaid rent	23,589	-	-
Accrued interest expenses	3,364	-	-
Other items	7,172	4,145	-
Total	34,125	4,145	-

Note 19 Acquisition of Fastighets AB Cuprum

On 1 June 2005, Fastighets AB Cuprum was acquired, which was part of the AP-Fastigheter Group, for SEK 548 m., including acquisition-related expenses. Upon acquisition, the company had a group of properties north of Dalälven and related operational organisations. Acquired net assets at market value totalled SEK 1,177 m.; liabilities relating to acquired net assets totalled SEK 629 m.

Temporary differences between tax and carrying value do not exist, and, therefore, no deferred tax or corresponding goodwill have been recognised in the purchase price allocation.

From the time of acquisition until 31 December 2005, this property holdings generated rental income and other income of SEK 93 m. and operating profit of SEK 58 m. during the same period.

The change in value for the corresponding period for the acquired property totalled SEK 57 m.

Note 20 Transactions with related parties

In 2005, the parent company paid SEK 307 k. to SUBO Konsult AB, a company wholly owned by Christer Sundin. The expenses relate to fees and remuneration for the period through to June 2005 and consist of remuneration for work in connection with start-up of the Diös Fastigheter Group. Starting June 2005, Christer Sundin is employed as managing director of Diös Fastigheter AB.

One of the company's owners, Lantbrukarnas, Ekonomi AB is a part of the Federation of Swedish Farmers (LRF). In 2005, a wholly-owned subsidiary of LRF, LRF Konsult AB, hired offices from Diös and paid, in that connection, a total rent of SEK 418 k.

Catella Corporate Finance acted as a consultant during Diös' start-up phase. The Fokus fund previously had a board representative on Diös's board of directors, through Catella Kapitalförvaltning AB.

All transactions with related parties are deemed to have taken place according to market terms.

In 2005 no board member, top executive or auditor with Diös Fastigheter AB or its subsidiaries has himself, via a company or related party, participated in any business transaction made by Diös that was unusual in its nature or terms.

Note 21 Events after the end of the financial year

Diös Fastigheter added to the management group by hiring Margaretha Bygdeståhl as market and information director.

In March 2006 Diös entered into a new financing agreement regarding a revolving credit facility of SEK 2,225 m. and an overdraft facility of SEK 25 m., both with a lifetime of four years.

In January Diös sold two properties in Gävle, Näringen 21:2 and Näringen 21:3, with takeover on 1 February 2006. The sales prices agree with the reported value, resulting in no impact on the income statement.

Auditor's report

AUDITOR REPORT REGARDING REVISED HISTORICAL FINANCIAL REPORTS

To the Board of Diös Fastigheter AB (publ.)
Corporate identity number: 556501-1171

We have audited the financial reports of Diös Fastigheter AB, pages 60-78 consisting of the balance sheet as per 31 December 2005, the income statement and cash flow statement for the financial year 2005, and a summary of significant accounting principles and other supplementary information.

The board and managing director's responsibility for the financial reports

The board and managing director are responsible for preparing the financial reports in accordance with international accounting standards IFRS as adopted by the EU and according to the requirement in the Commission Directive EC 809/2004. This responsibility includes the establishment, implementation and enforcement of the internal controls needed to prepare and adequately present the financial reports, irrespective of fraud or errors.

Auditor's responsibility

Our responsibility is to express an opinion on the financial reports based on our audit. We conducted our audit in accordance with the Proposal for RevR5, Prospect auditing. This includes that we planned and performed the audit to obtain reasonable assurance that the financial reports are free of material misstatement. An audit per-

formed in accordance with Proposals for RevR5, Prospect Auditing, involves audit procedures to receive evidence supporting the amounts and information in the accounts. The selected audit procedures are based on our assessment of risk for material misstatement in the financial reports, irrespective if they are fraud or errors. In assessing risk, we consider the internal controls relevant for the company's preparation and presentation of the financial reports as a basis for performing auditing procedures that are applicable in these circumstances, but not to express an opinion on the effectiveness of the company's internal controls. An audit also includes assessing the accounting principles used and the significant estimates made by the board and managing director, as well as the evaluating the overall presentation of the information given in the financial reports.

We believe that our audit provides a reasonable basis for our opinion set out below.

Opinion

We believe that the financial reports provide a true and fair view of Diös Fastigheter AB's financial position, results of operation and cash flow as per 31 December 2005, in accordance with the international standards IFRS as adopted by the EU.

Östersund, 12 April 2006

Deloitte AB

Lars Helgesson
Authorized public accountant

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