

Diös

Q2

INTERIM REPORT **JANUARY-JUNE 2015**



OVERVIEW OF THE PERIOD

JANUARY-JUNE 2015

- Rental income for the period was SEK 647 million (649)
- Property management income was SEK 254 million (207)
- Changes in value on properties were SEK 104 million (-33)
- Changes in value on financial instruments were SEK 21 million (-57)
- Earnings per share were SEK 4.11 (1.16)

	2015 6 months Jan-Jun	2014 6 months Jan-Jun	2014 12 months Jan-Dec
PROFIT FOR THE PERIOD, SEKm			
Rental income	647	649	1,291
Other revenue	10	10	21
Operating and central costs	-297	-311	-608
Net financial items	-106	-141	-283
Property management income	254	207	421
Changes in value of properties and derivatives	125	-90	-29
Current tax	-12	-5	-10
Deferred tax	-64	-27	-80
Profit after tax	303	85	302
Surplus ratio, %	58.8	58.0	59.0
Occupancy rate, %	88.4	89.5	89.2
Equity ratio, %	27.3	26.0	27.3
Loan-to-value ratio, properties, %	61.2	63.9	62.9
Equity per share, SEK	46.3	42.1	45.0

FOR FURTHER INFORMATION, PLEASE CONTACT

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KNUT ROST, CEO

CONTINUED STABLE PERFORMANCE

With our clear focus on northern Sweden's growth cities, and on acquisitions and investments in our existing property portfolio, we have continued to strengthen our position as a market-leading player in the property industry.

Our adopted strategy of targeting a more concentrated market, maintaining a high level of investment in conversion and extension projects, a strong emphasis on tenant relations and a clearer organisational structure is having positive effects. Our income from property management for the period was SEK 254 million (207) and the surplus ratio 58.8 per cent (58.0).

During the period we invested SEK 215 million in conversion and extension projects. Our single largest project, Centralpalatset, a new mixed-used property in central Östersund, opened in May. All commercial and residential space in the building had been fully let even before the opening.

We are seeing increased demand for centrally located premises in our growth locations as well as rising rent levels. During the period we concluded several strategically important contracts for extensions to and expansions of existing leases, notably with Sweco in Luleå and the Swedish Migration Board in Sundsvall. The organisational changes that were implemented at the beginning of the year are starting to have an impact. Longer-term, these changes will have a positive impact on net leasing. Net leasing for the period was SEK 14 million (20) and the occupancy rate was 88.4 per cent (89.5).



The implemented changes to the company's capital structure and conditions are having positive effects in the form of a reduced cost of capital and continued improvement in our financial key ratios. The loan-to-value ratio for the period was 61.2 per cent (63.9) and the equity ratio 27.3 per cent (26.0). In May we participated in a third securities issue under the Nya Svensk Fastighetsfinansiering AB (Nya SFF) partnership, issuing a SEK 500 million two-year covered bond with a fixed annual interest rate of 0.4375 per cent.

I am confident that our adopted strategy will ensure sustainable growth over time. By maintaining a high pace in our conversion and extension work, we can offer improved flexibility and customised solutions for our tenants. This, coupled with hard-working employees who have a good knowledge about our tenants and our local sub-market, gives us every opportunity to be even more active and become an even more sought-after landlord.


Knut Rost, CEO





REVENUE, EXPENSES AND RESULTS, JANUARY-JUNE 2015

Property management income for the period, i.e. income excluding changes in value and tax, was SEK 254 million (207).

The operating surplus was SEK 380 million (376), representing a surplus ratio of 58.8 per cent (58.0). The improved surplus ratio is primarily due to reduced property costs.

- Rental income for the reporting period was SEK 647 million (649), representing an economic occupancy rate of 88.4 per cent (89.5).
- Other property management income totalled SEK 10 million (10) and consisted mainly of re-billing to tenants regarding work carried out in leased premises.
- Total property costs were SEK 277 million (283). The reduction in costs is chiefly attributable to lower tariff-based costs and reduced repair work. Of total property costs, SEK 3.2 million (3.7) refers to work in leased premises that is re-billed to tenants.

CHANGES IN VALUE OF PROPERTIES AND DERIVATIVES

A valuation of all properties was conducted in the period. Diös' valuation model is based on an exterior valuation of 25 per cent of the 100 properties with the highest value every quarter on a rolling basis and an interior valuation of the remaining 75 per cent of the properties. Internal valuations are carried out quarterly on other properties and the quality is assessed by external valuers. The positive change in value is attributable to improved cash flows and a lower required rate of return. The valuation shows an increase of 0.8 per cent (-0.3), which is equivalent to SEK 100 million (-33). At 30 June the market value was SEK 12,498 million (11,970).

During the period one property (3) was sold and one property was partially sold, resulting in a realised change in value before tax of SEK 3.8 million (0.3).

The derivatives portfolio has been valued at the present value of future cash flows. If the contracted interest rate deviates from the market rate, a theoretical fair value gain or loss arises on the interest rate derivatives. The change in value is of a reporting nature and does not affect the cash flow.

Due to the low interest rate environment, we have recognised a fair value loss on the interest rate derivatives. As long as interest rates remain low the value of the derivatives portfolio will be negative, but as market interest rates go up so will the value of the portfolio, resulting in positive changes in value in the income statement and thus also an increase in equity. The market value of the derivatives is always zero upon maturity.

During the period, unrealised changes in value on Diös' derivatives totalled SEK 21 million (-57), which have been fully recognised in the income statement. The change in the derivatives' market values is attributable to a long-term forecast for higher interest rates.

NET FINANCIAL ITEMS

Net financial items for the period were SEK -106 million (-141). The interest expense for the period, including expenses for interest-rate derivatives and loan commitments, represents borrowings at an average annual interest rate of 2.7 per cent (3.6). The average annual interest rate on interest-bearing liabilities based on the applicable terms and market interest rates at 30 June was 1.1 per cent (2.8).

PROFIT BEFORE TAX

Profit before tax was SEK 379 million (117). The improved profit is mainly attributable to positive unrealised changes in value on properties and interest rate derivatives as well as a change in the net financial items.

PROFIT AFTER TAX

Profit after tax was SEK 303 million (85). Current tax totalled SEK -12 million (-5). This is mainly attributable to tax in subsidiaries, which are not permitted to offset losses against Group contributions. The calculation of deferred tax has given rise to a deferred tax expense of SEK -64 million (-27).

SECOND QUARTER OF 2015

Property management income for the second quarter, i.e. income excluding changes in value and tax, was SEK 153 million (114). The operating surplus was SEK 207 million (198), representing a surplus ratio of 63.9 per cent (60.6). The improved surplus ratio is primarily due to reduced property costs.

- Rental income for the second quarter was SEK 323 million (327), representing an economic occupancy rate of 88.3 per cent (89.6).
- Total property costs were SEK 123 million (133). The reduction in costs is chiefly attributable to lower tariff-based costs and reduced repair work.

Net financial items for the second quarter were SEK -48 million (-71). The profit before tax was SEK 282 million (55) and the profit after tax SEK 228 million (41). Changes in the value of properties had a positive impact on earnings of SEK 102 million (-35) while changes in the market values of interest rate derivatives had a positive impact of SEK 27 million (-24). The positive change in value of the properties is attributable to improved cash flows and lower required rates of return. The change in the market values of derivatives is attributable to an expected future increase in interest rates. Negative deferred tax of SEK -45 million (-11) and current tax of SEK -9 million (-3) were recorded in the income statement.

In the second quarter one property (0) was sold, resulting in a net realised change in value of SEK 1.2 million (0).

PROPERTY PORTFOLIO AT 30 JUNE 2015

Diös owned 353 properties in 15 locations, from Borlänge in the south to Luleå in the north. The total leasable area was 1,420,228 square metres and the economic occupancy rate, based on concluded leases at 30 June, 89.1 per cent. Diös invested SEK 215 million in the construction, extension and conversion of premises over the period. In terms of value, the largest share of the portfolio is property in Gävle, Sundsvall and Östersund. The total market value of the properties was SEK 12,498 million.

Figures refer to SEK millions unless otherwise indicated.

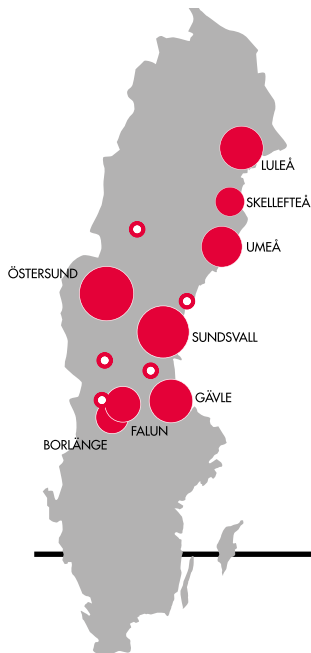
By business area	Dalarna	Gävleborg	Väster-norrland	Jämtland	Väster-botten	Norr-botten	Diös Group
Rental income	131	96	124	149	73	75	647
Other revenue	1	2	5	0	0	2	10
Repair and maintenance	-9	-5	-9	-9	-5	-4	-41
Tariff-based costs	-19	-13	-20	-26	-11	-7	-96
Property tax	-6	-5	-6	-7	-4	-4	-32
Other property costs	-15	-11	-18	-17	-8	-9	-78
Property management	-5	-4	-7	-6	-3	-5	-31
Operating surplus	78	60	69	84	42	48	380
Undistributed items							
Central administration	-	-	-	-	-	-	-20
Net financial items	-	-	-	-	-	-	-106
Property management income	-	-	-	-	-	-	254
Changes in value							
Property, realised	-	2	-	1	-	-	4
Property, unrealised	17	26	-5	-8	23	46	100
Interest rate derivatives	-	-	-	-	-	-	21
Profit before tax	-	-	-	-	-	-	379
Current tax	-	-	-	-	-	-	-12
Deferred tax	-	-	-	-	-	-	-64
Non-controlling interests	-	-	-	-	-	-	4
Profit for period attributable to shareholders of the parent	-	-	-	-	-	-	307
Leasable area, sq.m	266,682	250,733	279,187	326,520	177,031	120,075	1,420,228
Construction, extension, conversion investments, SEKm	40	18	30	60	28	39	215
Carrying amount, SEKm	2,555	1,789	2,262	2,927	1,385	1,581	12,498
Rental value, SEKm	146	109	145	168	81	83	732
Economic occupancy rate, %	89.2	88.0	85.7	88.8	89.2	90.8	88.4
Surplus ratio, %	59.8	62.7	55.3	56.1	57.9	63.8	58.8

PROPERTY PORTFOLIO AT 30 JUNE 2014

Diös owned 362 properties in 15 locations, from Borlänge in the south to Luleå in the north. The total leasable area was 1,433,108 square metres and the economic occupancy rate, based on concluded leases at 30 June, 89.5 per cent. Diös invested SEK 177 million in the construction, extension and conversion of premises over the period. In terms of value, the largest share of the portfolio is property in Gävle, Sundsvall and Östersund. The total market value of the properties was SEK 11,970 million.

Figures refer to SEK millions unless otherwise indicated.

By business area	Dalarna	Gävleborg	Väster-norrland	Jämtland	Väster-botten	Norr-botten	Diös Group
Rental income	125	97	132	146	74	74	649
Other revenue	2	0	3	2	0	2	10
Repair and maintenance	-13	-5	-9	-10	-5	-4	-45
Tariff-based costs	-19	-13	-21	-27	-11	-8	-99
Property tax	-6	-5	-7	-7	-4	-4	-32
Other property costs	-13	-9	-18	-18	-8	-8	-74
Property management	-5	-4	-7	-8	-3	-5	-32
Operating surplus	71	61	74	79	43	48	376
Undistributed items							
Central administration	-	-	-	-	-	-	-28
Net financial items	-	-	-	-	-	-	-141
Property management income	-	-	-	-	-	-	207
Changes in value							
Property, realised	-	-	-	-	-	-	0
Property, unrealised	-23	21	15	-40	-8	1	-33
Interest rate derivatives	-	-	-	-	-	-	-57
Profit before tax	-	-	-	-	-	-	117
Current tax	-	-	-	-	-	-	-5
Deferred tax	-	-	-	-	-	-	-27
Non-controlling interests	-	-	-	-	-	-	2
Profit for period attributable to shareholders of the parent	-	-	-	-	-	-	86
Leasable area, sq.m	266,682	253,509	280,351	335,460	177,031	120,075	1,433,108
Construction, extension, conversion investments, SEKm	37	20	24	59	15	22	177
Carrying amount, SEKm	2,450	1,738	2,228	2,798	1,310	1,446	11,970
Rental value, SEKm	138	109	149	168	81	80	725
Economic occupancy rate, %	90.4	89.3	88.7	87.2	91.3	92.3	89.5
Surplus ratio, %	57.1	63.1	56.2	53.9	58.0	64.5	58.0

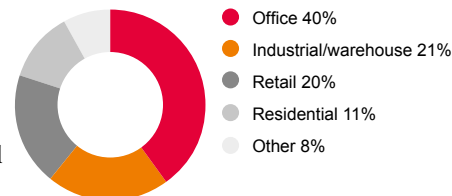


BUSINESS AREAS

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

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

PROPERTY PORTFOLIO AT 30 JUNE 2015



DALARNA

PROPERTY HOLDINGS

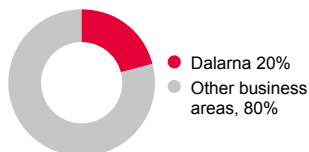
No. of properties	44
Area, '000 sq.m	267
Property value, SEKm	2,555
Operating surplus, SEKm	78
Surplus ratio, %	60

DALARNA - LARGEST TENANTS

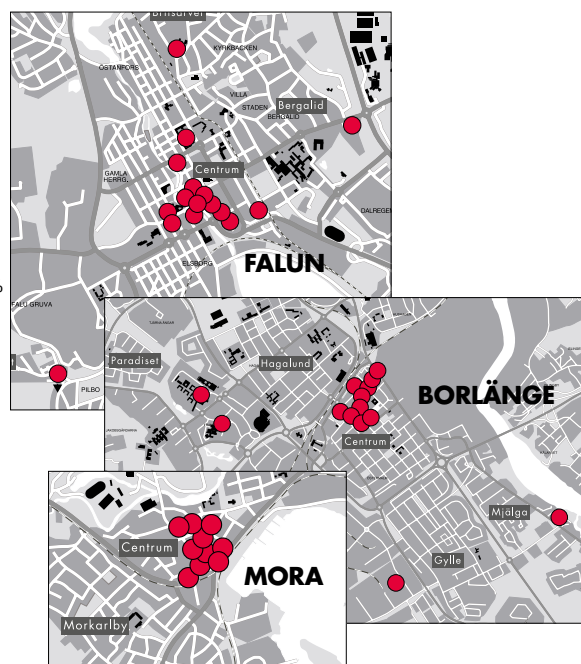
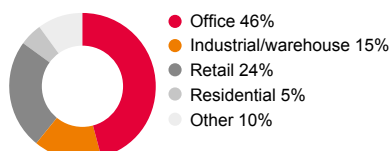
TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Swedish Transport Administration	4	39,968	15.4%	5.0
Municipality of Falun	8	18,003	7.0%	2.8
Swedish Police Authority	8	10,013	3.9%	4.1
Pysslingen Förskolor och Skolor	1	8,335	3.2%	9.1
County Administrative Board of Dalarna	13	7,741	3.0%	4.5
Total, largest tenants	34	84,060	32.5%	4.8

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

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES



GÄVLEBORG

PROPERTY HOLDINGS

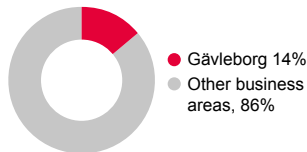
No. of properties	51
Area, '000 sq.m	251
Property value, SEKm	1,789
Operating surplus, SEKm	60
Surplus ratio, %	63

GÄVLEBORG - LARGEST TENANTS

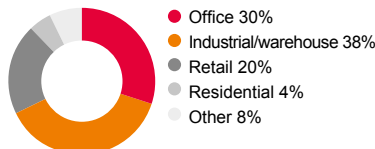
TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Public Employment Service	8	7,417	4.0%	2.2
Swedish Transport Administration	3	6,977	3.8%	3.2
Internationella Engelska Skolan	2	5,653	3.0%	8.3
Gävlefastigheter Gävle Kommun	7	4,183	2.3%	1.8
Ahléns	3	2,909	1.6%	1.3
Total, largest tenants	23	27,139	14.6%	3.6

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

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES



VÄSTERNORRLAND

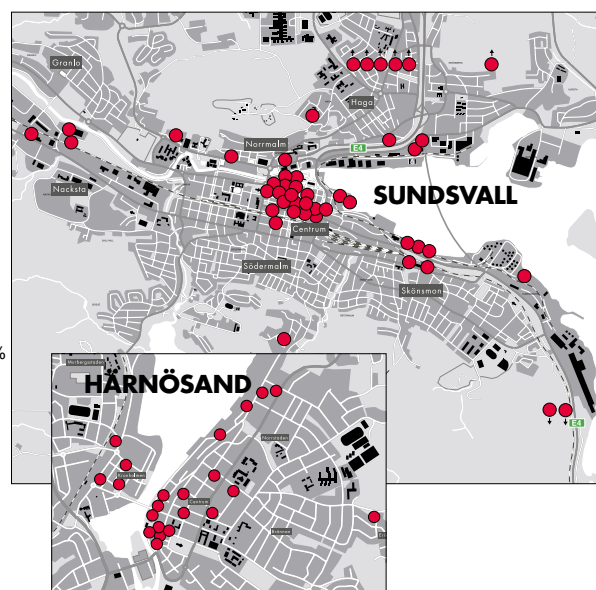
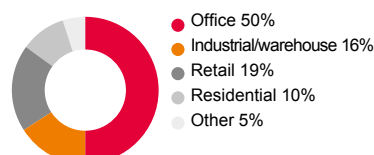
PROPERTY HOLDINGS

No. of properties	78
Area, '000 sq.m	279
Property value, SEKm	2,262
Operating surplus, SEKm	69
Surplus ratio, %	55

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES



VÄSTERNORRLAND LARGEST TENANTS

TENANT	No. contract contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Norrlidens Kunskapscentrum	1	7,014	2.9%	1.0
Länsförsäkringar Västernorrland	17	5,703	2.4%	4.6
Com Hem AB	4	5,224	2.2%	1.5
Municipality of Sundsvall	12	4,675	1.9%	2.5
Ähléns	1	4,528	1.9%	3.3
Total, largest tenants	35	27,144	11.3%	2.5

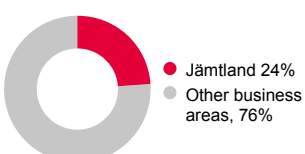
*In relation to the annual contract value for each business area.

JÄMTLAND

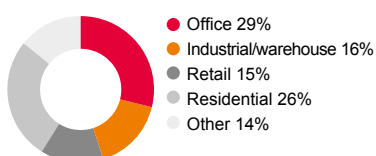
PROPERTY HOLDINGS

No. of properties	121
Area, '000 sq.m	327
Property value, SEKm	2,927
Operating surplus, SEKm	84
Surplus ratio, %	56

SHARE OF TOTAL CONTRACT VALUE



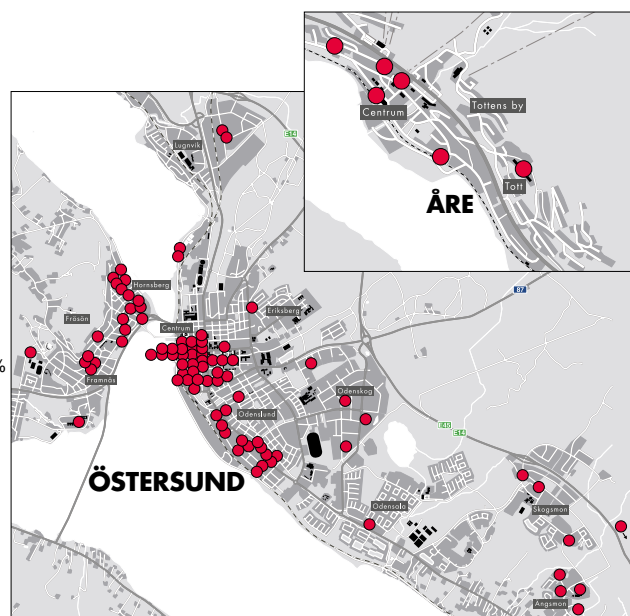
FLOOR AREA BY TYPE OF PREMISES



JÄMTLAND - LARGEST TENANTS

TENANT	No. contract contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Municipality of Östersund	105	26,719	9.0%	4.5
Region Jämtland Härjedalen	18	11,382	3.8%	2.5
SkiStar AB	10	11,233	3.8%	0.6
Swedbank AB	7	7,421	2.5%	2.1
Public Employment Service	3	7,048	2.4%	3.2
Total, largest tenants	143	63,803	21.6%	3.0

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

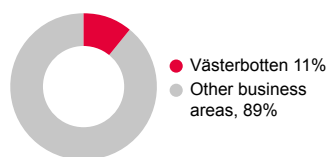


VÄSTERBOTTEN

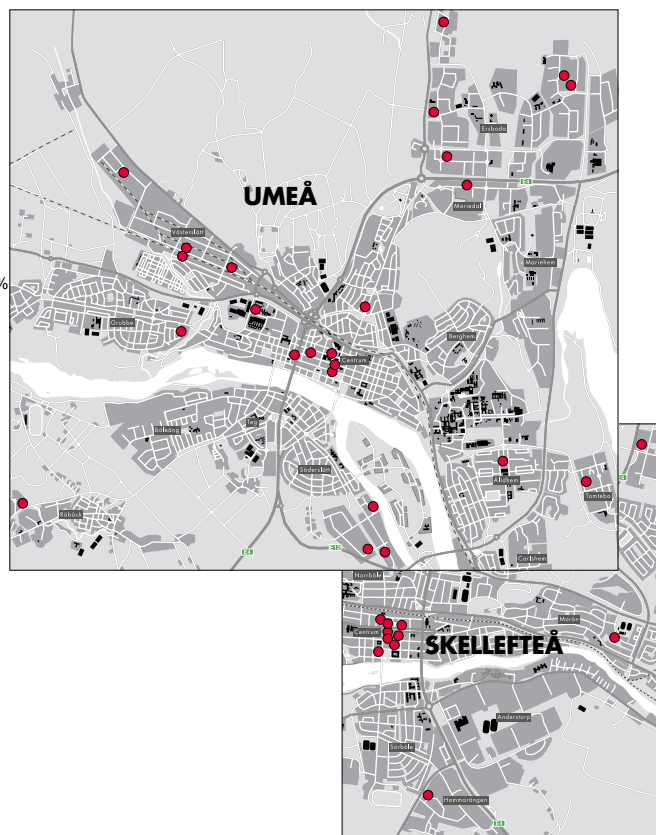
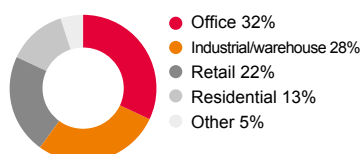
PROPERTY HOLDINGS

No. of properties	41
Area, '000 sq.m	177
Property value, SEKm	1,385
Operating surplus, SEKm	42
Surplus ratio, %	58

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES



VÄSTERBOTTEN - LARGEST TENANTS

TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Municipality of Umeå	9	6,952	4.8%	1.7
PostNord Sverige AB	3	3,927	2.7%	0.9
Swedbank AB	1	3,694	2.5%	2.5
Balticgruppen Centrumhandel AB	4	3,602	2.5%	0.5
Åhléns AB	1	2,703	1.9%	3.0
Total, largest tenants	18	20,878	14.3%	1.6

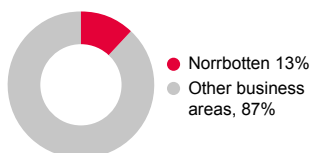
*In relation to the annual contract value for each business area.

NORRBOTTEN

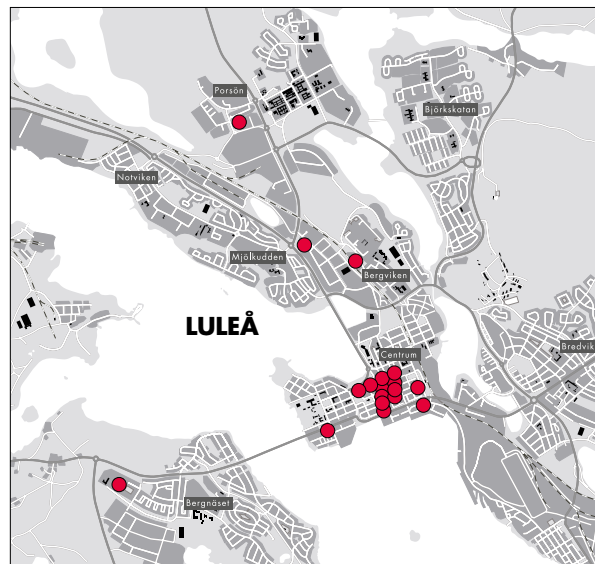
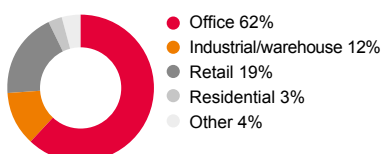
PROPERTY HOLDINGS

No. of properties	18
Area, '000 sq.m	120
Property value, SEKm	1,581
Operating surplus, SEKm	48
Surplus ratio, %	64

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES



NORRBOTTEN - LARGEST TENANTS

TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Municipality of Luleå	7	10,897	7.3%	2.3
Swedish Customs IT Department	3	7,297	4.9%	1.7
Swedbank AB	3	6,195	4.1%	3.7
Folksam ömsesidig sakförsäkring	18	5,949	4.0%	6.1
SWECO Sverige AB	6	5,308	3.5%	3.6
Total, largest tenants	37	35,646	23.8%	3.3

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



»»» LEASE MATURITIES AT 30 JUNE 2015

	Maturity year	Signed contracts no.	Rented area sq.m	Contracted rental income SEK m	Percentage share
Leases for premises	2015	377	73,223	67	5
	2016	751	224,510	241	19
	2017	610	226,045	228	18
	2018	531	221,548	247	19
	2019+	277	259,618	319	25
Total leases for premises		2,546	1,004,944	1,102	86
Residential leases		2,092	152,617	145	11
Other leases		3,495	-	39	3
TOTAL		8,133	1,157,561	1,286	100

»»» LARGEST TENANTS AT 30 JUNE 2015

Tenant	No. contracts	Annual contract value, SEK '000	Share of total contract value, %	Average contract term, years
Swedish Transport Administration	13	48,016	3.8	4.7
Municipality of Östersund	105	26,719	2.1	4.5
Public Employment Service	27	21,674	1.7	2.6
Swedbank	13	21,403	1.7	2.6
Municipality of Falun	8	18,003	1.4	2.8
Åhléns	7	15,991	1.3	2.3
KappAhl	6	14,913	1.2	4.0
Hennes & Mauritz	11	14,740	1.1	3.7
Swedish Police Authority	15	13,361	1.0	3.4
PostNord Sverige	11	11,985	0.9	2.0
Total, largest tenants	216	206,805	16.2	3.5

»»» CHANGES IN THE PROPERTY PORTFOLIO JANUARY - JUNE 2015

IMPROVEMENT

- SEK 215 million has been invested in conversion and extension work on existing properties in the period. At present 40 major improvement projects are underway. In these, costs of SEK 334 million out of a total budget of SEK 463 million have been accrued.

SALES

- On 20 February 2015 a part of the Söder 38:5 property in Gävle was sold. The property has a total floor area of 2,851 sq.m, of which 1,320 sq.m was sold. The sale took the form of the establishment of a three-dimensional property. The sale price was SEK 18 million.
- On 15 June 2015 the Hästen 4 property in Järpen was sold. The property covers an area of 971 square metres. The sale price was SEK 4.3 million.

FINANCIAL POSITION AT 30 JUNE 2015

EQUITY AND EQUITY RATIO

Shareholders' equity was SEK 3,455 million (3,148) and the equity ratio 27.3 per cent (26.0). The target is an equity ratio of 25 per cent in the short term and 30 per cent over the longer term.

CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents were SEK 0 million (0) at the end of the period and drawn overdraft facilities were SEK 186 million (70).

INTEREST EXPENSE JANUARY–JUNE 2015

	Amount, SEKm	Cost, SEKm	Weighted average interest rate, %
Interest-bearing liability	7,661	56	1.5
Undrawn credit facility ¹	553	1	0.0
Cost of financial instruments	4,200	47	1.2
TOTAL		104	2.7

¹ The impact of costs related to undrawn credit facilities on the average annual interest rate is 0.03 percentage points.

In the period, Diös' average interest-bearing liabilities amounted to SEK 7,661 million (7,655). The actual interest expense, including expenses related to undrawn credit facilities and the performance of financial instruments, amounted to SEK 104 million (137), which

represents an average annual interest rate of 2.7 per cent (3.6). During the period, unrealised changes in value arising on derivatives held totalled SEK 21 million (-57), which are fully recognised in the income statement.

INTEREST RATES AND LOAN MATURITY AT 30 JUNE 2015

Maturity year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average annual interest rate ¹ , %	Credit agreements, SEKm	Drawn ² , SEKm
2015	849	1.0	926	849
2016	4,063	1.0	2,658	2,358
2017	2,737	1.1	3,238	2,737
2018	-	-	1,705	1,705
Drawn credit facilities	7,650	1.0	8,527	7,650
Undrawn credit facilities	877	0.1		
Financial instruments	4,200	1.4		
TOTAL		2.5		

¹ Average annual interest rate refers to the average interest rate based on interest rate terms and the outstanding debt at 31 June 2015, with STIBOR-90 as reference rate.

² Of which SEK 500 million is financed through bond loans.

Average maturity 1.8 years

Average fixed-rate term 1.2 years

DERIVATIVE CONTRACTS

Counterparty	Nominal value, SEKm	Remaining maturity, years	Interest rate level, %	Market value, SEKm
Handelsbanken	2,000	1.2	2.3	-60
Handelsbanken	600	3.2	3.7	-65
Swedbank	1,600	1.6	1.9	-52
TOTAL	4,200	1.6	2.4	-177

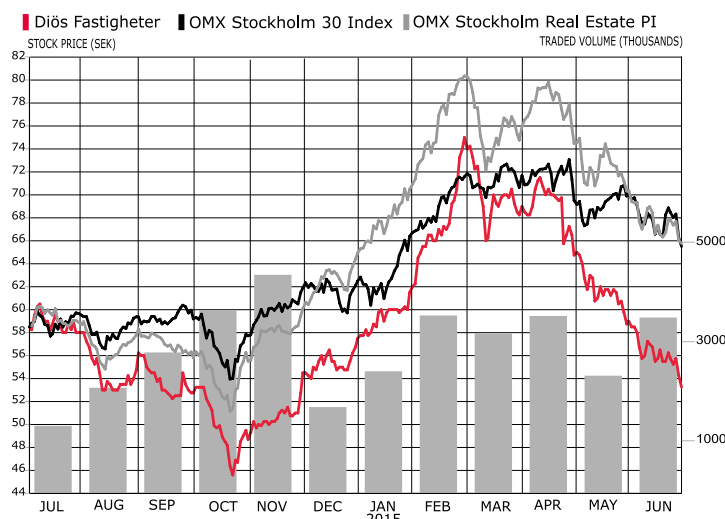
It is Diös' view that the interest rate market is stable and the company has thus not entered into any new derivative contracts in the period.

INTEREST-BEARING LIABILITIES AND AVERAGE INTEREST RATE AT 30 JUNE 2015

The Group's interest-bearing liabilities totalled SEK 7,650 million (7,646) with an average annual interest rate of 1.1 per cent (2.8), including loan commitments. The loans had an average fixed-rate term of 3.5 months (2.9). The average interest rate commitment period was 1.2 years (1.7) when the impact of the derivative portfolio is included. The average maturity was 1.8 years (1.6). Of the Group's total interest-bearing liabilities, SEK 4,200 million (4,200) is hedged through derivatives. The average remaining term is 1.6 years (2.6). The average annual interest rate, including costs related to derivatives, amounted to 2.5 per cent (3.6), including loan

commitments. Diös' financial instruments restrict any impact from increased interest rates on the company's average borrowing rate. If interest rates had been increased by 1 percentage point as of 30 June 2015, Diös' average interest rate would have risen by 0.4 percentage points (0.4). The market value of the derivative portfolio on 30 June 2015 was SEK -177 million (-164) and the weighted average annual interest rate was 2.4 per cent (2.4). With a derivatives portfolio of SEK 4,200 million and fixed-rate bonds of SEK 500 million, 61.4 per cent (54.9) of the Group's total outstanding loans are covered by interest rate hedges.

SHARE PRICE PERFORMANCE



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

The number of shares in Diös on 30 June 2015 was 74,729,134 (74,729,134). The closing price of SEK 53.25 (58.5) gave the company a stock market value of SEK 3,979 million (4,372).

The graph shows Diös' share price performance and the indexes for the past 12 months. Over the past 12 months Diös has gained -9.0 per cent (56.4), compared with a gain of 12.0 per cent for the OMX Stockholm 30 Index (19.6) and 12.4 per cent for the OMX Stockholm Real Estate PI (35.9). In the past 12 months Diös' total return (return including reinvested dividends) was -4.2 per cent (63.3).

LARGEST SHAREHOLDERS OF DIÖS FASTIGHETER AB AT 31 MAY 2015

SHAREHOLDER	No. of shares	Shareholding and votes, %
AB Persson Invest	11,499,691	15.4
Brinova Inter	7,830,754	10.5
Bengtssons Tidnings Aktiebolag	7,518,222	10.1
Länsförsäkringar Fondförvaltning	7,387,452	9.9
Pensionskassan SHB Försäkringsförening	4,498,239	6.0
Försäkringsaktiebolaget, Avanza Pension	2,249,811	3.0
SEB Investment Management	1,992,842	2.7
Fourth AP Fund	1,868,660	2.5
Staffan Rasjö	1,263,846	1.7
Ssb Client Omibus Ac Om07 (15pct)	1,146,402	1.5
Total, largest shareholders	47,255,919	63.2
Other shareholders	27,473,215	36.8
TOTAL	74,729,134	100.0

SHAREHOLDINGS AT 31 MAY 2015

SHARE-HOLDING	No. of share-holders	No. of shares	Holding (%)	Votes (%)	Market value (SEKm)
1 - 500	5,978	898,482	1.2	1.2	53
501 - 1,000	1,255	1,073,501	1.4	1.4	63
1,001 - 5,000	1,326	3,099,869	4.2	4.2	182
5,001 - 10,000	191	1,444,340	1.9	1.9	85
10,001 - 15,000	46	575,558	0.8	0.8	34
15,001 - 20,000	38	694,515	0.9	0.9	41
20,001 -	170	66,942,869	89.6	89.6	3,933
TOTAL	9,004	74,729,134	100.0	100.0	4,390

Diös Fastigheter AB had 9,004 shareholders (5,997) on 31 May. A significant proportion, 82.9 per cent (89.7), of the shareholders were in Sweden. The largest single shareholder of Diös was AB Persson Invest with a stake of 15.4 per cent (15.4). The ten largest shareholders accounted for 63.2 per cent (65.0) of the shares and votes.

SHARE CAPITAL HISTORY

DATE	Event	Increase in number of shares	Increase in share capital, SEK	Total number of shares	Total share capital	Par value
1 Jan 2005	At the start of the period	-	-	10,000	100,000	10.00
21 Jun 2005	Split	990,000	-	1,000,000	100,000	0.10
21 Jun 2005	New issue	1,489,903	148,990	2,489,903	248,990	0.10
14 Sep 2005	Non-cash issue	1,503,760	150,376	3,993,663	399,366	0.10
2 Jan 2006	Bonus issue	-	39,537,264	3,993,663	39,936,630	10.00
2 Jan 2006	Split	15,974,652	-	19,968,315	39,936,630	2.00
18 May 2006	New issue	8,333,400	16,666,800	28,301,715	56,603,430	2.00
11 Jul 2006	Non-cash issue	5,000,000	10,000,000	33,301,715	66,603,430	2.00
19 Apr 2007	Non-cash issue	666,250	1,332,500	33,967,965	67,935,930	2.00
29 Oct 2010	Non-cash issue	99,729	199,458	34,067,694	68,135,388	2.00
14 Dec 2010	New issue	3,285,466	6,570,932	37,353,160	74,705,720	2.00
17 Dec 2010	New issue	11,407	22,814	37,364,567	74,728,534	2.00
5 Dec 2011	New issue	22,854,136	45,708,272	60,218,703	120,436,806	2.00
14 Dec 2011	New issue	14,510,431	29,020,862	74,729,134	149,457,668	2.00



EMPLOYEES AND ORGANISATION

The number of employees at 30 June 2015 was 149 (152), of whom 57 were women (54). Diös Fastigheter is geographically divided into the six business areas of Gävleborg, Dalarna, Västernorrland, Jämtland, Västerbotten and Norrbotten. The company's head office and central Group functions are located in Östersund. Most of the employees, 107 (101) of them, work in the business areas, 53 (53) of them with the physical aspects of property management.

PARENT COMPANY

The activities of the parent company consist of central Group functions as well as the ownership and operation of the Group's subsidiaries. Sales totalled SEK 65 million (63) and post-tax profit was SEK 8 million (8). Net sales refer chiefly to services sold to the Group's subsidiaries. Cash and cash equivalents were SEK 0 million (33) at 30 June 2015 and drawn overdraft facilities were SEK 61 million (0). The change in parent company cash and cash equivalents and intercompany balances is attributable to a change in the Group's liquidity account structure. External interest-bearing liabilities, excluding overdraft facilities, amounted to SEK 2,662 million (1,474). The average annual interest rate based on the situation at 30 June 2015 was 1.2 per cent (2.6). The parent company prepares its financial reports in compliance with RFR 2 Accounting for Legal Entities.

DEFERRED TAXES

In April 2005 Diös' original owners acquired a group consisting of dormant limited companies. The aim of the acquisition was to create a basis for the formation of the new property company. The only assets of the acquired companies at the time of acquisition were approximately SEK 40 million in cash and, according to the 2005 income tax returns, approximately SEK 1,026 million in unused tax losses carried forward.

The reported deferred tax liability was SEK 799 million (682) at 30 June 2015. The value of the deferred tax liability will be assessed at the end of each accounting period and, if necessary, re-valuation will be carried out.

Diös' reported temporary differences, i.e. the properties' fair values less tax residual values, amounted to SEK 3,800 million (3,365) at 30 June 2015. At a tax rate of 22.0 per cent, the deferred tax liability on temporary differences was SEK 836 million (740).

Diös' tax losses carried forward on 30 June 2015 are estimated at SEK 282 million (364). At a tax rate of 22.0 per cent, deferred tax asset relating to tax losses carried forward was SEK 62 million (80), which in Diös' financial statements has been offset against deferred tax liability. Other deferred tax liabilities were SEK 25 million (22) at 30 June 2015.

The change since 31 December 2014 is attributable to a decrease in deferred tax assets of SEK 12 million and an increase in deferred tax on temporary differences of SEK 52 million.

Accounts of taxes comply with accounting rules but note that the tax paid over a period generally differs from that reported. Tax regulations are also complex and difficult to interpret. The application of the regulations may also change over time.

CURRENT TAX CASE

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

The conclusion in the analysis which Diös initiated based on the ruling of the administrative court is that the court has overlooked a number of important aspects and that the ruling is therefore incorrect. The company's view is that the acquisitions concerned, which were made in 2005, were handled in accordance with the applicable tax rules. This view is shared by the company's tax advisor, who has studied the acquisitions and the Tax Agency's reasoning.

The total increase in the tax assessment under the ruling of the administrative court is SEK 421 million. If Diös Fastigheter were to lose the case in the court of final instance, the company would incur an additional tax and interest charge of around SEK 136 million. Diös has applied for and been granted a reprieve on payment by the Tax Agency. No provisions have therefore been made in the company's balance sheet.

On 16 June verbal negotiations were conducted at the Administrative Court of Appeal in Sundsvall. A ruling in the case is expected in September 2015. The company maintains its previous assessment, and the total tax, including interest, is therefore still regarded as a contingent liability. See also the press releases from 20 and 21 May and 19 June 2014.

SIGNIFICANT RISKS AND UNCERTAINTIES

Diös Fastigheters' principal risks and uncertainties are described in the 2014 annual report on pages 40-42. Apart from the following, there have not been any substantial changes to Diös' risks and uncertainties.

At its monetary policy meeting on 1 July the Riksbank decided to lower the repo rate to -0.35 per cent. The Riksbank also announced that it would buy a further SEK 45 billion in government bonds. Only in the second half of 2016 is it expected that the repo rate will be raised gradually. On balance, this will help to ensure that funding costs for Swedish businesses and households remain low.

According to the June 2015 edition of Swedish Economy, a publication of the National Institute of Economic Research (NIER), the Swedish economy has continued to recover although the first quarter of the year was slightly weaker than expected. The global recovery and the relatively weak krona are fuelling a recovery in Swedish exports after a several years of weak performance. Over the next two years exports are expected to grow by around 5 per cent annually. Swedish GDP is forecast to increase by 3 per cent in 2015 while unemployment is seen at 7.7 per cent.

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

RELATED-PARTY TRANSACTIONS

There were no significant related party transactions in the period. Those related party transactions which did occur are deemed to have been concluded on market terms.

ACCOUNTING PRINCIPLES

Diös complies with EU-adopted IFRS standards and the interpretations of these (IFRIC). This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The report for the parent company has been prepared in accordance with RFR 2, Accounting for Legal Entities and the Swedish Annual Accounts Act. The accounting principles applied in the interim report are consistent with the accounting principles applied in preparing the consolidated financial statements and Annual Report for 2014, Note 1, with the exceptions indicated in the following. New and amended standards which entered into force in 2015 have not had any impact on the interim report.

IFRS 11 JOINT ARRANGEMENTS

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement is classified as either a joint venture or a joint operation. Diös has assessed its joint arrangements and determined that its interest in Nya Svensk Fastighetsfinansiering AB constitutes a joint operation. The interest was acquired in the fourth quarter of 2014 and the company had no operations in the prior financial year. The interest was recognised at cost at 31 December 2014. Accounting for the interest in accordance with the principles for joint operations has, however, had no material impact on the consolidated financial statements.

In respect of its interest in the joint operation Diös has recognised its assets and liabilities (including its share of all joint assets and liabilities) as well as its revenue and expenses (including its share of all joint revenue and expenses).

The Group's other joint arrangements constitute joint ventures and are accounted for in accordance with the equity method. Under the equity method, interests in joint ventures are recognised at cost in the balance sheet after adjusting for the Group's share of the profit or loss of joint ventures after the acquisition date. Dividends received reduce the carrying amount of the interest.

¹ Annual Report 2014 is available at www.dios.se





»»» DIVIDEND POLICY

At least 50 per cent of the company's profit after tax, excluding unrealised changes in value and deferred tax, should be distributed to the shareholders in the form of dividends.

»»» EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the reporting date.

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

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

Östersund, 06 July 2015

Bob Persson
Chairman

Maud Olofsson
Board member

Ragnhild Backman
Board member

Svante Paulsson
Board member

Anders Bengtsson
Board member

Knut Rost
Chief Executive Officer

Tomas Mellberg
Board member
Employee representative



CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME, SEKM

	2015 3 mths April-June	2014 3 mths April-June	2015 6 mths Jan-Jun	2014 6 mths Jan-Jun	2014 12 mths Jan-Dec
INCOME STATEMENT					
Rental income and other property management income	330	331	657	659	1,312
Property costs	-123	-133	-277	-283	-550
Operating surplus	207	198	380	376	762
Central administration	-6 ¹	-13	-20 ¹	-28	-58
Net financial items	-48	-71	-106	-141	-283
Property management income	153	114	254	207	421
Change in value of properties	102	-35	104	-33	62
Change in value of interest rate derivatives	27	-24	21	-57	-91
Profit before tax	282	55	379	117	392
Current tax	-9	-3	-12	-5	-10
Deferred tax	-45	-11	-64	-27	-80
Profit after tax	228	41	303	85	302
Profit attributable to shareholders of the parent	232	40	307	86	297
Profit attributable to non-controlling interests	-4	1	-4	-1	5
Total	228	41	303	85	302
STATEMENT OF COMPREHENSIVE INCOME					
Profit after tax	228	41	303	85	302
Comprehensive income for the period	228	41	303	85	302
Comprehensive income attributable to shareholders of the parent	232	40	307	86	297
Comprehensive income attributable to non-controlling interests	-4	1	-4	-1	5
Total	228	41	303	85	302
Profit per share after tax, SEK	3.10	0.54	4.11	1.16	3.97
Number of shares at end of period (thousands)	74,729	74,729	74,729	74,729	74,729
Average number of shares (thousands)	74,729	74,729	74,729	74,729	74,729

¹ The central administration item includes reversals of previous provisions for staff-related costs that were made in connection with the acquisition of Norrvidden.



CONDENSED CONSOLIDATED BALANCE SHEET, SEK M

ASSETS	2015 30 June	2014 30 June	2014 31 Dec
Non-current assets			
Investment properties	12,498	11,970	12,200
Other property, plant and equipment	6	8	7
Intangible assets	4	4	4
Financial assets	9	9	7
Total non-current assets	12,517	11,991	12,218
Current assets			
Current receivables	137	107	43
Cash and cash equivalents	-	-	79
Total current assets	137	107	122
TOTAL ASSETS	12,654	12,098	12,340
EQUITY AND LIABILITIES			
Equity	3,455	3,148	3,365
Deferred tax liability	799	682	735
Non-current liabilities	7,652	7,648	7,673
Overdraft facilities	186	70	-
Current liabilities	562	550	567
TOTAL LIABILITIES AND EQUITY	12,654	12,098	12,340
Contingent liabilities	136	135	135

CONDENSED STATEMENT OF CHANGES IN EQUITY, SEK M

	Equity	Attributable to shareholders of the parent	Attributable to minority interests
Equity at 31 Dec 2013	3,235	3,216	19
<i>Profit for the period after tax</i>	85	86	-1
Comprehensive income for the period	85	86	-1
Cash dividend	-172	-172	-
Equity at 30 Jun 2014	3,148	3,130	18
<i>Profit for the period after tax</i>	217	211	6
Comprehensive income for the period	217	211	6
Equity at 31 Dec 2014	3,365	3,341	24
<i>Profit for the period after tax</i>	303	307	-4
Comprehensive income for the period	303	307	-4
Cash dividend	-213	-213	-
Equity at 30 Jun 2015	3,455	3,435	20



CONDENSED CONSOLIDATED CASH FLOW STATEMENT, SEK M

	2015 3 months April-June	2014 3 months April-June	2015 6 months Jan-Jun	2014 6 months Jan-Jun	2014 12 mths Jan-Dec
OPERATING ACTIVITIES					
Property management income	153	114	254	207	421
Adjustments for non-cash items	9	9	-13	-15	-
Tax paid	-9	-3	-12	-5	-10
Operating cash flows before change in working capital	153	120	229	187	411
Changes in working capital					
Decrease (+)/increase (-) in receivables	-25	12	-94	-17	48
Decrease (-)/increase (+) in current liabilities	-14	-35	5	-27	-37
Total change in working capital	-39	-23	-89	-44	11
Operating cash flow	114	97	140	143	422
INVESTING ACTIVITIES					
Investment in financial assets	-2	-	-2	-	-
Proceeds from sale of property, plant and equipment	4	21	22	21	101
Acquisition of intangible assets	-	-	-	-	-1
Purchases of property, plant and equipment	-108	-114	-191	-165	-399
Investing cash flow	-106	-93	-171	-144	-299
FINANCING ACTIVITIES					
Dividends paid	-213	-172	-213	-172	-172
Change in non-current liabilities	-13	-16	-21	-18	7
Change in overdraft facility	67	70 ¹	186	70 ¹	-
Financing cash flow	-159	-118	-48	-120	-165
Cash flow for the period	-151	-114	-79	-121	-42
Cash and cash equivalents at beginning of period	151	114	79	121	121
Cash and cash equivalents at end of period	0	0¹	0	0¹	79

¹ Cash and cash equivalents at the end of the period have been reclassified to change in overdraft facility.



KEY RATIOS

	2015 3 months April-June	2014 3 months April-June	2015 6 months Jan-Jun	2014 6 months Jan-Jun	2014 12 months Jan-Dec
Return on equity, %	6.7	1.3	9.0	2.7	9.0
Equity ratio, %	27.3	26.0	27.3	26.0	27.3
Loan-to-value ratio, properties, %	61.2	63.9	61.2	63.9	62.9
Interest coverage ratio, times	4.1	2.6	3.4	2.5	2.5
Equity per share, SEK	46.3	42.1	46.3	42.1	45.0
Net asset value (EPRA NAV) per share, SEK	59.5	54.0	59.5	54.0	57.9
Cash flow per share, SEK	1.9	1.5	3.3	2.7	5.5
Number of properties at end of period	353	362	353	362	354
Leasable area at end of period, sq.m.	1,420,228	1,433,108	1,420,228	1,433,108	1,422,519
Market value of properties, SEKm	12,498	11,970	12,498	11,970	12,200
Rental value, SEKm	365	365	732	725	1,448
Economic occupancy rate, %	88.3	89.6	88.4	89.5	89.2
Yield, %	1.6	1.7	3.0	3.1	6.2
Surplus ratio, %	63.9	60.6	58.8	58.0	59.0



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

	2015 6 months Jan-Jun	2014 6 months Jan-Jun	2014 12 months Jan-Dec
INCOME STATEMENT			
Net sales	65	63	118
Gross profit	65	63	118
Central administration	-85	-82	-159
Operating profit	-20	-19	-41
Financial income	123	86	147
Financial costs	-95	-59	-115
Profit after financial items	8	8	-9
Current tax	-	-	-
Profit after tax	8	8	-9
STATEMENT OF COMPREHENSIVE INCOME			
Profit after tax	8	8	-9
Comprehensive income for the year	8	8	-9

CONDENSED PARENT COMPANY BALANCE SHEET, SEK M

	2015 30 June	2014 30 June	2014 31 Dec
ASSETS			
Projects in progress	-	1	1
Intangible assets	4	4	4
Machinery and equipment	2	2	2
Interests in Group companies	171	171	171
Non-current receivables from Group companies	7,802	3,416	7,390
Total non-current assets	7,979	3,594	7,568
Current receivables from Group companies	123	153	186
Other current receivables	11	7	13
Cash and cash equivalents	-	33	145
Total current assets	134	193	344
TOTAL ASSETS	8,113	3,787	7,912
EQUITY AND LIABILITIES			
Equity	1,048	1,270	1,253
Non-current liabilities to credit institutions	2,655	1,467	3,311
Non-current liabilities to Group companies	2,955	928	2,947
Current liabilities to credit institutions	7	7	7
Current liabilities to Group companies	1,355	85	365
Overdraft facilities	61	-	-
Trade payables	1	-	1
Other current liabilities	31	30	28
Total current liabilities	1,455	122	401
TOTAL LIABILITIES AND EQUITY	8,113	3,787	7,912

¹SEK 4 million has been reclassified between projects in progress and intangible assets for 31 March 2014.



DEFINITIONS

RETURN ON EQUITY

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

EQUITY RATIO

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

LOAN-TO-VALUE RATIO, PROPERTIES

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

INTEREST COVERAGE RATIO

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

EARNINGS PER SHARE

Profit for the period after tax, attributable to shareholders, divided by the average number of shares.

EQUITY PER SHARE

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

NET ASSET VALUE (EPRA NAV) PER SHARE

Equity at the end of the period after reversal of interest rate derivatives and deferred tax in accordance with the balance sheet, divided by the number of outstanding shares at the end of the period.

CASH FLOW PER SHARE

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

AVERAGE NUMBER OF SHARES

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

NUMBER OF SHARES AT END OF PERIOD

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

RENTAL VALUE

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

NET LEASING

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

ECONOMIC OCCUPANCY RATE

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

RENTAL INCOME

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

YIELD

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

SURPLUS RATIO

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

PROFIT FROM IMPROVEMENTS

Sale price minus capital invested.

LIST OF PROPERTY TRANSACTIONS JANUARY-JUNE 2015

Property	Business area	Municipality	Category	Area, sq.m.
SALES				
Quarter 1				
Söder 38:5 (part of property)	Gävleborg	Gävle	Residential	1,320
Total property sales January-March				1,320
Quarter 2				
Hästen 4	Jämtland	Åre	Residential	971
Total property sales April-June				971
Total property sales January-June				2,291

CALENDAR 2015





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