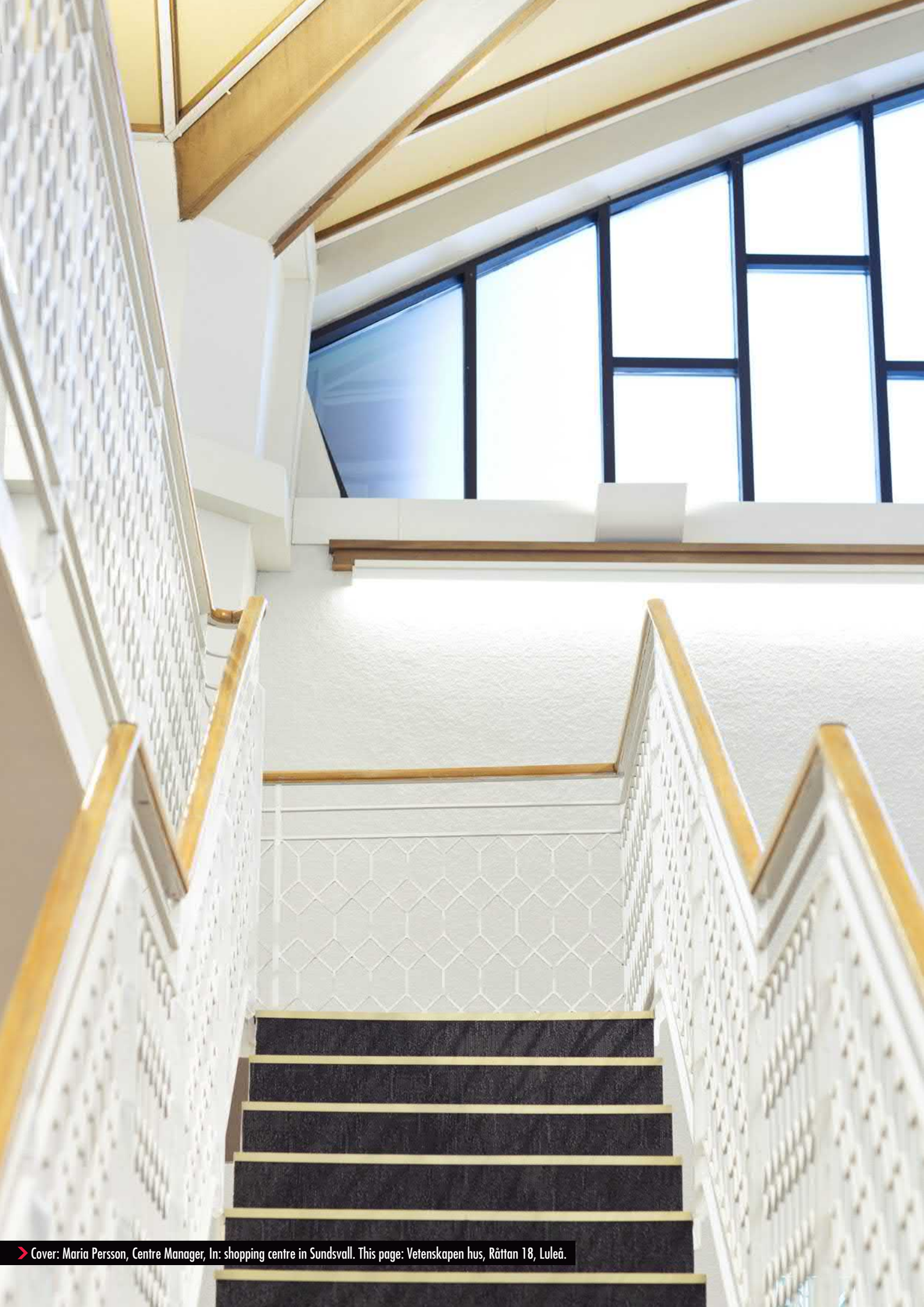


Diös

Q2

INTERIM REPORT **JANUARY – JUNE 2017**





OVERVIEW OF THE PERIOD

JANUARY–JUNE 2017

- **RENTAL INCOME FOR THE PERIOD TOTALLED SEK 832 MILLION (661)**
- **PROPERTY MANAGEMENT INCOME WAS SEK 403 MILLION (259)**
- **UNREALISED CHANGES IN THE VALUE OF PROPERTIES TOTALLED SEK 302 MILLION (50) AND UNREALISED CHANGES IN THE VALUE OF DERIVATIVES WERE SEK 14 MILLION (47)**
- **PROFIT AFTER TAX WAS SEK 581 MILLION (337).**
- **EARNINGS PER SHARE WERE SEK 4.46 (3.47)**

	2017 6 mths Jan-Jun	2016 6 mths Jan-Jun	2016 12 mths Jan-Dec
NET PROFIT FOR THE PERIOD, SEKm			
Rental income	832	661	1,323
Other income	8	8	17
Operating and central costs	-349	-302	-597
Net financial items	-88	-108	-204
Property management income	403	259	539
Changes in value of properties and derivatives	318	87	418
CURRENT TAX	-17	31	11
DEFERRED TAX	-123	-40	-136
Profit after tax	581	337	832
Surplus ratio, %	63	60	61
Occupancy rate, %	90	89	90
Equity/assets ratio, %	33.3	28.5	31.0
Property loan-to-value ratio, %	58.3	60.6	58.6
Equity per share, SEK	47.9	40.1	45.3
EPRA NAV per share, SEK	56.1	50.3	56.0

For definitions of key ratios, see page 34.

FOR FURTHER INFORMATION, PLEASE CONTACT

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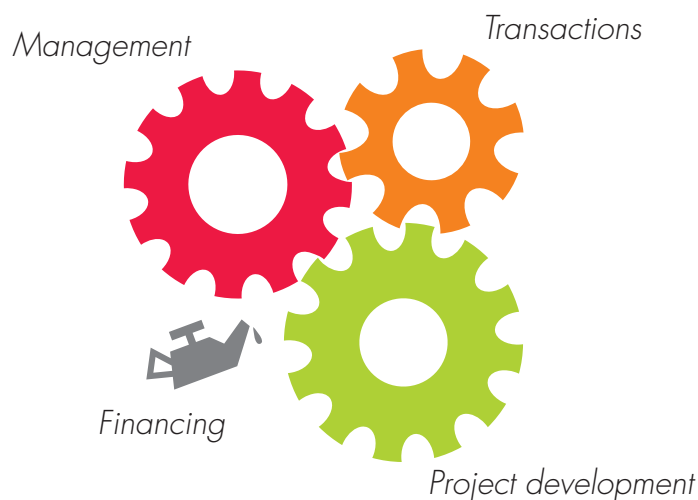
Rolf Larsson, CFO, +46 (0)770-33 22 00, +46 (0)70-666 14 83, rolf.larsson@dios.se

ABOUT DIÖS

Nearly 100 years ago Anders Diös established the building firm that would eventually grow into one of Sweden's largest property owners. Thanks to his outstanding entrepreneurship and his faith in the future, the building firm had by the 1950s become one of the largest in Sweden. Inspired by Anders' drive, we formulated our current vision: to be the most active and sought-after landlord in our market.

We drive urban development to create growth for our tenants. By taking a simple and active approach, and by working closely with our stakeholders, we create meeting places where people can live, work and enjoy life. The company's property portfolio is concentrated to central locations in priority growth cities with an emphasis on office and retail properties.

Our business model centres on using the company's assets to create value for our stakeholders with sustainability as a central aspect. Through efficient management, risk-aware transactions and forward-looking project development, we refine our assets. The value we create is evident in the fact that we are an attractive employer, manage our properties in a sustainable manner, conduct our business responsibly and focus on sustainable urban development.



VISION

We are the most active and sought-after landlord in our market.

BUSINESS CONCEPT

To own and develop commercial and residential properties in priority growth cities from locally based offices. We create long-term values with a focus on the tenant by operating in a responsible and sustainable manner.

PROMISE AND CORE VALUES

Our promise is that everything is possible. We strive to be seen as straightforward, responsive and active. Straightforward in that we are open and honest. Responsive in that we have a local presence, are approachable and show an interest. Active in that we develop property and ourselves as a company, and seize opportunities.

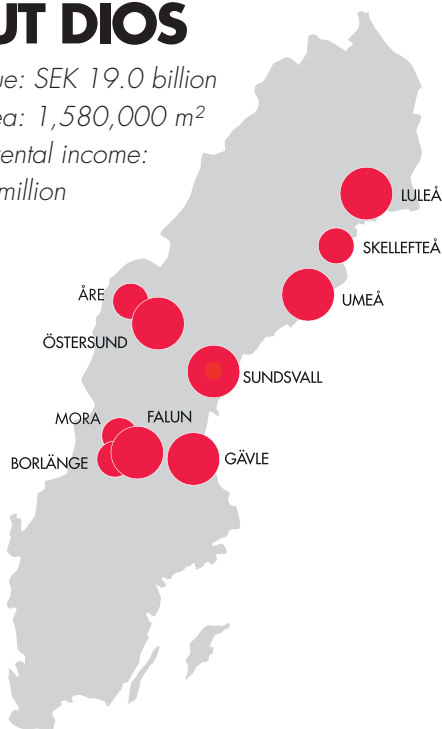


QUICK FACTS ABOUT DIÖS

Property value: SEK 19.0 billion

Leasable area: 1,580,000 m²

Contracted rental income:
SEK 1,722 million



SIGNIFICANT EVENTS DURING THE PERIOD

- Property management income increased by 56 per cent compared with the previous year. For comparable properties the increase was 22 per cent.
- Diös' Annual General Meeting at the company's head office in Östersund on 26 April approved the proposed dividend of SEK 2.00 per share.
- On 25 April Diös sold a land property in Gävle to the local authority for a consideration of SEK 3.3 million.
- On 16 June 2017 Diös concluded an exchange deal with Lerstenern i Umeå AB that will complete on 1 October 2017.
- On 20 June 2017 Diös concluded an exchange deal with Norrlandspojkarna in Sundsvall that will complete on 1 September 2017.
- On 21 June 2017 Diös concluded an exchange deal with Dcap AB in Umeå that will complete on 15 August 2017.
- Interest-bearing liabilities of SEK 3 million were hedged using interest rate caps.

QUARTERLY RESULTS IN BRIEF

	30/06/2017	31/03/2017	31/12/2016	30/09/2016	30/06/2016	31/03/2016	31/12/2015	30/09/2015
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Income, SEKm	435	405	337	335	334	335	334	324
Operating surplus, SEKm	286	241	195	212	212	187	195	201
Property management income, SEKm	224	179	132	147	140	119	125	129
Profit for the period, SEKm	255	326	266	229	194	143	249	-10
Surplus ratio, %	66	60	59	64	64	57	59	63
Economic occupancy rate, %	91	90	90	90	90	89	88	88
Return on equity, %	3.9	6.0	6.4	5.8	5.0	3.7	6.6	-0.4
Equity/assets ratio, %	33.3	33.5	31.0	29.8	28.5	29.0	27.4	27.1
Property loan-to-value ratio, %	58.3	59.1	58.6	59.6	60.6	61.4	60.7	60.5
Average interest rate at end of period, % ¹	1.6	1.6	2.0	1.9	2.6	2.6	2.5	2.5
Interest coverage ratio, times	5.8	5.2	3.9	3.8	3.5	3.1	3.5	3.5
Property management income per share, SEK	1.67	1.44	1.39	1.54	1.47	1.25	1.31	1.35
Earnings per share after tax, SEK	1.88	2.60	2.79	2.39	1.99	1.48	2.49	-0.15
Equity per share, SEK	47.9	48.0	45.3	42.5	40.1	40.3	38.8	36.2
Market price per share, SEK	46.6	44.0	47.1	50.8	47.1	46.9	48.0	43.5

¹ Includes expenses relating to commitment commission and derivatives.



> Tenant: Gray's in Mora. Ellinor Sparrman, shop floor assistant, and Mikael Hedh, business area manager for Dalarna.

CEO'S REVIEW

KNUT ROST, CEO

DEALS AND POSITIVE EFFECTS

Earnings-wise, 2016 was the strongest year in our history, and it is now clear that the first half of 2017 has started on an even stronger note. A strong commercial focus, positive effects from a large of new and good lets as well as the acquisitions that we made in the spring have improved our property management income, paving the way for further growth.

The second quarter was a highly eventful period in terms of transactions as well as new lets. Our property management income increased by a massive 56 per cent year on year while our cash flow increased to SEK 389 million (281) thanks to new lets, more efficient property management and a larger portfolio. Net leasing remained strong, at SEK 32 million (9) for the six-month period.

There is a lot happening in our market, and our focus remains squarely on concluding new deals and strengthening our existing relationships. Thanks to our local presence in all our markets, we are able to respond quickly to any new business opportunities that arise. In the second quarter we concluded new leases with CSN and Osynlig in Sundsvall, Rituals in Luleå, and Prison Island and Bahnhof in Borlänge among others. New tenants and concepts are creating new experiences and meeting places as well as new jobs in the cities where we operate.

Our project management activity has been stepped up a gear and we have submitted a building permit application for new housing in the centre of Falun. We have also initiated the process of developing the Wasahuset property in Gävle with upgraded apartments. Several conversion and new build projects are underway. New builds form part of our urban development activities, which are aimed at creating new, attractive meeting places and properties while adding value to our property portfolio.

We have continued to concentrate our portfolio to centrally located properties in line with our strategy. This enables us to manage our properties more efficiently and broaden our offering to our tenants while also strengthening our ability to develop the city. In June we concluded three exchange deals in which we acquired centrally located properties in Sundsvall and Umeå while divesting properties in peripheral locations. A strong local offering, local expertise and a willingness to conclude new deals make us hard to beat on our home turf.

The portfolio of properties on which we completed in February has expanded our offering, as is very evident among our letting agents, who



now have a whole range of new options to present when engaging in dialogue with our tenants. It is also clear that rent levels in our existing portfolio have been positively affected by our projects and the properties we have acquired.

A common hallmark of the cities where we operate is a strong and growing market. A growing population, business innovation and new start-ups as well as urban development are driving growth while urbanisation and digitalisation are creating new needs and opportunities. We work closely with our tenants and keep our ears to the ground to ensure that we pick up on new trends. We are seeing increased demand for new-build offices in central locations, which is having a very positive impact on rents.

During the period we continued to reduce our financial risk. We have increased our average fixed-rate term to 2.7 years and our average loan maturity to 2.5 years. An average interest rate of 1.6 per cent and an interest coverage ratio of 5.5 times are among the best in the industry. Net asset value per share (EPRA NAV) was SEK 56.1, compared with a share price at 30 June of SEK 46.60.

I am very pleased with what our reorganisation has achieved and the growth that we are driving. Our results for the first half of 2017 are strong, with improvements in nearly every item. We want to enable our tenants and ourselves to grow by engaging in urban development. Diös has therefore taken the step to the next level. I am convinced that by focusing on growth and continuing to drive new deals we will continue to improve our profitability and generate higher returns for our shareholders.

Knut Rost, CEO

RESULTS AT A GLANCE

The property management income for the period, i.e. income excluding changes in value and tax, was SEK 403 million (259). On comparable holdings, property management income increased by 22 per cent compared to last year.

Income and expenses for the period were affected by the previously communicated acquisition of 32 properties. Completion was on 1 February 2017 and the properties will be consolidated in our results as of that date.

RENTAL INCOME AND OTHER INCOME

The rental income for the period was SEK 832 million (661), representing an 90 per cent (89) economic occupancy rate. For comparable holdings, rental income increased by 3.4 per cent compared with the previous year. Other property management income totalled SEK 8 million (8) and consisted partly of re-billing to tenants regarding work carried out in leased premises.

PROPERTY COSTS

Total property costs were SEK 313 million (270). Of total property costs, SEK 4 million (3) refers to work in leased premises that is re-billed to tenants.

OPERATING SURPLUS

The operating surplus was SEK 527 million (399), representing a surplus ratio of 63 per cent (60). The increased surplus ratio is explained mainly by a stronger lettings performance and more efficient property management. For comparable holdings, the operating surplus increased by 6.1 per cent compared with the previous year.

CENTRAL ADMINISTRATION

The central administration expense was SEK 36 million (32). Central administration includes a non-recurring item of SEK 4 million, which refers to restructuring costs incurred in connection with acquisitions.

NET FINANCIAL ITEMS

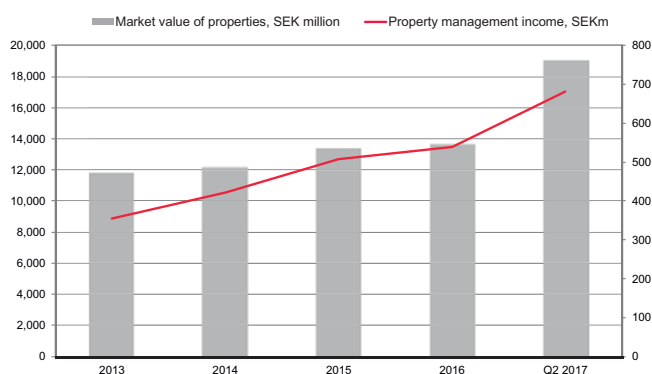
Net financial items for the period totalled SEK -88 million (-108). The interest expense for the period, including expenses for interest-rate derivatives and loan commitments, represents borrowings at an average annual interest rate of 1.8 per cent (2.6). The average annual interest rate on interest-bearing liabilities based on the applicable terms and market interest rates at 30 June was 1.6 per cent (1.1).

CHANGES IN VALUE, PROPERTIES

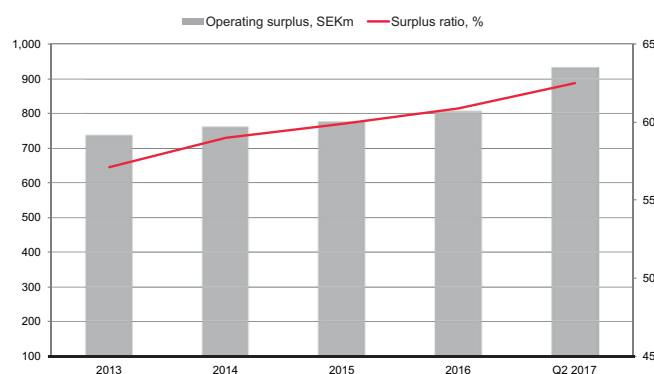
The property market is marked by a continued high activity, strong demand and continued limited supply, which is pushing prices higher. Prices are increasing mainly for centrally located office properties in growth cities. The upward trend is also reflected in the internal valuation in the form of a lower required rate of return, which, at the portfolio level, corresponds to 0.29 percentage points for the period. The average valuation yield at the end of the period was 6.11 per cent (6.55). The positive change in value of SEK 302 million (50) is primarily due to a one-off effect of a discount on deferred tax, lower required rates of return and increased cash flows. The change in value represented 1.6 per cent (0.4) of the market value. On 30 June, the market value was SEK 19,027 million (13,160).

During the period one property was sold with a realised change in value of SEK 2 million. In the same period in the previous year 42 properties were sold, resulting in a realised change in value of SEK -10 million before tax. 33 properties (4) were acquired during the period.

»»» MARKET VALUE AND PROPERTY MANAGEMENT INCOME¹



»»» OPERATING SURPLUS AND SURPLUS RATIO¹



¹The figures for property management income, operating surplus and surplus ratio in Q2 2017 are on a rolling 12-month basis.

CHANGES IN VALUE, DERIVATIVES

The derivatives portfolio has been valued at fair value. 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.

During the period, unrealised changes in value on derivatives totalled SEK 14 million (47), which have been fully recognised in profit or loss. The change in the market values of derivatives is primarily attributable to the time effect. The time to maturity decreased over the period, which, assuming that market interest rates remain largely unchanged, will push the market value towards 0. Accrued negative market values from derivatives will thus have an ongoing positive revaluation effect until maturity.

PROFIT BEFORE TAX

Profit before tax was SEK 721 million (346). The improved profit is chiefly due to a larger property portfolio and unrealised changes in the value of properties.

PROFIT AFTER TAX

Profit after tax was SEK 581 million (337). Current tax totalled SEK -17 million (31). This is mainly attributable to tax in subsidiaries, which are not permitted to offset losses against Group contributions. The positive tax effect in the previous year is attributable to a partial reversal of tax provisions related to a tax case. The calculation of deferred tax has given rise to a deferred tax item of SEK -123 million (-40).

SECOND QUARTER OF 2017

Property management income for the second quarter, i.e. income excluding changes in value and tax, was SEK 224 million (140). The operating surplus was SEK 286 million (212), representing a surplus ratio of 66 per cent (64).

- Rental income for the second quarter was SEK 432 million (330), representing an economic occupancy rate of 91 per cent (90).
- Total property costs were SEK 149 million (122).

Net financial items for the second quarter were SEK -47 million (-56). The profit before tax was SEK 323 million (207), with changes in the value of properties having a positive impact of SEK 94 million (39) and changes in the value of interest rate derivatives adding SEK 5 million (28). Earnings after tax were SEK 255 million (194), of which SEK -59

million (-48) refers to deferred tax and SEK -9 million (35) to current tax. In the second quarter one property (1) was sold, resulting in a net realised change in value of SEK 2 million (-1).

TAX

The nominal corporate tax rate in Sweden is 22 per cent. Due to the option of using tax depreciation allowances, recognising the full amount of expenses for certain types of conversion projects in the first year and using tax losses, tax paid was low. Tax paid arises from the fact that some subsidiaries are not able to avail themselves of the tax benefits of group contributions

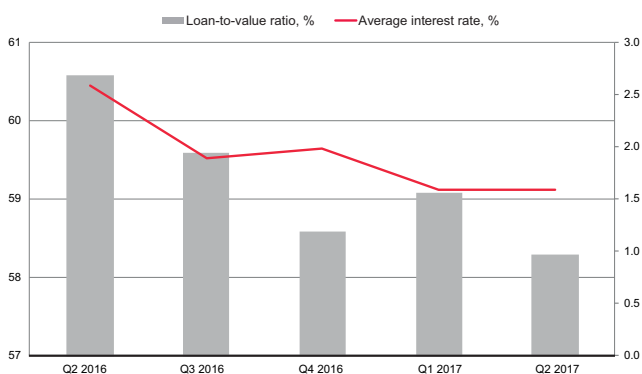
The remaining tax loss carry-forward is calculated to be SEK 78 million (177). The Group also has untaxed reserves of SEK 118 million (89). The fair value of the properties exceeds their tax base by SEK 5,108 million (4,235). The tax on the net balance of these items at the full nominal tax rate of 22 per cent has been recognised as a deferred tax liability.

TAX CALCULATION FOR THE PERIOD

SEKm	Current tax basis	Deferred tax basis
Property management income	403	
Tax-deductible		
depreciation	-113	113
conversion projects	-35	35
Other tax adjustments	-27	-41
Taxable property management income	228	107
Income tax at 22% if tax losses are not used	50	
Sale of properties	1	-1
Change in value of properties	0	302
Issue costs	-51	51
Taxable profit before tax loss carry-forwards	178	459
Opening balance, tax loss carry-forwards	-177	177
Closing balance, tax loss carry-forwards	78	-78
Taxable profit	79	558
Tax for the period as per income statement	17	123

While the reporting of taxes complies with the applicable accounting rules it should be noted that the amount of tax paid over the period generally differs from the reported amount. Tax regulations are also complex and difficult to interpret. The application of the regulations may also change over time. Diös has no ongoing tax disputes.

AVERAGE INTEREST RATE AND LOAN-TO-VALUE RATIO



OUR PROPERTIES

THE PROPERTY PORTFOLIO

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 and establish long-term tenant relations. At the end of the period the portfolio comprised 93 per cent (92) commercial properties and 7 per cent (8) residential properties based on rental value by type of premises.

INVESTMENTS

Our project investments are in the form of new builds, conversions and extensions, along with energy-saving measures. The goal is for such investments to increase occupancy, cut costs and reduce the impact on the environment. During the period SEK 290 million (220) was invested in 522 projects (412). At the end of the period 11 major¹ development projects were ongoing, with a remaining investment volume of SEK 38 million and a total investment volume of SEK 96 million. During the period decisions were taken on 79 new project investments.

¹Initial investment volume > SEK 4 million.

PROPERTY VALUATION

At each closing, a fair value assessment is made of all properties, as of that date. The aim is to determine the properties' individual values in a sale executed through an orderly transaction between market players. Any portfolio effects are thus not taken into account. The valuation model includes an annual external valuation of the 100 largest properties in terms of value, of which 25 per cent are valued each quarter. The external valuation is performed by Savills. In addition to the largest properties in terms of value, an internal valuation is carried out, with the assistance of Savills, of properties where major changes have occurred. This pertains to, for example, properties where a lease has recently been signed or terminated, along with major new build or conversion projects. All property valuations are based on a number of assumptions about the future and the market. Savills' calculations are therefore based on an uncertainty range of +/-7.5 per cent, which is also applied to the entire portfolio. For Diös this corresponds to a value range of SEK 17,600–20,454 million.

During the quarter, there were no changes in valuation methodology or approach. The valuations are in accordance with IFRS 13 level 3.

CHANGES IN THE PORTFOLIO

Our strategy is to continuously strive to concentrate our property portfolio to priority locations in our target areas.

In the second quarter Diös sold the Näringen 22:3 land property in Gävle. The property was acquired by Gävle Local Authority.

The completion date for the Luleå Office Building was 10 January 2017. The acquisition was communicated in the second quarter of 2016. The completion date for the 32 properties in Umeå, Luleå and Sundsvall that Diös acquired from Castellum, as communicated in the fourth quarter of 2016, was 1 February 2017. The acquisitions increased the value of the property portfolio by SEK 4,753 million (170).

New builds, conversions and extensions added SEK 290 million (220) to the value of Diös' property portfolio over the period. We makes adjustments to the portfolio on an ongoing basis to create improvements and efficiencies for our tenants.

Unrealised changes in value for the period totalled SEK 302 million (50) and were mainly due to the one-off effect of a discount on deferred tax, lower required rates of return and increased cash flows.

NET LEASING

Net leasing for the period was SEK 32 million (9). The largest new lets in the period were those to Umeå Datakonsulter Aktiefbolag in the Sågen 5 property in Umeå, Trelleborg Sealing Solutions Kalmar AB in Näringen 5:15 in Gävle and CSN in Cupido 7 in Sundsvall. The average contract term commercial premises at 30 June was 3.6 years (3.3).

VACANCIES

Vacancies fell during the quarter and at 30 June the economic vacancy rate was 9 per cent (10) and vacant area was 14 per cent (16). Economic vacancies are highest in office and retail premises while physical vacancy rates are highest in office and industrial premises. The economic vacancy rate for the period, excluding discounts, was 9 per cent (10).

▶▶▶ VALUATION ASSUMPTIONS

	30/06/2017					30/06/2016				
	Office	Retail	Residential	Industrial/warehouse	Other	Office	Retail	Residential	Industrial/warehouse	Other
Analysis period	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Yield for assessing residual value ¹ %	7.0-5.7	6.9-6.0	5.5-4.7	8.0-7.3	7.0-6.2	7.4-6.4	7.3-6.3	5.7-4.8	8.3-7.4	7.1-6.6
Cost of capital for discounting to present value, %	8.1	8.2	7.4	9.8	8.8	8.7	8.6	7.5	10.0	9.0
Long-term vacancy, %	5.0	3.5	1.7	11.5	6.0	5.6	3.5	1.6	11.2	5.0
Inflation, %	2	2	2	2	2	2	2	2	2	2

¹ From lower to upper quartiles in the portfolio.



»»» ENERGY USE AND CARBON DIOXIDE EMISSIONS

	Unit	2017 6 mths Jan-Jun	2016 6 mths Jan-Jun
Heating ¹	kWh/sq.m	51.0	50.9
District cooling ²	kWh/sq.m	7.8	8.0
Electricity ³	kWh/sq.m	29.1	30.0
Carbon dioxide, total ⁴	g CO2/kWh	25.4	25.3
Water	m ³ /sq.m	0.2	0.2

¹ Heating has been adjusted to a normal year.

² District cooling does not include self-produced cooling.

³ Electricity from energy use and tenants where electricity is included in the lease.

⁴ Carbon dioxide from electricity, heating and cooling.

All values have been provided by the suppliers. Floor area refers to tempered area.

Total energy and heat use decreased by 1.1 per cent compared with the same period the year before. Diös' ambition for the full year 2017 is to reduce energy use by 4 per cent, partly through a greater focus on geo-energy solutions and smart control systems in the energy projects and a stronger emphasis on optimisation. Use of district cooling is increasing

as we replace cooling machines with district cooling solutions and thus cut electricity and refrigerant use. To reduce our environmental impact, we only buy electricity from renewable sources and take an active role in dialogues with district heating suppliers, and we can now see that 99 per cent of our district heating also comes from non-fossil sources.

»»» LEASE MATURITIES AT 30 JUNE 2017

	Maturity year	Signed contracts no.	Rented area sq.m	Contracted rental income SEKm	Share, %
Leases for premises	2017	507	87,113	84	5
	2018	853	270,491	324	19
	2019	673	267,590	315	18
	2020	638	248,974	316	18
	2021+	374	353,553	492	29
Total leases for premises		3,045	1,227,721	1,531	89
Residential leases		1,896	126,842	136	8
Other leases		4,112	-	55	3
TOTAL		9,053	1,354,563	1,722	100

»»» LARGEST TENANTS AT 30 JUNE 2017

TENANT	No. of contracts	Annual contract value, SEK '000	Share of total contract value, %	Average contract term, years
Swedish Transport Administration	25	62,631	3.6	2.5
Municipality of Östersund	110	36,784	2.1	3.2
Swedish Public Employment Service	43	33,877	2.0	2.0
Åhléns AB	5	22,443	1.3	5.4
Telia Sverige AB	25	19,547	1.1	10.8
Swedish Police Authority	34	19,517	1.1	3.4
Municipality of Falun	9	19,195	1.1	2.8
Swedbank AB	10	18,815	1.1	2.0
Swedish Social Insurance Agency	21	18,805	1.1	3.3
Folksam Sak	40	18,463	1.1	6.0
Total, largest tenants	322	270,077	15.7	3.7



BUSINESS AREAS

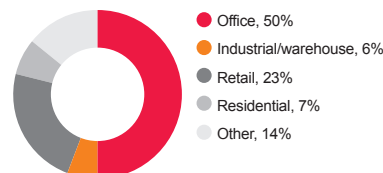
We are the market-leading public property company in our priority locations. Our portfolio is concentrated to central locations in growth cities, from Borlänge in the south to Luleå in the north. Our operations are divided into seven business areas, of which six are defined geographically. The seventh business area, Retail, was established in the first quarter of 2017 and is not geographically defined but consists of our shopping centre and retail properties. The business area organisation consists of property management staff and letting agents and one business area manager. All technical management services are purchased internally and performed by Diös staff at each location.

MARKET COMMENTARY

The Swedish economy remains strong and GDP is expected to grow by 2.5 per cent in 2017, according to the National Institute of Economic Research. Employment has grown rapidly over the past few years and there is still a strong need to recruit. Population growth was positive in all our locations in 2016, with a total increase of 7,000 people.

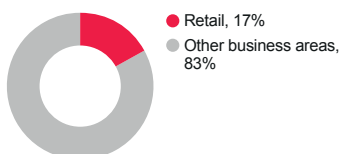
SCA has moved its head office back to Sundsvall and is investing nearly SEK 8 million in a new pulp factory in the region, which will benefit the local economy. Further north, Umeå has joined a regional gaming cluster that already includes Luleå, Piteå, Skellefteå and Boden. The idea is to work across municipal boundaries to create growth and continue the strong game creating tradition that has been established in the region.

RENTAL VALUE BY TYPE OF PREMISES

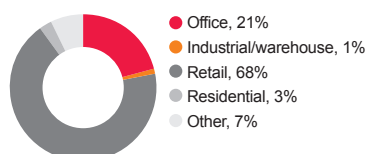


RETAIL

SHARE OF TOTAL CONTRACT VALUE



RENTAL VALUE BY TYPE OF PREMISES



PROPERTY HOLDINGS

No. of properties	16
Area, thousand sq.m	169
Property value, SEKm	3,177
Operating surplus, SEKm	81
Surplus ratio, %	59

RETAIL – LARGEST TENANTS

TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Municipality of Falun	4	16,946	5.9	2.7
KappAhl Sverige AB	5	12,342	4.3	1.6
Hennes & Mauritz Sverige AB	4	10,289	3.6	1.6
Clas Ohlson AB	5	9,149	3.2	4.7
Nilson Group AB	6	6,961	2.4	1.3
Total, largest tenants	24	55,687	19.3	2.4

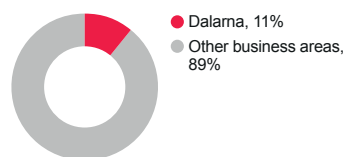
*In relation to the annual contract value for each business area.



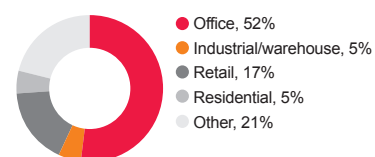
Shopping Galleria, Rättan 20, Luleå.

DALARNA

SHARE OF TOTAL CONTRACT VALUE



RENTAL VALUE BY TYPE OF PREMISES



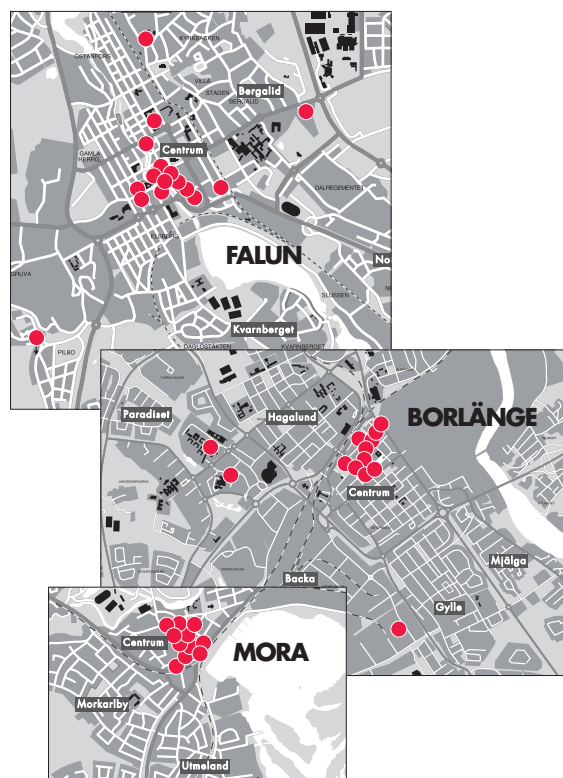
PROPERTY HOLDINGS

No. of properties	42
Area, thousand sq.m	225
Property value, SEKm	2,046
Operating surplus, SEKm	69
Surplus ratio, %	66

DALARNA - LARGEST TENANTS

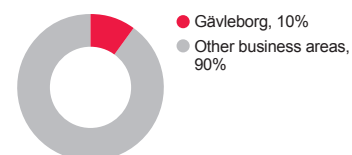
TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Swedish Transport Administration	3	40,257	19.1	3.0
Swedish Police Authority	8	10,042	4.8	2.1
Internationella Engelska Skolan AB	1	9,270	4.4	18.5
Pyslingen Förskolor och Skolor AB	1	8,419	4.0	7.1
County Administrative Board of Dalarna	13	7,393	3.5	2.5
Total, largest tenants	26	75,381	35.8	5.2

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

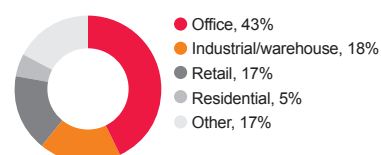


GÄVLEBORG

SHARE OF TOTAL CONTRACT VALUE



RENTAL VALUE BY TYPE OF PREMISES



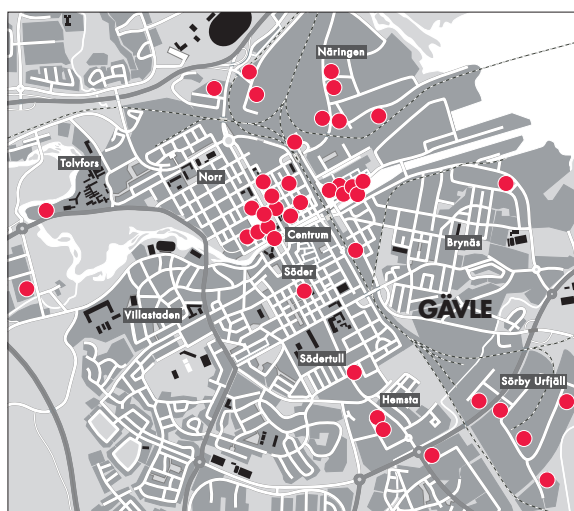
PROPERTY HOLDINGS

No. of properties	47
Area, thousand sq.m	236
Property value, SEKm	1,822
Operating surplus, SEKm	57
Surplus ratio, %	64

GÄVLEBORG - LARGEST TENANTS

TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Gävleborg County Council	7	9,439	5.2	3.1
Swedish Transport Administration	3	7,143	3.9	1.3
Swedish Public Employment Service	7	6,474	3.6	2.9
Internationella Engelska Skolan AB	2	5,720	3.2	6.3
Åhléns AB	1	4,363	2.4	4.5
Total, largest tenants	20	33,139	18.3	3.4

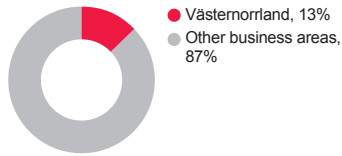
*In relation to the annual contract value for each business area.



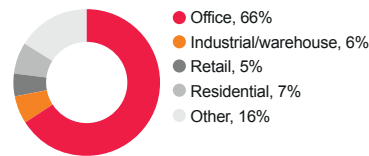


VÄSTERNORRLAND

SHARE OF TOTAL CONTRACT VALUE



RENTAL VALUE BY TYPE OF PREMISES



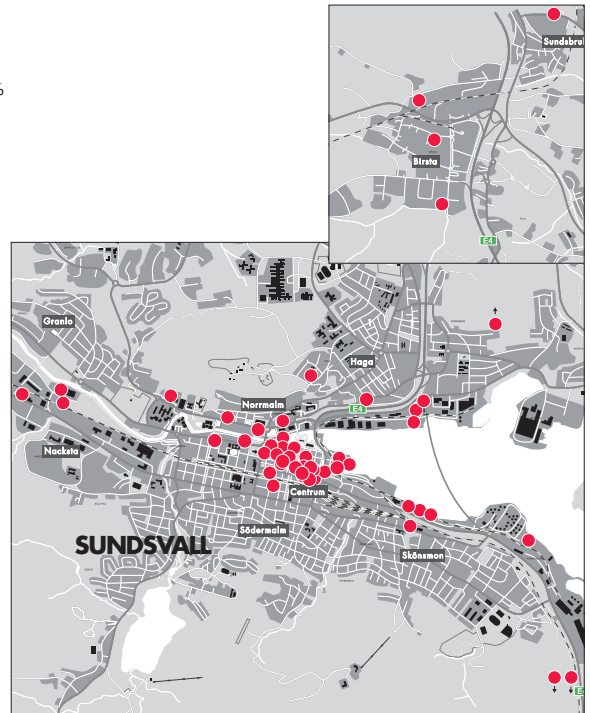
PROPERTY HOLDINGS

No. of properties	51
Area, thousand sq.m	197
Property value, SEKm	2,509
Operating surplus, SEKm	61
Surplus ratio, %	62

VÄSTERNORRLAND – LARGEST TENANTS

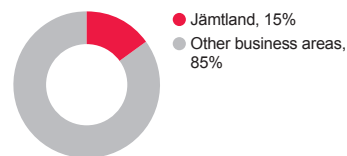
TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Livförsäkringsbolaget Skandia	3	14,123	6.6	5.8
Sweco Sverige AB	9	8,522	4.0	5.4
Municipality of Sundsvall	19	8,374	3.9	1.8
Folksam Sak	7	7,985	3.7	9.1
Norrlidens Kunskapscentrum AB	2	7,085	3.3	8.4
Total, largest tenants	40	46,089	21.4	5.9

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

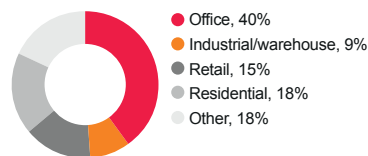


JÄMTLAND

SHARE OF TOTAL CONTRACT VALUE



RENTAL VALUE BY TYPE OF PREMISES



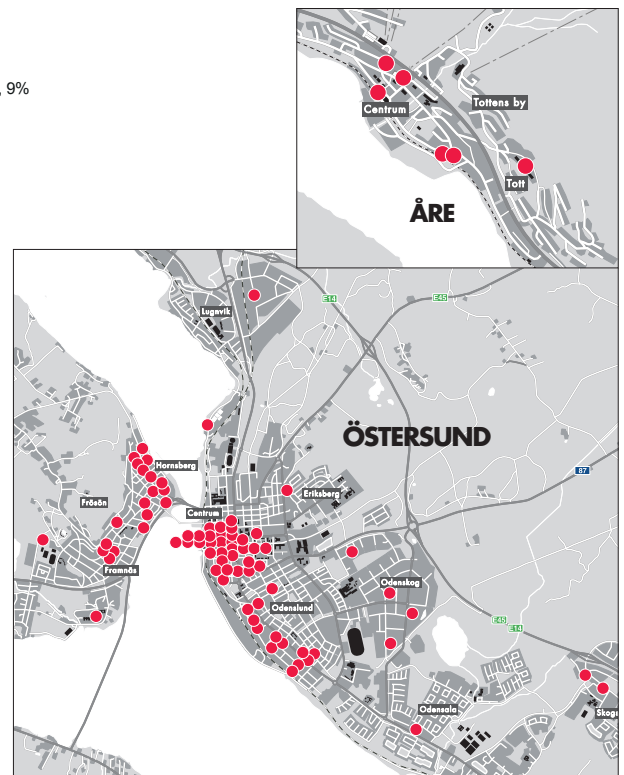
PROPERTY HOLDINGS

No. of properties	113
Area, thousand sq.m	289
Property value, SEKm	2,905
Operating surplus, SEKm	88
Surplus ratio, %	62

JÄMTLAND - LARGEST TENANTS

TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Municipality of Östersund	110	36,784	13.1	3.2
Region Jämtland Härjedalen	18	11,097	4.0	2.1
Swedbank AB	5	7,587	2.7	1.6
Swedish Public Employment Service	3	5,886	2.1	1.3
Deloitte	1	3,888	1.4	2.5
Total, largest tenants	137	65,242	23.3	2.6

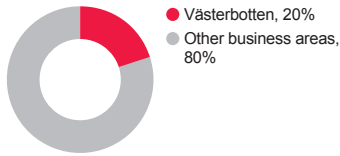
*In relation to the annual contract value for each business area.



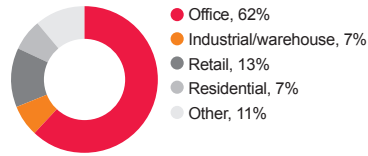


VÄSTERBOTTEN

SHARE OF TOTAL CONTRACT VALUE



RENTAL VALUE BY TYPE OF PREMISES



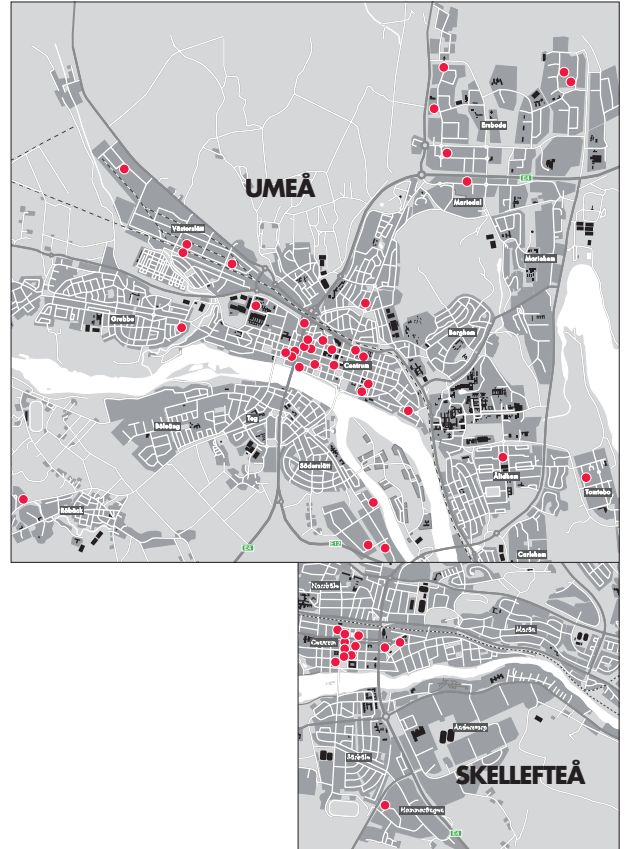
PROPERTY HOLDINGS

No. of properties	53
Area, thousand sq.m	299
Property value, SEKm	3,855
Operating surplus, SEKm	97
Surplus ratio, %	64

VÄSTERBOTTEN - LARGEST TENANTS

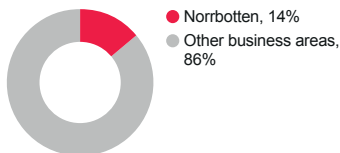
TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Municipality of Skellefteå	21	15,814	5.0	4.3
Swedish Courts	8	14,946	4.7	9.6
County Administrative Board of Västerbotten	3	10,865	3.4	4.3
Swedish Tax Agency	16	10,192	3.2	2.9
Tieto Sweden AB	2	9,804	3.1	1.5
Total, largest tenants	50	61,621	19.3	4.9

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

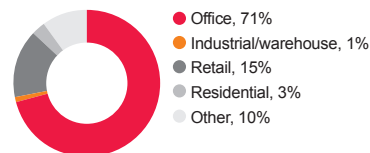


NORRBOTTEN

SHARE OF TOTAL CONTRACT VALUE



RENTAL VALUE BY TYPE OF PREMISES



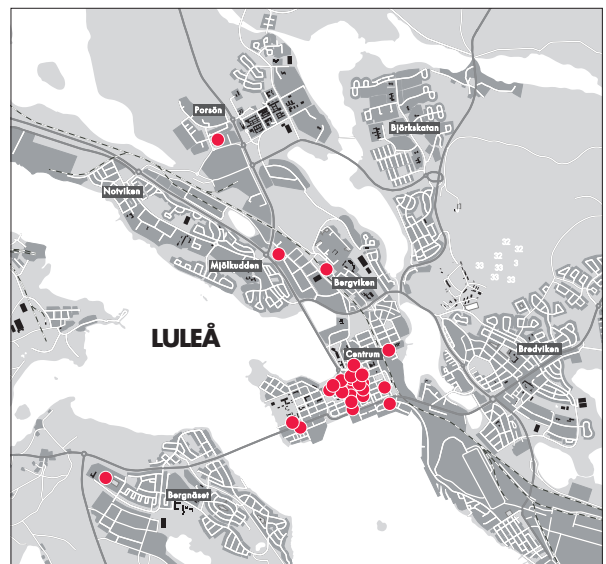
PROPERTY HOLDINGS

No. of properties	25
Area, thousand sq.m	165
Property value, SEKm	2,713
Operating surplus, SEKm	73
Surplus ratio, %	69

NORRBOTTEN - LARGEST TENANTS

TENANT	No. contracts	Annual contract value, SEK '000	Share of total contract value, %*	Average contract term, years
Telia Sverige AB	8	14,365	6.6	13.6
Municipality of Luleå	14	13,110	6.1	3.6
Swedish Transport Administration	3	11,816	5.5	1.2
Sweco Sverige AB	4	8,406	3.9	5.7
County Administrative Board of Norrbotten	5	8,263	3.8	1.5
Total, largest tenants	34	55,960	25.9	5.7

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





> Anders Wesström, Technical Manager, and the tenant Amberline in Falu office hotel, Sofie Lofors-Läck, owner.

FINANCING

CAPITAL STRUCTURE

At 30 June 2017, 33 per cent (29) of Diös' total assets of SEK 19,317 million was funded through equity, 57 per cent (60) through debt securities and 10 per cent (11) through other capital. The equity/assets ratio was 33.3 per cent, which is above Diös' target of 30 per cent. Interest-bearing liabilities comprise bank financing and covered bonds while other capital mainly consists of deferred tax liabilities.

EQUITY

The Castellum property acquisition, for which the completion date was 1 February, was part-financed through a rights issue of 59,783,304 shares. The issue raised around SEK 1,853 million in new equity. At 30 June equity was SEK 6,438 million (3,818).

INTEREST-BEARING LIABILITIES

The Group's interest-bearing liabilities were SEK 11,095 million (7,970). Out of total interest-bearing liabilities, SEK 10,080 million (7,029) refers to bank financing and SEK 1,015 million (941) to covered bonds. The covered bonds were issued through the joint-owned company Svensk FastighetsFinansiering AB (SFF). At the end of the period the loan-to-value ratio in the Group was 58.3 per cent (60.6). The average annual interest rate at 30 June, including the cost of derivatives and loan commitments, was 1.6 per cent (2.6) and the interest coverage ratio 5.8 times (3.5).

DERIVATIVES

Out of the Group's total interest-bearing liabilities, SEK 3,600 million (4,200) has been hedged through derivatives. In the second quarter interest-bearing liabilities of SEK 3,000 were hedged using interest rate caps. At 30 June 2017, the market value of the derivative portfolio was SEK -29 million (-87). Financial instruments limit the impact of a change in interest rates on our average borrowing costs. The value of derivatives is always zero at maturity. All financial instruments are measured at fair value and classified at level 2 in accordance with IFRS 13, which means that valuation is based on observable market data (see Note 21 in the Annual Report 2016). Changes in value are recognised in profit or loss.

FIXED-RATE TERMS AND LOAN MATURITIES

The average fixed-rate term was 1.7 years (0.3) and average maturity was 2.5 years (2.3). Taking account of the impact of the derivatives portfolio, the average fixed-rate term was 2.7 years (0.6). With a derivatives portfolio of SEK 3,600 million and loans of SEK 7,197 million, 97.3 per cent (59.0) of the Group's total outstanding loans are covered by interest rate hedges.

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 48 million (159). The credit limit on the overdraft facility was SEK 600 million (450).

SENSITIVITY ANALYSIS AS AT 30 JUNE 2017

If market rates rise by 1 per cent point

	Fixed-rate term, years	Maturity, years	Average annual interest rate, %	Market value, SEKm	Change in average annual interest rate, %	Change in average annual interest expense, SEKm	Change in market value, SEKm
Loan portfolio, excl. derivatives	1.7	2.5	1.3 ¹	11,095	0.4	+39	
Derivative portfolio	3.0		0.2	-29	-1.0	-6	+7
Loan portfolio, incl. derivatives	2.7	2.5	1.6		0.3	+33	+7

¹ The cost for undrawn credit facilities has been included

INTEREST RATE AND DEBT MATURITY STRUCTURE AT 30 JUNE 2017

Maturity year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average annual interest rate ¹ , %	Credit agreements, SEKm	Drawn, SEKm
2017	1,888	1.2	1,158	1,020
2018	2,887	1.0	2,167	2,167
2019	993	1.3	1,861	1,861
2020	5,326	1.4	5,326	5,326
2021	-	-	1,065	23
2027	-	-	697	697
Drawn credit facilities	11,095	1.3	12,274	11,095
Undrawn credit facilities ²	1,179	0.1		
Financial instruments	3,600	0.2		
TOTAL		1.6		

¹ Average annual interest rate refers to the average interest rate based on interest rate terms and current liability at 30/06/2017.

² The impact of costs related to undrawn credit facilities on the average annual interest rate is 0.05 percentage points.



SHARE INFORMATION

SHARE PERFORMANCE

The share price at the end of the period was SEK 46.6 per share (47.1), which equates to a market capitalisation of SEK 6,268 million (4,484) and a return of -1.0 per cent (9.1) for the past 12 months. If the approved dividend of SEK 2.0 per share is included, the total return on the shares for the period is 3.5 per cent (14.3). The graph shows share prices for the past 12 months for both Diös and the indexes. The return for OMX Stockholm 30 was 21.1 per cent (-16.0) and for OMX Stockholm Real Estate PI 13.7 per cent (22.1).

At 31 May Diös Fastigheter AB had 14,474 shareholders (11,621). The share of foreign-owned shares was 20.8 per cent (17.8) while the total number of shares during the period increased to 134,512,438 (74,729,134). The largest single shareholder was AB Persson Invest with a 15.4 per cent (15.4) shareholding. The ten largest shareholders accounted for 56.2 per cent (61.1) of the shares and votes.

The 2017 AGM authorised the company to buy back ten per cent of all outstanding shares of the company. No repurchases were made during the period.

No new changes of ownership were flagged during the period. The ten largest shareholders of Diös Fastigheter AB according to Euroclear Sweden AB are shown in the table above.

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.

RETURN AND NET ASSET VALUE

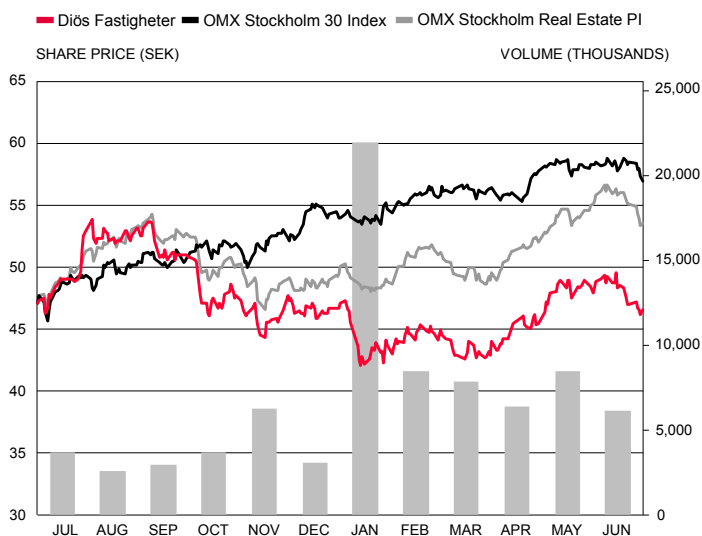
Our target is to generate a return on equity in excess of the risk-free rate plus 6 per cent. The target return for the past 12 months was 5.8 per cent (6.0). The annualised return for the period was 22 per cent (18).

Equity at the end of the second quarter was SEK 6,438 million (3,818) and the long-term net asset value, EPRA NAV, was SEK 7,545 million (4,795). On a per share basis, EPRA NAV was SEK 56.1 (50.3), which means that the share price at 30 June represented 83 per cent (93) of long-term NAV. The current net asset value for the period, as expressed by EPRA NNNNAV, was SEK 54.4 (47.6) per share.

EARNINGS

Earnings per share for the period were SEK 4.46 (3.47) while long-term earnings per share, expressed as EPRA EPS, were SEK 2.70 (2.42). Designed to show a company's long-term earnings capacity per share, EPRA EPS is calculated as property management income less 22 per cent corporation tax attributable to property management income less minority's share of earnings.

»»» SHARE PRICE PERFORMANCE



»»» LARGEST SHAREHOLDERS

OF DIÖS FASTIGHETER AB AT 31 MAY 2017

SHAREHOLDER	No. of shares	Capital and votes, %
AB Persson Invest	20,699,443	15.4
Backahill Inter AB	14,095,354	10.5
Bengtssons Tidnings Aktiebolag	13,574,748	10.1
Pensionskassan SHB Försäkringsförening	8,096,827	6.0
Försäkringsaktiebolaget, Avanza Pension	5,034,037	3.7
Handelsbankens Fonder	3,405,380	2.5
SEB Investment Management	3,300,057	2.5
Fourth AP Fund	2,811,660	2.1
Ssb Client Omnibus Ac Om07 (15 pct)	2,559,060	1.9
Staffan Rasjö	2,000,000	1.5
Total, largest shareholders	75,576,566	56.2
Other shareholders	58,935,872	43.8
TOTAL	134,512,438	100.0



> Blomsterservice, a Diös tenant in the In: shopping centre, Jenny Söderberg, florist.

OTHER DISCLOSURES

»»» EMPLOYEES AND ORGANISATION

The number of employees on 30 June 2017 was 156 (152), of whom 64 were women (61). Most of the employees, 107 individuals (104), work in our seven business areas. A change in 2017 is that we have established a seventh business area, Retail, where we have brought together our shopping centre and retail properties. During the spring we have been in a recruitment phase, strengthening our business driving roles in lettings and property management as well as our operational organisation.

»»» 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 91 million (73) and post-tax profit was SEK 318 million (303).

Profit after tax includes dividends from Group companies in the amount of SEK 300 million (300). Net sales refer chiefly to services sold to the Group's subsidiaries. Cash and cash equivalents were SEK 0 million (0) at 30 June 2017 and drawn overdraft facilities were SEK 51 million (182). External interest-bearing liabilities, excluding overdraft facilities, amounted to SEK 3,530 million (2,037). The average annual interest rate based on the situation at 30 June 2017 was 1.2 per cent (0.8).

The parent company prepares its financial reports in compliance with RFR 2 Accounting for Legal Entities.

»»» OPPORTUNITIES AND RISKS

Diös Fastigheters' principal risks and uncertainties are described in the 2016 annual report on pages 52-54. Apart from what is stated in the following, there have been no material changes to Diös' risks and uncertainties.

At its monetary policy meeting on 3 July the Riksbank decided to keep its repo rate unchanged at -0.5 per cent. The Repo rate is not expected to be raised until after the second half of 2018, and if raised it will be slowly and gradually. The central bank has continued to purchase government bonds in accordance with its previous decision, with the aim of stabilising inflation at around 2 per cent.

According to the June 2017 edition of Swedish Economy published by the National Institute of Economic Research, the current strong economic activity in Sweden is set to strengthen further this year and peak in 2018. The main driver is the export industry, which is benefiting from strong global demand.

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 is prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The accounting principles applied in preparing the interim report are consistent with the accounting principles applied in preparing the consolidated financial statements and annual report for 2016, Note 1. New and amended standards which entered into force on 1 January 2017 have not had any material impact on the Group's financial statements.

»»» SEASONAL VARIATIONS

Costs for operations and maintenance are subject to seasonal variations. Cold weather and snow affect the costs for heating, snow clearance and roof snow removal. The costs are normally higher in the first and fourth quarters.

¹ The Annual Report 2016 is available at www.dios.se.

FINANCIAL STATEMENTS

»»» CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME, SEK M

	2017 3 months April-June	2016 3 months April-June	2017 6 months Jan-June	2016 6 months Jan-June	2016 12 months Jan-Dec
INCOME STATEMENT					
Rental income	432	330	832	661	1,323
Other property management income	3	4	8	8	17
Property costs	-149	-122	-313	-270	-534
Operating surplus	286	212	527	399	806
Central administration	-15	-16	-36	-32	-63
Net financial items	-47	-56	-88	-108	-204
Property management income	224	140	403	259	539
Change in value of properties	94	39	304	40	327
Change in value of interest rate derivatives	5	28	14	47	91
Profit before tax	323	207	721	346	957
CURRENT TAX	-9	35 ¹	-17	31 ¹	11 ¹
DEFERRED TAX	-59	-48	-123	-40	-136
Profit after tax	255	194	581	337	832
Profit attributable to shareholders of the parent company	253	190	578	331	825
Profit attributable to non-controlling interests	2	4	3	6	7
Total	255	194	581	337	832
STATEMENT OF COMPREHENSIVE INCOME					
Profit after tax	255	194	581	337	832
Comprehensive income for the period	255	194	581	337	832
Comprehensive income attributable to shareholders of the parent company	253	190	578	331	825
Comprehensive income attributable to non-controlling interests	2	4	3	6	7
Total	255	194	581	337	832
Earnings per share, SEK	1.88	1.99	4.46	3.47	8.66
Number of shares at end of period, thousands	134,512	95,290	134,512	95,290	95,290
Average number of shares, thousands	134,512	95,290	129,528	95,290	95,290
Number of treasury shares at end of period	0	0	0	0	0
Average number of treasury shares	0	0	0	0	0

¹ Current tax for 2016 includes a reversal of SEK 37 million related to a provision that was recognised in 2015.



CONDENSED CONSOLIDATED BALANCE SHEET, SEK M

	2017 30 June	2016 30 June	2016 31 Dec
ASSETS			
Non-current assets			
Investment properties	19,027	13,160	13,683
Other property, plant and equipment	4	4	3
Intangible non-current assets	2	3	2
Non-current financial assets	40	43	36
Total non-current assets	19,073	13,210	13,724
Current assets			
Current receivables	244	183	196
Cash and cash equivalents	-	-	-
Total current assets	244	183	196
TOTAL ASSETS	19,317	13,393	13,920
EQUITY AND LIABILITIES			
Equity	6,438	3,818	4,313
Deferred tax liability	1,133	912	1,009
Provisions	9	9	9
Interest-bearing liabilities	11,095	7,970	8,013
Overdraft facilities	48	159	15
Current liabilities	594	525	561
TOTAL LIABILITIES AND EQUITY	19,317	13,393	13,920

CONDENSED STATEMENT OF CHANGES IN EQUITY, SEK M

	Equity	Attributable to shareholders of the parent	Attributable to minority interests
Equity at 31 Dec 2015	3,694	3,658	36
<i>Profit for the period after tax</i>	337	331	6
Comprehensive income for the period	337	331	6
<i>Cash dividend</i>	-213	-213	-
Equity at 30/06/2016	3,818	3,776	42
<i>Profit for the period after tax</i>	495	494	1
Comprehensive income for the period	495	494	1
Equity at 31/12/2016	4,313	4,270	43
<i>Profit for the period after tax</i>	581	578	3
Comprehensive income for the period	581	578	3
<i>New issue</i>	1,853	1,853	-
<i>Issue costs</i>	-51	-51	-
<i>Tax effect of issue costs</i>	11	11	-
<i>Dividend</i>	-269	-269	-
Equity at 30/06/2017	6,438	6,392	46



CONDENSED CONSOLIDATED CASH FLOW STATEMENT, SEKM

	2017 3 months April-June	2016 3 months April-June	2017 6 months Jan-June	2016 6 months Jan-June	2016 12 months Jan-Dec
OPERATING ACTIVITIES					
Operating surplus	286	212	527	399	806
Central administration	-15	-16	-36	-32	-63
Reversal of depreciation, amortisation and impairment	0	0	0	0	5
Interest received	0	0	1	0	1
Interest paid	-55	-43	-122	-118	-184
Tax paid	-9	-2	-17	-6	-26
Operating cash flows before change in working capital	207	151	353	243	539
Changes in working capital					
Decrease (+)/increase (-) in receivables	-6	-8	-12	-79	-92
Decrease (-)/increase (+) in current liabilities	-30	-15	-98	-12	35
Total change in working capital	-36	-23	-110	-91	-57
Operating cash flow	171	128	243	152	482
INVESTING ACTIVITIES					
Investments in new builds, conversions and extensions	-94	-113	-244	-257	-452
Acquisition of properties	-	-	-2,316	-79	-136
Sale of properties	3	20	3	637	641
Other property, plant and equipment	-	-	-	-	-
Other non-current financial assets	-	-	-	-30	-26
Cash flow from investing activities	-91	-93	-2,557	271	27
FINANCING ACTIVITIES					
Dividends paid	-269	-213	-269	-213	-213
New issue	-	-	1,802	-	-
New borrowing, interest-bearing liabilities	-	-	3,124	263	370
Repayment and redemption of interest-bearing liabilities	-23	-8	-2,376	-405	-454
Change in overdraft facility	48	159	33	-68	-212
Cash flow from financing activities	-244	-62	2,314	-423	-509
Cash flow for the period	-164	-27	0	0	0
Cash and cash equivalents at beginning of period	164	27	0	0	0
Cash and cash equivalents at end of period	0	0	0	0	0



> Stefan Jönsson, Technical Manager, Östersund.



»»» PROPERTY PORTFOLIO AT 30 JUNE 2017

Diös owned 347 properties in 10 locations from Borlänge in the south to Luleå in the north. The total leasable area was 1,579,567 square metres and the economic occupancy rate, based on concluded leases at 30 June, 91 per cent. Diös invested SEK 290 million in new builds, conversions and extensions over the period. In terms of value, the largest share of the portfolio is located in Västerbotten, Retail and Jämtland. The total market value of the properties was SEK 19,027 million.

Figures refer to SEK million unless otherwise indicated.

By business area	Retail	Dalarna	Gävleborg	Väster-norrland	Jämtland	Väster-botten	Norr-botten	Diös Group
Rental income	138	105	89	99	142	152	106	832
Other income	1	3	1	1	1	1	2	8
Repair and maintenance	-4	-5	-4	-3	-6	-8	-3	-33
Tariff-based costs	-16	-15	-11	-14	-23	-20	-10	-109
Property tax	-9	-4	-4	-5	-6	-8	-7	-44
Other property costs	-23	-9	-9	-10	-13	-14	-9	-87
Property management	-6	-5	-4	-7	-7	-6	-5	-40
Operating surplus	81	69	57	61	88	97	73	527
Undistributed items								
Central administration	-	-	-	-	-	-	-	-36
Net financial items	-	-	-	-	-	-	-	-88
Property management income								403
CHANGES IN VALUE								
Property, realised	-	-	2	-	-	-	-	2
Property, unrealised	24	4	52	57	77	74	14	302
Interest rate derivatives	-	-	-	-	-	-	-	14
Profit before tax								721
CURRENT TAX	-	-	-	-	-	-	-	-17
DEFERRED TAX	-	-	-	-	-	-	-	-123
Non-controlling interests	-	-	-	-	-	-	-	-3
Profit for period attributable to shareholders of the parent								578
Key figures								
Leasable area, sq.m	169,240	224,594	235,862	196,991	289,336	298,753	164,790	1,579,567
Rental value	153	118	101	115	157	166	112	920
Economic occupancy rate, %	90	89	89	86	91	92	95	90
Surplus ratio, %	59	66	64	62	62	64	69	63
Changes in property portfolio								
Property portfolio, 1 January 2017	2,042	2,003	1,756	1,397	2,776	2,219	1,490	13,683
ACQUISITIONS	1,066	-	-	1,004	-	1,506	1,177	4,753
Investments in new builds, conversions and extensions	45	39	16	51	52	56	32	290
SALES	-	-	-2	-	-	-	-	-2
Unrealised changes in value	24	4	52	57	77	74	14	302
Property portfolio, 30 June 2017	3,177	2,046	1,822	2,509	2,905	3,855	2,713	19,027

Columns/rows may not add up due to rounding.



PROPERTY PORTFOLIO AT 30 JUNE 2016

Diös owned 313 properties in 10 locations from Borlänge in the south to Luleå in the north. The total leasable area was 1,351,198 square metres and the economic occupancy rate, based on concluded leases at 30 June, 90 per cent. Diös invested SEK 220 million in new builds, conversions and extensions over the period. In terms of value, the largest share of the portfolio is located in Jämtland, Västerbotten and Retail. The total market value of the properties was SEK 13,160 million.

Figures refer to SEK million unless otherwise indicated.

By business area	Retail	Dalarna	Gävleborg	Väster-norrand	Jämtland	Väster-botten	Norr-botten	Diös Group
Rental income	101	104	85	69	130	106	65	661
Other income	2	1	1	2	1	0	1	8
Repair and maintenance	-3	-7	-5	-4	-6	-8	-5	-37
Tariff-based costs	-12	-16	-11	-11	-23	-16	-6	-95
Property tax	-7	-4	-4	-3	-6	-5	-3	-32
Other property costs	-17	-10	-8	-9	-13	-10	-6	-73
Property management	-4	-4	-4	-4	-8	-5	-4	-33
Operating surplus	59	65	55	39	76	63	42	399
Undistributed items								
Central administration	-	-	-	-	-	-	-	-32
Net financial items	-	-	-	-	-	-	-	-108
Property management income								259
CHANGES IN VALUE								
Property, realised	-	-	-	-3	-3	-4	-	-10
Property, unrealised	-28	-7	12	9	20	20	24	50
Interest rate derivatives	-	-	-	-	-	-	-	47
Profit before tax								346
CURRENT TAX	-	-	-	-	-	-	-	31
DEFERRED TAX	-	-	-	-	-	-	-	-40
Non-controlling interests	-	-	-	-	-	-	-	-6
Profit for period attributable to shareholders of the parent								331
Key figures								
Leasable area, sq.m	123,260	224,594	235,862	143,993	287,010	226,119	110,360	1,351,198
Rental value	112	115	97	82	146	117	70	739
Economic occupancy rate, %	91	90	88	84	89	91	93	89
Surplus ratio, %	59	63	65	56	58	59	64	60
Changes in property portfolio								
Property portfolio, 1 January 2016	2071	1,938	1,663	1,632	2,712	2,046	1,319	13,381
ACQUISITIONS	-	-	-	-	102	68	-	170
Investments in new builds, conversions and extensions	20	34	11	22	46	56	31	220
SALES	-	-	-	-341	-256	-64	-	-661
Unrealised changes in value	-28	-7	12	9	20	20	24	50
Property portfolio, 30 June 2016	2,063	1,965	1,686	1,322	2,624	2,126	1,374	13,160

Columns/rows may not add up due to rounding.

FINANCIAL KPIS

The company presents certain financial measures in the interim report that have not been defined in accordance with IFRS. The company considers that these measures provide valuable additional information for investors, analysts and the company's management, as they enable the evaluation of relevant trends and the company's performance. As not all companies calculate financial measures in the same way, these are not always comparable with

the measures used by other companies. These financial measures should therefore not be viewed as substitutes for IFRS-defined measures. The following table presents non-IFRS measures unless otherwise stated. Definitions of these measures are found on page 34.

Figures refer to SEK million unless otherwise indicated.

	2017 3 months April-June	2016 3 months April-June	2017 6 months Jan-June	2016 6 months Jan-June	2016 12 months Jan-Dec
Number of shares at end of period, thousands (<i>balance sheet KPIS</i>) ¹	134,512	95,290	134,512	95,290	95,290
Average number of shares, thousands (<i>income statement KPIS</i>) ¹	134,512	95,290	129,528	95,290	95,290

¹ Historical data for the number of shares has been restated to take account of the effect of bonus issues (i.e. the value of the subscription rights) in issues of new shares and has been used in all KPI calculations for SEK per share. The conversion factor is 1.28.

EARNINGS

The company governs its operations based partly on the objective of generating capital growth by increasing the surplus ratio and thereby the operating cash flow, i.e. increased income from property management. The target for the year is a surplus ratio in excess of 63 per cent. The income from property management is also the basis for what is distributed annually to the shareholders – around 50 per cent of the profit for the year after tax, excluding unrealised changes in value and deferred tax. Diös also presents the alternative performance indicators property management income, EPRA earnings and surplus ratio, as these are deemed to be relevant for investors and analysts, and provide additional information on the company's operating results. The indicators provide a picture which excludes factors that are partly beyond the control of the company, such as changes in the value of properties and derivatives.

	2017 3 months April-June	2016 3 months April-June	2017 6 months Jan-June	2016 6 months Jan-June	2016 12 months Jan-Dec
Property management income					
Profit before tax	323	207	721	346	957
Reversal					
Change in value of property	-94	-39	-304	-40	-327
Change in value of derivatives	-5	-28	-14	-47	-91
Property management income	224	140	403	259	539
EPRA earnings (property management income after tax)					
Property management income	224	140	403	259	539
Reversal current tax, property management income	-30	-17	-50	-22	-42
Non-controlling interests' share of earnings	-2	-4	-3	-6	-7
EPRA earnings / EPRA EPS	192	119	350	231	490
EPRA earnings / EPRA EPS per share	1.43	1.25	2.70	2.42	5.14
SURPLUS RATIO					
Operating surplus as per income statement	286	212	527	399	806
Rental income as per income statement	432	330	832	661	1,323
Surplus ratio, %	66	64	63	60	61

NET ASSET VALUE

Net asset value is the total capital which the company manages on behalf of its owners. Based on this capital, Diös aims to generate returns and growth while maintaining a low risk. Net asset value can also be calculated on a long-term and short-term basis. Long-term NAV is based on the balance sheet after adjusting for items which involve no near-term outgoing payments, which in Diös' case refers, for example, to the fair value of financial instruments (derivatives) and deferred tax on temporary differences. The current net asset value consists of equity as per the balance sheet after adjusting for the market value of the deferred tax liability. EPRA NAV and EPRA NNAV are designed to show the size of equity in the company in the event of a liquidation in the short term and long term. These performance indicators can be assessed against the current share price to show how the company's shares are valued in relation to equity.

	2017 6 months Jan-June	2016 6 months Jan-June	2016 12 months Jan-Dec
Net asset value			
Equity as per balance sheet	6,438	3,818	4,313
Equity held by non-controlling interest	-46	-42	-43
Reversal as per balance sheet			
Fair value of financial instruments	29	87	43
Deferred tax on temporary differences	1,124	932	1,023
EPRA NAV (long-term net asset value)	7,545	4,795	5,336
EPRA NAV (long-term net asset value) per share, SEK	56.1	50.3	56.0
Deductions			
Fair value of financial instruments	-29	-87	-43
Estimated actual deferred tax on temporary differences, approx. 4% ¹	-199	-169	-180
EPRA NNAV (short-term net asset value)	7,317	4,539	5,113
EPRA NNAV (short-term net asset value) per share, SEK	54.4	47.6	53.7

¹ Estimated actual deferred tax has been calculated at approx. four per cent based on a discount rate of three per cent. The calculation is based on the assumption that the property portfolio will be realised over a period of 50 years, with 10 per cent of the portfolio being sold directly subject to a nominal tax rate of 22 per cent, and the remaining 90 per cent being sold indirectly through companies subject to a nominal tax rate of 6 per cent. The use of tax loss carry-forwards is taken into account for the first two years.



FINANCIAL RISK

The company's strategy is to own, develop and manage properties in a value-creating sustainable manner that promotes development while maintaining a stable financial risk. This is expressed in the ambition to ensure that the loan-to-value ratio does not exceed 60 per cent over extended periods and to maintain an equity/assets ratio in excess of 30 per cent. The loan-to-value ratio and equity ratio show the company's financial stability while the interest coverage ratio shows the company's ability to pay interest. These key ratios are deemed to be relevant for investors and analysts from a financial risk perspective. They also constitute covenants from the company's lenders and the Board has defined targets for these key ratios, which are used to govern the company's activities.

	2017 3 months April-June	2016 3 months April-June	2017 6 months Jan-June	2016 6 months Jan-June	2016 12 months Jan-Dec
Loan-to-value ratio					
Interest-bearing liabilities			11,095	7,970	8,013
Investment properties			19,027	13,160	13,683
Loan-to-value ratio, %			58.3	60.6	58.6
Equity/assets ratio					
Equity			6,438	3,818	4,313
Total assets			19,317	13,393	13,920
Equity/assets ratio, %			33.3	28.5	31.0
Interest coverage ratio					
Property management income	224	140	403	259	539
Reversal					
Financial costs	47	55	90	108	204
Total	271	195	493	367	743
Financial costs	47	55	90	108	206
Interest coverage ratio, times	5.8	3.5	5.5	3.3	3.6

OTHER KEY RATIOS

Other key ratios refer to a number of measures of return which the company uses to describe various aspects of the statement of financial position and to give investors and analysts further information about the operations. The company reports return on equity, equity per share and cash flow per share, as these key ratios show the company's earnings and profitability, the distribution of equity per share and the company's ability to meet its obligations and pay dividends to the shareholders. These alternative key ratios supplement the picture of Diös' financial performance and give investors and analysts a better understanding of the company's return and results. The yield shows earnings from the properties in relation to their market value. It thus shows the profitability of the properties and is deemed to provide additional information to investors and analysts on the risk in the property portfolio. The debt/equity ratio, which shows the ratio of interest-bearing liabilities to equity, is presented to further illustrate Diös' financial situation. The measure gives investors and analysts a further basis on which to assess the company's financial stability.

	2017 3 months April-June	2016 3 months April-June	2017 6 months Jan-June	2016 6 months Jan-June	2016 12 months Jan-Dec
Return on equity, %	3.9	5.0	10.8	8.8	6.4
Operating surplus, SEKm	286	212	527	399	806
Yield, %	1.5	1.6	2.8	3.0	5.9
Equity per share, SEK	47.9	40.1	47.9	40.1	45.3
Rental income, SEKm	432	330	832	661	1,323
Cash flow per share, SEK					
Profit before tax	323	207	721	346	957
Reversal unrealised change in value					
Properties	-93	-40	-302	-50	-337
Derivatives	-5	-29	-14	-47	-91
Depreciation	1	1	1	1	2
CURRENT TAX	-9	35	-17	31	-26
Total	217	174	389	281	504
Average number of shares, thousands	134,512	95,290	129,528	95,290	95,290
Cash flow per share, SEK	1.61	1.82	3.00	2.95	5.29
Earnings per share, SEK	1.88	1.99	4.46	3.47	8.66
Debt/equity ratio, times			1.7	2.1	1.9

OTHER INFORMATION

Diös also reports figures for economic occupancy rate, rental value and net leasing, as these indicators provide a more in-depth picture of changes in income from the properties and thus also of revenue growth in the company as a whole. These performance indicators are widely used in the industry and enable investors and analysts to compare different property companies.

	2017 3 months April-June	2016 3 months April-June	2017 6 months Jan-June	2016 6 months Jan-June	2016 12 months Jan-Dec
Rental value, SEKm	474	368	920	739	1,478
Economic occupancy rate, %	91	90	90	89	90
Number of properties at end of period			347	313	314
Leasable area at end of period, sq.m			1,579,567	1,351,198	1,353,525
Market value of properties, SEKm			19,027	13,160	13,683



»»» TARGETS

OPERATIONAL TARGETS	Target 2017	Outcome Q2 2017
Economic occupancy rate, %	92	90
Surplus ratio, %	63	63
Energy use, %	-4	-1
Employee satisfaction index	76	-
Customer satisfaction index	70	-

FINANCIAL TARGETS	Target 2017	Outcome Q2 2017
Return on equity, %	Risk-free rate ¹ + 6%	22 ²
Distribution of profit for the year ³	~50	-
Loan-to-value ratio, %	<60	58.3
Equity/assets ratio, %	>30	33.3

¹ Risk-free rate as represented by an average five-year government bond +6%.

² Return on equity has been annualised.

³ Profit after tax, excluding unrealised changes in value and deferred tax.

»»» SHARE CAPITAL HISTORY

Date	Event	Increase in number of shares	Increase in share capital, SEK	Total number of shares	Total share capital, SEK	Face value, SEK
1 Jan 2005	At the start of the period	-	-	10,000	100,000	10.00
21/06/2005	Split	990,000	-	1,000,000	100,000	0.10
21/06/2005	New issue	1,489,903	148,990	2,489,903	248,990	0.10
14/09/2005	Non-cash issue	1,503,760	150,376	3,993,663	399,366	0.10
02/01/2006	Bonus issue	-	39,537,264	3,993,663	39,936,630	10.00
02/01/2006	Split	15,974,652	-	19,968,315	39,936,630	2.00
18/05/2006	New issue	8,333,400	16,666,800	28,301,715	56,603,430	2.00
11/07/2006	Non-cash issue	5,000,000	10,000,000	33,301,715	66,603,430	2.00
19/04/2007	Non-cash issue	666,250	1,332,500	33,967,965	67,935,930	2.00
29/10/2010	Non-cash issue	99,729	199,458	34,067,694	68,135,388	2.00
14/12/2010	New issue	3,285,466	6,570,932	37,353,160	74,705,720	2.00
17/12/2010	New issue	11,407	22,814	37,364,567	74,728,534	2.00
05/12/2011	New issue	22,854,136	45,708,272	60,218,703	120,436,806	2.00
14/12/2011	New issue	14,510,431	29,020,862	74,729,134	149,457,668	2.00
27/01/2017	New issue	59,629,748	119,259,496	134,358,882	268,717,164	2.00
31/01/2017	New issue	153,556	307,112	134,512,438	269,024,276	2.00



> The tenant Kicks in the In: shopping centre in Sundsvall. Micael Johansson, Store Manager, and Maria Sundqvist, Letting Agent.

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

	2017 6 months Jan-June	2016 6 months Jan-June	2016 12 months Jan-Dec
INCOME STATEMENT			
Net sales	91	73	137
Gross profit	91	73	137
Central administration	-112	-97	-178
Operating profit	-21	-24	-41
Income from interests in Group companies	300	300	300
Financial income	143	127	236
Financial costs	-104	-100	-184
Profit after financial items	318	303	311
CURRENT TAX	-	-	-
Profit after tax	318	303	311
STATEMENT OF COMPREHENSIVE INCOME			
Profit after tax	318	303	311
Comprehensive income for the year	318	303	311

»»» CONDENSED PARENT COMPANY BALANCE SHEET, SEK M

	2017 30 June	2016 30 June	2016 31 Dec
ASSETS			
Projects in progress	-	1	-
Intangible non-current assets	2	3	3
Machinery and equipment	1	2	1
Interests in Group companies	2,124	270	270
Non-current receivables from Group companies	9,214	7,297	7,447
Total non-current assets	11,341	7,573	7,721
Current receivables from Group companies	1,802	1,293	1,272
Other current receivables	22	8	24
Cash and cash equivalents	-	-	-
Total current assets	1,824	1,301	1,296
TOTAL ASSETS	13,165	8,874	9,017
EQUITY AND LIABILITIES			
Equity	2,978	1,119	1,127
Non-current liabilities to credit institutions	3,530	2,044	2,145
Non-current liabilities to Group companies	4,605	3,537	3,633
Current liabilities to Group companies	1,971	1,960	2,059
Overdraft facilities	51	182	17
Trade payables	2	1	2
Other current liabilities	28	31	34
Total current liabilities	2,052	2,174	2,112
TOTAL LIABILITIES AND EQUITY	13,165	8,874	9,017



»»» FINANCIAL CALENDAR

Q3 Interim report January–September 2017

25 October 2017

»»» 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, 07 July 2017

Bob Persson
Chairman

Maud Olofsson
Board member

Ragnhild Backman
Board member

Anders Nelson
Board member

Anders Bengtsson
Board member

Tomas Mellberg
Board member
Employee representative

Knut Rost
Chief Executive Officer



DEFINITIONS

NUMBER OF SHARES AT END OF PERIOD

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

RETURN ON EQUITY

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

LOAN-TO-VALUE RATIO, PROPERTIES

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

YIELD

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

EQUITY PER SHARE

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

ECONOMIC OCCUPANCY RATE

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

ECONOMIC VACANCY RATE

Estimated market rent for unoccupied premises divided by the total rental value.

EPRA EPS

Property management income less nominal tax attributable to property management income, divided by average number of shares. Taxable property management income refers to property management income less, inter alia, tax-deductible depreciation and amortisation and conversion projects.

EPRA NAV/LONG-TERM NET ASSET VALUE PER SHARE

Equity at the end of the period after reversal of interest rate derivatives and deferred tax attributable to temporary differences in properties and the minority's share of equity, divided by the number of outstanding shares at the end of the period.

EPRA NNAV/CURRENT NET ASSET VALUE PER SHARE

Equity at the end of the period adjusted for actual deferred tax instead of nominal deferred tax and minority share of equity, divided by the number of shares outstanding at the end of the period.

PROPERTY MANAGEMENT INCOME

Revenue less property costs, costs for central administration and net financial items.

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, divided by the total number of days in the period.

RENTAL INCOME

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

RENTAL VALUE

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

CASH FLOW PER SHARE

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

NET LEASING

Net annual rent, excluding discounts and supplements, for newly signed, terminated and renegotiated contracts. The length of contracts is not taken into account.

EARNINGS PER SHARE

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

INTEREST COVERAGE RATIO

Income from property management after reversal of financial costs, divided by financial costs for the period.

DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity at the end of the period.

EQUITY/ASSETS RATIO

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

SURPLUS RATIO

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





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