

Diös

Q1

INTERIM REPORT **JANUARY – MARCH 2018**



Q1 *IN BRIEF*

- **RENTAL INCOME INCREASED BY 11 PER CENT AND WAS SEK 445 MILLION (400)**
- **PROPERTY MANAGEMENT INCOME WAS SEK 187 MILLION (179)**
- **UNREALISED CHANGES IN VALUE OF PROPERTIES WERE SEK 109 MILLION (210) AND UNREALISED CHANGES IN VALUE OF DERIVATIVES WERE SEK 6 MILLION (9)**
- **THE PROFIT AFTER TAX WAS SEK 229 MILLION (326)**
- **EARNINGS PER SHARE WERE SEK 1.70 (2.60)¹**

 **3.9%**
RENTAL GROWTH LIKE-FOR-LIKE

 **4.9**
INTEREST COVERAGE RATIO

 **56.7%**
LOAN-TO-VALUE RATIO

	2018 3 months Jan-Mar	2,017 3 months Jan-Mar	2,017 12 mths Jan-Dec
NET PROFIT FOR THE PERIOD, SEKm			
Rental income	445	400	1,700
Operating surplus	250	241	1,080
Property management income	187	179	822
Profit before tax	299	398	1,261
Profit after tax	229	326	1,029
Surplus ratio, %	56	60	64
Occupancy rate, %	92	90	91
Equity/assets ratio, %	35.3	33.5	34.9
Property loan-to-value ratio, %	56.7	59.1	57.1
Equity per share, SEK	52.9	48.0	51.2
EPRA NAV per share, SEK	61.6	56.0	59.7

For definitions of key ratios, see page 27.

¹The result for 2017 was effected by a one-off effect of a discount on deferred tax.

KNUT ROST, CEO

OUR MARKET IS STRONG

Rental income continues to increase, the occupancy rate is improving and our financial position is becoming stronger. The loan-to-value ratio is down to 56.7 per cent and the equity/assets ratio has increased to 35.3 per cent.

Property management income has increased by 5 per cent compared to last year and the occupancy rate is now at 92 per cent. Rental growth for comparable properties amounts to 3.9 per cent. During the quarter, we reached the full effect of the acquisition of 32 properties in Luleå, Umeå and Sundsvall, which has had a positive impact on earnings. However, there was a negative impact on earnings from winter-related costs, which are approximately SEK 22 million higher than during the same period last year.

The foundation for profitable business deals is good relationships. You should be able to replicate a good business deal many times over. We are focusing more and more on how we can help our tenants become more profitable. By creating the right mix of tenants, we can increase the flow at the site. We provide the premises, but our tenants are the ones who create the atmosphere and make it attractive. When our tenants succeed, we succeed too.

We are continuing to pursue our strategy of concentrating our portfolio to the ten growth cities that we have identified. During the first quarter, we sold our entire holding in Ljusdal and we took possession of the two acquired properties in downtown Skellefteå.

Growth in our priority cities continues to be strong. According to the latest population statistics, all of these cities are growing. We have noticed very little of the concerns voiced by property developers in metropolitan regions. The economic trend in Umeå is strongest of all, which is one of the primary reasons for increasing our presence there via several acquisitions that were made last year. Rent trends remains positive and over the last three years, they increased by just over 100 per cent for modern, centrally located office facilities. Higher rents and higher demand makes new construction attractive and we have many interesting projects underway. Examples are the expansion of the Saga property in



downtown Umeå and new residential property at Vasaplan, which will increase both the density and attractiveness of the city.

The proposed changes in interest deduction limitations and the corporate tax rate that were presented by the Ministry of Finance will, in their current form, have an initial positive impact on our earnings. A revaluation of deferred tax liability will have a one-off positive impact and the lower corporate tax rate will impact the amount of tax that we pay. With interest rates still low and a strong cash flow, the interest deduction limitations will not affect us at this time. However, over time, the proposal could result in lower investments and less construction in the market overall.

Our financial KPIs continue to improve. The loan-to-value ratio is now 56.7 per cent and the equity/assets ratio is 35.3 per cent. Access to capital from both banks and the capital market is good. During the quarter, we increased our certificate programme by SEK 200 million, with even better terms than before.

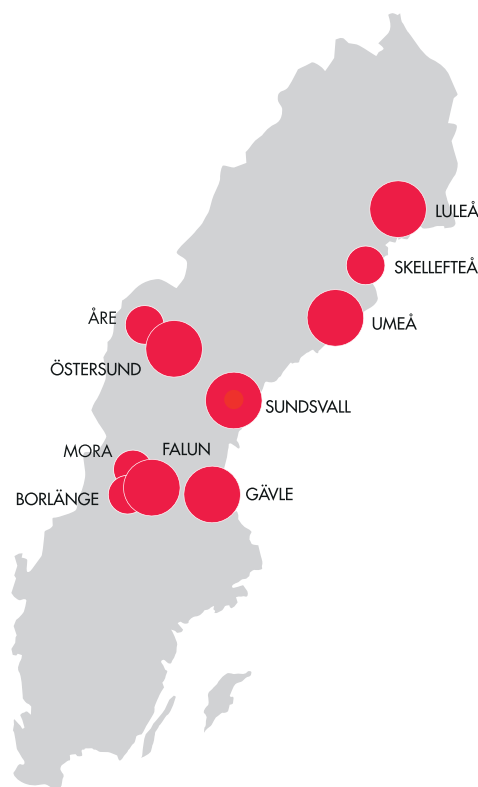
Our strong performance continues. Market conditions are favourable and our organisation delivers. In our priority cities, we strive to be the first choice for tenants by really making a difference. Providing more than just space is becoming increasingly important. We add value by listening to and understanding our tenants and the needs in our cities, along with creating vacancy chains and attractive venues. Sustainable urban development creates growth for us and, ultimately for our shareholders as well.


Knut Rost, CEO

WELCOME TO DIÖS

Diös aims to be the market-leading property company in northern Sweden. We own, manage and develop properties in the centre of ten growth cities.

Our strategy is urban development. By developing our properties with attractive meeting places, shops, offices and homes, we enable our tenants, our cities and ourselves to grow. Deals and relationships are the key to continued success. We will meet the needs of tenants through local presence, a high degree of competency and long-term sustainable development.



337

NO. OF
PROPERTIES



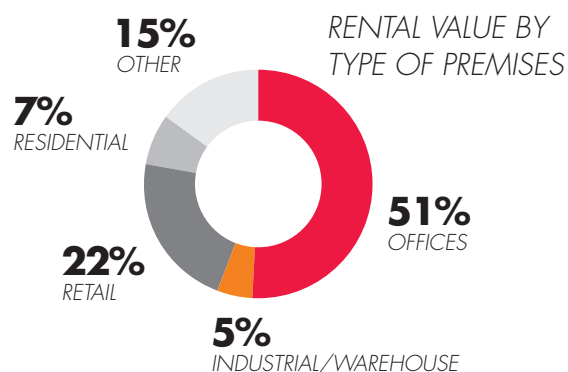
19.7

PROPERTY
VALUE, SEK BN



1,534

LEASABLE AREA,
THOUSAND SQ.M



> Our tenant Helt Enkelt restaurant in Mora. Jimmy Sys, Owner Helt Enkelt, and Mikael Hedh, Business Area Manager Diös Dalarna.



DEALS AND RELATIONS

Without good relationships, it is impossible create long-term, profitable business deals.

Our employees know that long-term business is all about uncomplicated meetings, availability and decisiveness. We have in-depth knowledge of local areas and are courageous. It means that we can and do make a difference. Our business area managers lead the local teams with the goal of creating sustainable urban development.

E-trade developments, new logistics opportunities and types of office environments, and the need for attractive venues in city centres are creating new conditions and opportunities for us to develop our priority cities. In society, fundamental behavioural changes are occurring in how we shop, work, entertain ourselves and socialize. The company's strong cash flow makes it possible to invest in and develop attractive venues at city centres, where the flow and activity level of people is high. We're convinced that the challenge lies in making city centres more attractive, by changing the offering and perhaps above all, creating more inspiring environments.

Long-term relationships are built on trust. We strive to have a reputation of honesty, expertise and professionalism in everything we do. We run our business on a foundation of high business ethics and zero tolerance to corruption. Our code of conduct is based on the ten principles of the UN Global Compact.

Welcome to our cities!



VISION

To be 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 local 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 perceived as simple, close and active. Simple by being open and honest. Close by having a local presence, being available and taking an interest. Active by developing, growing and taking advantage of opportunities.

FINANCIAL STATEMENTS

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

	2018 3 mths Jan-Mar	2017 3 mths Jan-Mar	2017 12 mths Jan-Dec
INCOME STATEMENT			
Rental income	445	400	1,700
Other property management income	5	5	19
Property costs	-200	-164	-639
Operating surplus	250	241	1,080
Central administration	-17	-21	-73
Net financial items	-46	-41	-185
Property management income	187	179	822
Change in value, properties	106	210	412
Change in value, interest rate derivatives	6	9	27
Profit before tax	299	398	1,261
Current tax	-17	-8	-43
Deferred tax	-53	-64	-189
Profit after tax	229	326	1,029
Profit attributable to shareholders of the parent company	229	325	1,027
Profit attributable to non-controlling interests	0	1	2
Total	229	326	1,029
STATEMENT OF COMPREHENSIVE INCOME			
Profit after tax	229	326	1,029
Comprehensive income for the period	229	326	1,029
Comprehensive income attributable to shareholders of the parent company	229	325	1,027
Comprehensive income attributable to non-controlling interests	0	1	2
Total	229	326	1,029
Earnings per share, SEK	1.70	2.60	7.78
Number of shares at end of period ('000)	134,512	134,512	134,512
Average number of shares ('000)	134,512	124,489	132,041
Number of treasury shares at end of period	0	0	0
Average number of treasury shares	0	0	0

Historical data for the number of shares has been restated to factor in 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. There is no dilutive effect, as no potential shares (such as convertibles) exist.

Accounting policies are presented on page 21.

COMMENTS ON EARNINGS

JANUARY-MARCH 2018

Property management income for the period, i.e. income excluding changes in value and tax, was SEK 187 million (179). For comparable properties, property management income was 7 per cent lower compared with the previous year, which is primarily attributable to the cold winter, with much snow.

RENTAL INCOME AND OTHER INCOME

The rental income for the reporting period was SEK 445 million (400), representing a 92 per cent (90) economic occupancy rate. For comparable properties rental income increased by 3.9 per cent year on year. Other property management income totalled SEK 5 million (5) and consisted mainly of costs for work in leased premises that are passed on to tenants.

PROPERTY COSTS

Total property costs were SEK 200 million (164). Winter-related costs increased by SEK 22 million compared to the same period last year and are attributable to the cold winter, with much snow. Of total property costs, SEK 3 million (2) refers to work in leased premises for which the costs are passed on to tenants.

OPERATING SURPLUS

The operating surplus was SEK 250 million (241), representing a surplus ratio of 56 per cent (60). The lower surplus ratio is mainly due to increased property costs. For comparable properties, our operating surplus increased by 4.5 per cent compared with the previous year.

CENTRAL ADMINISTRATION

The central administration expense was SEK 17 million (21). Central administration for 2017 includes a non-recurring item of SEK 4 million, which refers to restructuring costs incurred in connection with acquisitions. Central administration includes costs for Group-wide functions such as senior management, IT, annual reports, auditors' fees, legal advice and so on.

NET FINANCIAL ITEMS

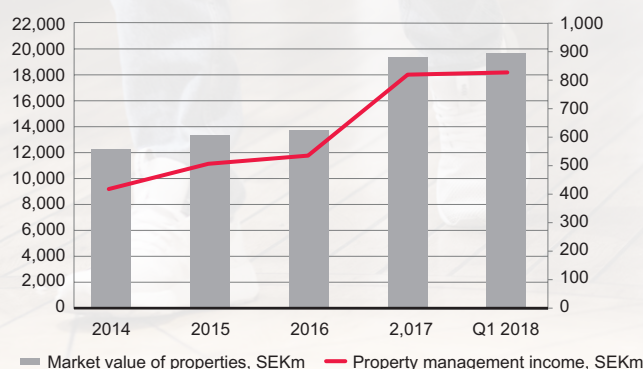
Net financial items for the period were SEK -46 million (-41). The interest costs for the period, including costs for interest rate derivatives and loan commitments, represent borrowings at an average annual interest rate of 1.5 per cent (1.7).

CHANGES IN VALUE, PROPERTIES

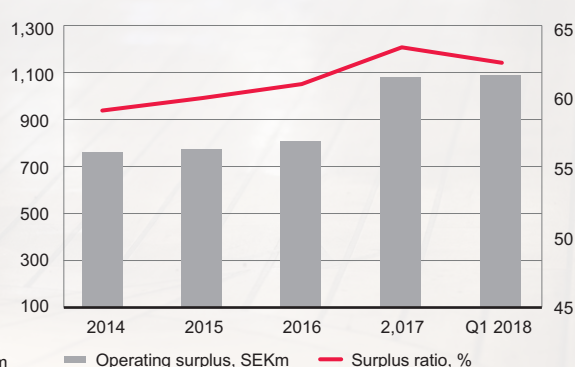
The average valuation yield at the end of the period was 6.04 per cent (6.13), which at portfolio level is a decrease of 0.04 percentage points during the period. The positive value change of SEK 109 million (210) is attributable to a higher net operating income and lower required rates of return. Last year's unrealised value changes were impacted by a one-off effect of a discount on deferred tax in connection with property transactions. The change in value represented 0.6 per cent (1.1) of market value. At 31 March the market value was SEK 19,739 million (18,811).

During the period 4 properties (0) were sold, resulting in a realised change in value of SEK -3 million (0). 2 properties (33) 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 Q1 2018 are on a rolling 12-month basis.

CHANGES IN VALUE, DERIVATIVES

The portfolio of interest rate derivatives has been measured 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 an accounting nature and does not affect cash flow.

During the period unrealised changes in value on derivatives totalled SEK 6 million (9), which have been fully recognised in the income statement. The change in the market values of derivatives is primarily attributable to the time effect.

PROFIT BEFORE TAX

The profit before tax was SEK 299 million (398). The change in profit primarily results from lower unrealised value changes for properties and higher winter-related costs.

PROFIT AFTER TAX

The profit after tax was SEK 229 million (326). Current tax totalled SEK -17 million (-8). This is mainly attributable to tax in subsidiaries which do not have the right to offset losses against Group contributions. The deferred tax was SEK -53 million (-64).

TAX

The nominal corporate tax rate in Sweden is 22 per cent. Thanks 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 losses are estimated at SEK 15 million (172). The Group also has untaxed reserves of SEK 148 million (116). The fair value of the properties exceeds their tax base by SEK 5,495 million (4,936). The tax on the net balance of these items at the full nominal tax rate of 22 per cent less the deferred tax attributable to asset purchases has been recognised as a deferred tax liability.

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. In addition, tax regulations are complex and hard to interpret. The application of the regulations may also change over time. Diös has no ongoing tax disputes.

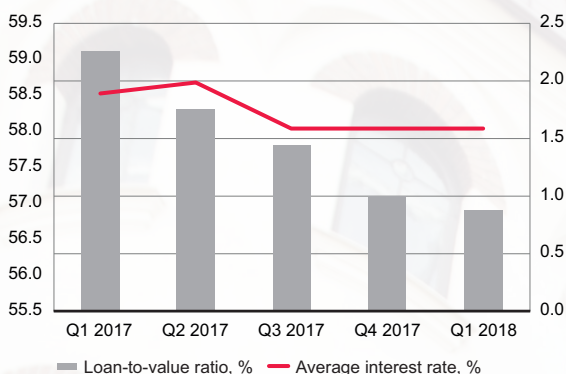
TAX CALCULATION FOR THE PERIOD

SEKm	Basis for current tax	Basis for deferred tax
Property management income	187	
Tax-deductible		
depreciation and amortisation	-56	56
conversion projects	-19	19
Other tax adjustments	-32	70
Taxable property management income	80	145
Income tax at 22% if tax losses are not used	17	
Sale of properties	2	-21
Change in value, properties	0	109
Taxable profit before tax losses	81	233
Tax losses, opening balance	-21	21
Tax losses, closing balance	15	-15
Taxable profit	75	239
Tax for the period as per income statement	17	53

NEW TAX PROPOSAL

The Ministry of Finance's proposal on interest deduction limitations, which is expected to enter into force on 1 January 2019, will change taxation in the property sector. Diös has conducted an analysis of the effects that could result from this proposal. For Diös, a lowering of the tax rate to 20.6 per cent, in combination with the interest deduction limitations, with initially have a positive effect due to the current low rates of interest. However, rising interest rates will increase the negative impact (given an otherwise unchanged cash flow). An income tax reduction will result in a revaluation of deferred tax liability, which would lead to a positive one-off impact for Diös.

AVERAGE INTEREST RATE AND LOAN-TO-VALUE RATIO



OUR LARGEST TENANTS

TENANTS AT 31 MARCH 2018	No. of contracts	Annual contract value, SEK '000	Average contract term, years
Swedish Transport Administration	26	64,502	2.3
Municipality of Östersund	111	37,525	2.7
Swedish Public Employment Service	38	32,113	2.9
Ähléns AB	5	22,786	5.3
Swedbank AB	9	21,835	3.2
Telia Sverige AB	26	20,697	10.5
Swedish Police Authority	34	20,014	3.5
Folksam Ömsesidig Sakförsäkring	43	19,320	5.3
Swedish Social Insurance Agency	21	18,437	3.3
Municipality of Falun	6	17,920	2.2
Total, largest tenants	319	275,149	3.7



»»» CONDENSED CONSOLIDATED BALANCE SHEET, SEKM

	2018 March 31	2017 March 31	2017 Dec 31
ASSETS			
Investment properties	19,739	18,811	19,457
Other non-current assets	60	47	46
Current receivables	266	238	173
Cash and cash equivalents	123	164	32
TOTAL ASSETS	20,188	19,260	19,708
EQUITY AND LIABILITIES			
Equity	7,116	6,452	6,887
Deferred tax liability	1,238	1,073	1,197
Provisions	9	9	9
Interest-bearing liabilities	11,186	11,117	11,104
Current liabilities	639	609	511
TOTAL EQUITY AND LIABILITIES	20,188	19,260	19,708

»»» CONDENSED STATEMENT OF CHANGES IN EQUITY, SEKM

	Equity	Attributable to shareholders of the parent	Attributable to minority interests
Equity, 31 Dec 2016	4,313	4,270	43
<i>Profit for the period after tax</i>	326	325	1
Comprehensive income for the period	326	325	1
<i>Issue of new shares</i>	1,853	1,853	-
<i>Issue costs</i>	-51	-51	-
<i>Tax effect of issue costs</i>	11	11	-
Equity at 31 March 2017	6,452	6,408	44
<i>Profit for the period after tax</i>	703	702	1
Comprehensive income for the period	703	702	1
<i>Dividend</i>	-269	-269	-
Equity, 31 Dec 2017	6,887	6,841	45
<i>Profit for the period after tax</i>	229	229	0
Comprehensive income for the period	229	229	0
Equity at 31 March 2018	7,116	7,070	45



OUR PROPERTIES

PROPERTY PORTFOLIO

Our portfolio is well diversified, comprising residential, office, retail and industrial premises. A broad choice of large and small premises in central locations enables us to offer flexible solutions and build long-term relationships. At the end of the period the portfolio comprised 93 per cent (93) commercial properties and 7 per cent (7) residential properties based on rental value by type of premises.

PROPERTY DEVELOPMENT

Our investments in our existing portfolio comprise conversions and extensions as well as energy-saving measures. The investments must result in a higher occupancy rate, increased customer satisfaction, lower costs and a reduced impact on the environment. During the period SEK 164 million (155) was invested in 476 projects (438). At the end of the period 17 major¹ development projects were ongoing, with a remaining investment volume of SEK 260 million and a total investment volume of SEK 888 million. During the period 73 new project investments were approved. The return on completed investments for the period was 12.1 per cent on the invested amount while the return on our ongoing projects was 6.2 per cent. ¹Initial investment volume > SEK 4 million.

PROJECTS

Our existing and potential development rights cover a gross area of around 150,000 square metres, of which around 50 per cent refers to development rights for residential properties and 50 per cent refers to development rights for commercial properties. Among these, Diös has identified various types of projects with a total potential future investment volume of around SEK 4,000 million.

Diös made limited use of its own development rights during the period. The Falan 20 residential property project in Falun got underway during the second quarter and the Riverside hotel project in Sundsvall is expected to be initiated in 2018.

PROPERTY VALUATION

At each closing date all properties are measured at fair value. 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. Diös' property portfolio is divided into a

main portfolio and a subsidiary portfolio. The main portfolio comprises around 75 per cent of the property value, or SEK 14,924 million, and 120 properties. The valuation method requires that an external valuation of the entire main portfolio be made each year. The external valuation is made by valuation consultants Savills, who assess 25 per cent of the main portfolio each quarter. All properties in the main portfolio are also physically inspected by Savills within a three-year period. In addition to the regular inspections, physical visits are also made after major changes. Properties in the secondary portfolio are valued with the help of Savills. All property valuations are based on a number of assumptions about the future and the market. Savills' calculations thus have an uncertainty range of +/-7.5 per cent. For Diös, this translates into a value range of SEK 18,259-21,219 million. No changes in terms of valuation methodology or approach were made during the period. The valuations were made in accordance with IFRS 13 level 3.

CHANGE IN PROPERTY VALUE	31 Mar 2018	31 Mar 2017
Property portfolio, 1 January	19,457	13,683
Acquisitions	68	4,763
Investments in new builds, extensions and conversions	164	155
Sales	-69	-
Unrealised changes in value	109	210
Reclassifications	10	-
Value of property holding 31 March	19,739	18,811

CHANGES IN THE PORTFOLIO

Our strategy is to continuously strive to concentrate our property portfolio to central locations in our priority localities.

The properties called Polaris 39 and Idun 10 in Skellefteå were taken over during the first quarter. Four properties were in Ljusdal were sold, which comprise Diös' entire holding there.

New builds, conversions and extensions added SEK 164 million (155) to the value of Diös' property portfolio for the period. We are continually adjusting our portfolio in order to create improvements and efficiencies for our tenants.

»» VALUATION ASSUMPTIONS

	31 Mar 2018					31 Mar 2017				
	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 , %	7.0-5.6	6.7-5.9	5.3-4.7	7.9-7.0	7.0-6.5	7.0-5.7	6.9-6.0	5.5-4.8	8.2-7.3	7.0-6.5
Cost of capital for discounting to present value, %	8.1	8.2	7.3	9.8	8.3	8.1	8.2	7.4	9.9	8.8
Long-term vacancy, %	5.1	3.7	1.8	11.9	4.8	5.1	3.4	1.8	12.0	6.0
Inflation, %	2	2	2	2	2	2	2	2	2	2

¹ From lower to upper quartiles in the portfolio.



CHANGES IN VALUE

Unrealised changes in value for the period totalled SEK 109 million (210) and were due to higher net operating income and lower required rates of return.

UNREALISED CHANGES IN VALUE

	31 Mar 2018	
	SEKmn	%
Change in net operating income	51	47
Change in required rate of return	49	45
Capex	9	8
Total	109	100



19.7
PROPERTY VALUE, SEK BN

LEASE CONTRACTS AND NET LEASING

	Number contract	Contract value SEKmn	Share of value, %
Commercial, maturity			
2018	546	103	6
2019	888	342	19
2020	727	344	19
2021	597	344	20
2022+	286	440	25
Total	3,044	1,574	89
Residential	1,632	124	7
Other leases ¹	4,179	62	4
TOTAL	8,855	1,760	100

¹ Other leases includes garages and parking lots.

NET LEASING

Net leasing for the period was SEK -1 million (18). Noteworthy lets during the quarter included: Pöyry Sweden AB at Gösen 7, Luleå, Inpuls Träning i Luleå AB at Strutsen 14, Luleå and Swedbank AB at Stranden 19:6, Mora. The average contract term for commercial premises at 31 March was 3.4 years (3.7).

VACANCIES

Vacancies fell during the quarter and at 31 March the economic vacancy rate was 8 per cent (10) and vacant area was 14 per cent (16). Economic vacancies are highest in office and retail premises while physical vacancies are highest in office and industrial premises. The economic vacancy rate for the period, excluding discounts, was 8 per cent (10).

ENERGY USE AND CARBON DIOXIDE EMISSIONS

Heating ¹	kWh/sq.m	37.6	37.5
District cooling ²	kWh/sq.m	5.0	5.6
Electricity ³	kWh/sq.m	15.8	15.9
Carbon dioxide, total ⁴	Kg CO2/kWh	1.4	1.4
Water	m ³ /sq.m	0.1	0.1

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 and heating.

All values have been provided by the suppliers. Floor area refers to tempered area. The comparative figures have been updated for the current portfolio and thus show changes for comparable properties. Water consumption is a prognosis since it is not measured at several of our properties.

Total energy use was unchanged compared with the same period last year. For the full-year 2018, our aim is to achieve a decrease in energy use of 3 per cent, which will be possible by increasing our energy optimisation efforts and further developing our technology strategies. Use of district cooling is increasing as we replace cooling machine solutions with district cooling solutions, and thus cut electricity and refrigerant use. In addition, more properties are installing district cooling. To lower the environmental impact, we only purchase origin-labelled electricity and we can now see that 98 per cent of our energy use comes from renewable sources.

FINANCING

CAPITAL STRUCTURE

At 31 March 2018, 35 per cent (33) of Diös' total assets of SEK 20,188 million was funded through equity, 55 per cent (58) through debt securities and 10 per cent (9) through other capital. Interest-bearing liabilities comprise bank financing, covered bonds and commercial paper.

EQUITY

At 31 March 2018, equity was SEK 7,116 million (6,452). The equity/assets ratio was 35.3 per cent (33.5), which exceeds the target of 30 per cent.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities in the Group were SEK 11,186 million (11,117) at 31 March 2018. Of total interest-bearing liabilities, SEK 9,180 million (10,102) refers to bank financing, SEK 1,206 million (1 015) to covered bonds and SEK 800 million (0) to commercial paper. The bonds are issued through the covered MTN programme of a jointly controlled company, Svensk FastighetsFinansiering AB (SFF). The loan-to-value ratio in the Group was 56.7 per cent (59.1) at the end of the period. The average annual interest rate at 31 March 2018, including the cost of derivatives and loan commitments, was 1.5 per cent (1.6) and the interest coverage ratio 4.9 times (5.2).

DERIVATIVES

Out of the Group's total interest-bearing liabilities, SEK 4,600 million (600) has been hedged through derivatives. At 31 March 2018 Diös' derivatives portfolio excluding interest rate caps had a market value of SEK -10 million (-35). Interest rate caps had a market value of SEK

1 million (0). The financial instruments limit the impact of changes in interest rates on our average borrowing cost. The value of derivatives is always zero at maturity. All financial instruments are measured at fair value and are classified in Level 2 in accordance with IFRS 13, which means that the measurement is based on observable market data (see Note 21 in the Annual Report 2017). Changes in value are recognised through profit or loss.

SENSITIVITY ANALYSIS

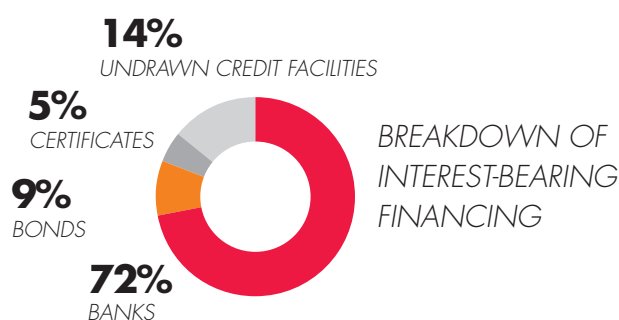
If market interest rates increase by 1 percentage point			
AT 31 MARCH 2018	Change in average annual interest rate, %	Change in average annual interest cost, SEKm	Change in market value, SEKm
Loan portfolio excl. derivatives	0.3	+31	
Derivatives portfolio	-1.0	-6	+3
Loan portfolio incl. derivatives	0.2	+25	+3

FIXED-RATE TERMS AND LOAN MATURITIES

The average fixed-rate term, including derivatives, was 2.2 years (1.9) and the average loan maturity 2.2 years (2.4). Of the Group's outstanding loans, SEK 8,163 million (7,197) is subject to fixed interest rates.

CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents at the end of the period were SEK 123 million (164) and drawn overdraft facilities were SEK 0 million (0). The agreed limit on the overdraft facility was SEK 600 million (600).



»»» INTEREST RATE AND DEBT MATURITY STRUCTURE AT 31 MARCH 2018

Maturity year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average annual interest rate ¹ , %	Credit agreements, SEKm	Drawn, SEKm
2018	3,290	0.8	1,793	1,793
2019	2,610	1.2	2,438	2,438
2020	5,287	1.4	5,987	5,487
2021	-	-	502	0
2022	-	-	1,750	771
2027	-	-	1,000	697
Drawn credit facilities	11,186	1.2	13,470	11,186
Unutilised credit facilities ²	2,284	0.1		
Financial instruments	4,600	0.2		
TOTAL		1.5		

¹ Average annual interest rate refers to the average interest rate based on interest rate terms and the outstanding liability as at 31 March 2018.

² The cost of unused credit facilities affects the average annual interest rate by 0.07 percentage points.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT, SEKM

	2018 3 mths Jan-Mar	2017 3 mths Jan-Mar	2017 12 mths Jan-Dec
OPERATING ACTIVITIES			
Operating surplus	250	241	1,080
Central administration	-17	-21	-73
Reversal of depreciation, amortisation and impairment	0	0	2
Interest received	1	1	4
Interest paid	-29	-67	-219
Tax paid	-17	-8	-43
Operating cash flow before changes in working capital	188	146	751
Changes in working capital			
Decrease (+)/increase (-) in receivables	-101	-6	82
Decrease (-)/increase (+) in current liabilities	59	-68	-142
Total changes in working capital	-42	-74	-60
Operating cash flow	146	72	691
INVESTING ACTIVITIES			
Investments in new builds, conversions and extensions	-125	-148	-502
Acquisition of properties	-42	-2,316	-2,581
Sale of properties	55	-	240
Other property, plant and equipment	-	-1	-
Other financial assets	-	-1	-
Cash flow from investing activities	-112	-2,466	-2,843
FINANCING ACTIVITIES			
Dividends paid	-	-	-269
Issue of new shares	-	1,802	1,802
New borrowing, interest-bearing liabilities	175	3,124	3,168
Repayment and redemption of interest-bearing liabilities	-118	-2,353	-2,502
Change in overdraft facility	-	-15	-15
Cash flow from financing activities	57	2,558	2,184
Cash flow for the period	91	164	32
Cash and cash equivalents at beginning of period	32	0	0
Cash and cash equivalents at end of period	123	164	32



»» SEGMENT REPORTING AS AT 31 MARCH 2018

Diös owned 337 properties in ten locations, from Borlänge in the south to Luleå in the north. The total leasable area was 1,533,883 square metres. The economic occupancy rate, based on signed leases at 31 March was 92 per cent. During the period Diös invested SEK 164 million in new builds, extensions and conversions. In terms of value, the largest share of the portfolio is located in Skellefteå/Umeå, Luleå and Åre/Östersund. The total market value of the properties was SEK 19,739 million. For more information on segments, please visit www.dios.se.

Figures refer to SEK million unless otherwise indicated.

By segment	Dalarna	Gävle	Sundsvall	Åre/ Östersund	Skellefteå/ Umeå	LULEÅ	The Diös Group
Rental income	70	50	70	82	95	77	445
Other income	1	0	1	1	0	1	5
Repair and maintenance	-3	-1	-2	-2	-5	-2	-15
Tariff-based costs	-12	-8	-11	-16	-14	-10	-72
Property tax	-3	-3	-4	-4	-5	-4	-22
Other property costs	-9	-8	-14	-14	-12	-14	-70
Property management	-3	-2	-4	-4	-4	-3	-20
Operating surplus	41	28	36	44	57	45	250
Undistributed items							
Central administration	-	-	-	-	-	-	-17
Net financial items	-	-	-	-	-	-	-46
Property management income	-	-	-	-	-	-	187
Changes in value							
Property, realised	-	-3	-	-	-	-	-3
Property, unrealised	-9	9	-	24	77	8	109
Interest rate derivatives	-	-	-	-	-	-	6
Profit before tax	-	-	-	-	-	-	299
Current tax	-	-	-	-	-	-	-17
Deferred tax	-	-	-	-	-	-	-53
Non-controlling interests	-	-	-	-	-	-	0
Profit for period attributable to shareholders of the parent	-	-	-	-	-	-	229
Leasable area, sq.m	266,682	216,692	233,490	304,511	307,068	205,440	1,533,883
Rental value	76	56	80	90	103	82	486
Economic occupancy rate, %	92	90	88	91	92	95	92
Surplus ratio, %	58	57	51	54	60	58	56

Change in the value of the property portfolio

Property portfolio, 1 January 2018	2,649	2,045	3,234	3,257	4,494	3,778	19,457
Acquisitions	-	-	-	-	68	-	68
Investments in new builds, extensions and conversions	38	14	33	33	7	39	164
Sales	-	-69	-	-	-	-	-69
Reclassifications	2	0	3	1	2	1	10
Unrealised changes in value	-9	9	0	24	77	8	109
Property portfolio, 31 March 2018	2,680	1,999	3,270	3,315	4,648	3,826	19,739

Columns/rows may not add up due to rounding.



»» SEGMENT REPORTING AS AT 31 MARCH 2017

Diös owned 348 properties in ten locations, from Borlänge in the south to Luleå in the north. The total leasable area was 1,579,567 square metres. The economic occupancy rate, based on signed leases at 31 March was 90 per cent. During the period Diös invested SEK 155 million in new builds, extensions and conversions. In terms of value, the largest share of the portfolio is located in Skellefteå/Umeå, Luleå and Sundsvall. The total market value of the properties was SEK 18,811 million.

Figures refer to SEK million unless otherwise indicated.

By segment	Dalarna	Gävle	Sundsvall	Äre/ Östersund	Skellefteå/ Umeå	LULEÅ	The Diös Group
Rental income	67	50	61	78	78	66	400
Other income	2	0	0	1	0	1	5
Repair and maintenance	-2	-2	-2	-2	-3	-2	-13
Tariff-based costs	-12	-8	-10	-15	-13	-7	-64
Property tax	-3	-3	-3	-4	-4	-4	-21
Other property costs	-7	-6	-8	-9	-9	-8	-47
Property management	-3	-2	-4	-4	-3	-3	-19
Operating surplus	42	29	35	45	46	43	241
Undistributed items							
Central administration	-	-	-	-	-	-	-21
Net financial items	-	-	-	-	-	-	-41
Property management income	-	-	-	-	-	-	179
Changes in value							
Property, realised	-	-	-	-	-	-	0
Property, unrealised	6	39	34	21	76	34	210
Interest rate derivatives	-	-	-	-	-	-	9
Profit before tax	-	-	-	-	-	-	398
Current tax	-	-	-	-	-	-	-8
Deferred tax	-	-	-	-	-	-	-64
Non-controlling interests	-	-	-	-	-	-	-1
Profit for period attributable to shareholders of the parent	-	-	-	-	-	-	325
Leasable area, sq.m	266,682	250,733	238,402	304,511	313,798	205,440	1,579,567
Rental value	74	57	72	86	87	71	446
Economic occupancy rate, %	90	88	86	91	90	93	90
Surplus ratio, %	62	58	56	58	59	65	60
Change in the value of the property portfolio							
Property portfolio, 1 January 2017	2,576	1,978	2,033	3,025	2,219	1,852	13,683
Acquisitions	-	-	1,016	-	1,942	1,805	4,763
Investments in new builds, extensions and conversions	28	12	33	34	35	14	155
Sales	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Unrealised changes in value	6	39	34	21	76	34	210
Property portfolio, 31 March 2017	2,610	2,029	3,116	3,080	4,272	3,705	18,811

Columns/rows may not add up due to rounding.



> The tenant Volt in the Smedjan shopping centre, Luleå. Åsa Johansson, Centre Manager Diös, with Amanda Olin, Regional Manager Volt.

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 27. *Figures refer to SEK million unless otherwise indicated.*

	2018 3 mths Jan-Mar	2017 3 mths Jan-Mar	2017 12 mths Jan-Dec
Number of shares at end of period, thousands (<i>balance sheet KPIs</i>) ¹	134,512	134,512	134,512
Average number of shares, thousands (<i>income statement-related key ratios</i>) ¹	134,512	124,489	132,041

¹ Historical data for the number of shares has been restated to factor in 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.

There is no dilutive effect, as no potential shares (such as convertibles) exist.

OPERATING RESULTS

The company governs its operations based partly on the objective of generating capital growth by increasing the surplus ratio and thereby the cash flow from operating activities, i.e. increased income from property management. The target for the year is a surplus ratio in excess of 64 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 reports 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.

	2018 3 mths Jan-Mar	2017 3 mths Jan-Mar	2017 12 mths Jan-Dec
Property management income			
Profit before tax	299	398	1,261
Reversal			
Change in value, properties	-106	-210	-412
Change in value, derivatives	-6	-9	-27
Property management income	187	179	822
EPRA earnings (property management income after tax)			
Property management income	187	179	822
Reversal, current tax property management income	-17	-20	-88
Minority share of earnings	0	-1	-2
EPRA earnings / EPRA EPS	170	158	732
EPRA earnings / EPRA EPS per share	1.26	1.27	5.54
SURPLUS RATIO			
Operating surplus as per income statement	250	241	1,080
Rental income as per income statement	445	400	1,700
Surplus ratio, %	56	60	64

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 according to the balance sheet after adjusting for the market value of the deferred tax liability. EPRA NAV and EPRA NNNNAV are designed to show the size of the company's equity in case of a liquidation in the short and long term. These performance indicators can be compared with the company's share price to obtain a picture of how the shares are valued in relation to equity.

	2018 3 mths Jan-Mar	2017 3 mths Jan-Mar	2017 12 mths Jan-Dec
Net asset value			
Equity as per balance sheet	7,116	6,452	6,887
Minority share of equity	-45	-44	-45
Reversal as per balance sheet			
Fair value of financial instruments	10	35	16
Deferred tax on temporary differences	1,209	1,085	1,175
EPRA NAV (long-term net asset value)	8,290	7,528	8,033
EPRA NAV (long-term net asset value) per share, SEK	61.6	56.0	59.7
Deductions			
Fair value of financial instruments	-10	-35	-16
Estimated actual deferred tax on temporary differences, approx. 4% ¹	-215	-727	-209
EPRA NNNNAV (short-term net asset value)	8,065	7,066	7,808
EPRA NNNNAV (short-term net asset value) per share, SEK	59.9	52.5	58.0

¹ Estimated actual deferred tax has been calculated at approx. 4 per cent based on a discount rate of 3 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. It is expected that it will be possible to use the tax losses during the year.



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.

	2018 3 mths Jan-Mar	2017 3 mths Jan-Mar	2017 12 mths Jan-Dec
Loan-to-value ratio			
Interest-bearing liabilities	11,186	11,117	11,104
Investment properties	19,739	18,811	19,457
Loan-to-value ratio, %	56.7	59.1	57.1
Equity/assets ratio			
Equity	7,116	6,452	6,887
Total assets	20,188	19,260	19,708
Equity/assets ratio, %	35.3	33.5	34.9
Interest coverage ratio			
Property management income	187	179	822
Reversal			
Financial costs	48	41	191
Total	235	220	1,013
Financial costs	48	43	191
Interest coverage ratio, times	4.9	5.2	5.3

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 performance indicators show the company's results and profitability, equity on a per share basis, and the company's ability to fulfil its obligations and pay dividends to the shareholders. These alternative performance indicators supplement the picture given of Diös' financial performance and enable investors and analysts to gain a better understanding of the company's return and results. Yield is a measure of the results generated by the properties in relation to their market value. It shows the profitability of the properties and is considered to provide supplementary information for investors and analysts concerning the risk in the portfolio. The debt/equity ratio is presented in order to supplement the picture of Diös' financial situation. It shows the ratio of interest-bearing liabilities to equity. The measure is considered to enhance investors' and analysts' ability to assess the company's financial stability.

	2018 3 mths Jan-Mar	2017 3 mths Jan-Mar	2017 12 mths Jan-Dec
Return on equity, %	3.3	6.0	18.3
Equity per share, SEK	52.9	48.0	51.2
Rental income, SEKm	445	400	1,700
Cash flow per share, SEK			
Profit before tax	299	398	1,261
Reversal			
Unrealised change in value, properties	-109	-210	-402
Unrealised change in value, derivatives	-6	-9	-27
Depreciation and amortisation	1	0	2
Current tax	-17	-8	-43
Total	168	171	791
Average number of shares ('000)	134,512	124,489	132,041
Cash flow per share, SEK	1.25	1.37	6.00
Earnings per share, SEK	1.70	2.60	7.78
Debt/equity ratio, times	1.6	1.7	1.6

OTHER INFORMATION

Diös also reports data for economic occupancy and vacancy rate, as these performance indicators provide a more in-depth picture of the company's financial performance with regard to revenues in the properties and thus also in the company. These performance indicators are widely used in the industry, and enable investors and analysts to make comparisons between different property companies.

	2018 3 mths Jan-Mar	2017 3 mths Jan-Mar	2017 12 mths Jan-Dec
Economic occupancy rate, %	92	90	91
EPRA vacancy rate			
Estimated market rent for vacant space	154	139	153
Annualised rental value for the whole portfolio	1,904	1,458	1,875
EPRA vacancy rate, %	8.1	9.6	8.2



➤ Erik Wallström, Property Manager Diös, at the tenant NCCs office at Humlan 6, Luleå.

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 41 million (46) and the profit after tax was SEK 1 million (4). Net sales refer chiefly to services sold to the Group's subsidiaries. Cash and cash equivalents were SEK 120 million (150) at 31 March 2018 and drawn overdraft facilities were SEK 0 million (0). External inter-

est-bearing liabilities, excluding overdraft facilities, totalled SEK 2,509 million (3,533). Outstanding commercial paper totalled SEK 800 million (0). The average annual interest rate based on the situation at 31 March 2018 amounted to 1.0 per cent (1.2). The parent company prepares its financial reports in compliance with RFR 2 Financial Reporting for Legal Entities.

»»» CONDENSED PARENT COMPANY INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME, SEKM

	2018 3 months Jan-Mar	2,017 3 months Jan-Mar	2,017 12 mths Jan-Dec
INCOME STATEMENT			
Net revenue	41	46	170
Gross profit	41	46	170
Central administration	-49	-60	-214
Operating profit	-8	-14	-44
Income from interests in Group companies	0	0	454
Financial income	58	59	218
Financial costs	-49	-41	-192
Profit after financial items	1	4	436
Current tax	0	-	-
Profit after tax	1	4	436
STATEMENT OF COMPREHENSIVE INCOME			
Profit after tax	1	4	436
Comprehensive income for the year	1	4	436

»»» CONDENSED PARENT COMPANY BALANCE SHEET, SEKM

	2018 31 Mar	2,017 31 Mar	2,017 31 Dec
ASSETS			
Investments in Group companies	2,124	2,124	2,124
Receivables from Group companies	11,581	10,570	11,439
Other assets	28	23	26
Cash and cash equivalents	120	150	29
TOTAL ASSETS	13,853	12,867	13,618
EQUITY AND LIABILITIES			
Equity	3,096	2,934	3,095
Interest-bearing liabilities	3,309	3,533	3,208
Liabilities to Group companies	7,417	6,367	7,277
Other liabilities	31	33	38
TOTAL EQUITY AND LIABILITIES	13,853	12,867	13,618



OTHER INFORMATION

»»» EMPLOYEES AND ORGANISATION

The number of employees on 31 March 2018 was 157 (146), of whom 63 were women (61). The majority of Diös' employees, 105 people (97), work in our local business units. We have invested in training for our operations staff and now all are certified building maintenance technicians.

»»» OPPORTUNITIES AND RISKS

Diös Fastigheters' principal risks and uncertainties are described on pages 59-62 of the 2017 annual report. 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 13 February the Riksbank decided to keep its repo rate unchanged at -0.5 per cent. Only in the second half of 2018 does the executive board deem that it will be appropriate to start raising interest rates at a modest pace. The Riksbank's net purchase of government bonds amounts to just over SEK 310 billion (nominal amount), with maturity and coupon payments currently being reinvested in the bond portfolio. According to information published by KI in March 2018, the Swedish economy is getting even stronger and the economic upswing in the rest of the world is fuelling Swedish exports. The rate of investments in industry is rapidly increasing, even though investments in housing are levelling off. Inflation is not expected to reach 2 per cent until sometime in 2020, which means that the Riksbank will hold back on raising interest rates too early. Unemployment is expected to decline even further in 2018, levelling off at 6.2 per cent in 2019.

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 real estate operations continue to generate strong cash flows, we are seeing a stabilisation of the yield levels in the market valuation of our properties and our property values. In aggregate, these 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 POLICIES

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 Financial Reporting for Legal Entities and the Swedish Annual Accounts Act. Disclosures under IAS 34 are provided elsewhere in the interim report than in a note. The accounting principles applied in the interim report are, with the exception of name changes to segments, consistent with the accounting principles applied in preparing the consolidated financial statements and Annual Report for 2017¹, Note 1.

New or amended IFRS standards and new interpretations which have not yet become effective:

IFRS 16 LEASES

IFRS 16 Leases applies for financial years beginning on 1 January 2019. The accounting treatment for lessors will remain essentially unchanged. For lessees, the standard will have the effect that most leases will be recognised in the balance sheet. For Diös, the main impact will be on the recognition of leasehold contracts and car leases, which will be recognised in the balance sheet and will thus have an impact on total assets. The leasing cost will be recognised as amortisation of the usufruct and as an interest expense, and will thus no longer be included in net operating income. As Diös has a limited number of contracts, the impact on the financial statements is expected to be limited.

Other changed and new IFRS standards entering into force during the coming periods are not assessed as having any significant impact on the Group's financial reporting.

»»» 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 2017 is available at www.dios.se



»»» SUMMARY OF QUARTERLY RESULTS

	31 Mar 2018 Q1	31 Dec 2017 Q4	30 Sep 2017 Q3	30 Jun 2017 Q2	31 Mar 2017 Q1	31 Dec 2016 Q4	30 Sep 2016 Q3	30 Jun 2016 Q2
Revenue, SEKm	450	443	436	435	405	337	335	334
Operating surplus, SEKm	250	266	287	286	241	195	212	212
Property management income, SEKm	187	197	222	224	179	132	147	140
Profit for the period, SEKm	229	256	192	255	326	266	229	194
Surplus ratio, %	56	61	67	66	60	59	64	64
Economic occupancy rate, %	92	91	91	91	90	90	90	90
Return on equity, %	3.3	3.8	2.9	3.9	6.0	6.4	5.8	5.0
Equity/assets ratio, %	35.3	34.9	33.9	33.3	33.5	31.0	29.8	28.5
Property loan-to-value ratio, %	56.7	57.1	57.8	58.3	59.1	58.6	59.6	60.6
Average interest rate at end of period, % ¹	1.5	1.5	1.6	1.6	1.6	2.0	1.9	2.6
Interest coverage ratio, times	4.9	4.8	5.5	5.8	5.2	3.9	3.8	3.5
Property management income per share, SEK	1.38	1.46	1.65	1.67	1.44	1.39	1.54	1.47
Earnings per share after tax, SEK	1.70	1.91	1.43	1.88	2.60	2.79	2.39	1.99
Equity per share, SEK	52.9	51.2	49.3	47.9	48.0	45.3	42.5	40.1
Market price per share, SEK	56.4	55.8	52.0	46.6	44.0	47.1	50.8	47.1

¹ Includes expenses relating to commitment fees and derivatives.

»»» TARGETS

OPERATIONAL TARGETS	Targets 2018	Outcome Q1 2018
Economic occupancy rate, %	92	92
Surplus ratio, %	64	56
Energy use, %	-3	0.8
Carbon dioxide emissions, %	-2	0
Employee satisfaction index	76	-
Customer satisfaction index	70	-

FINANCIAL TARGETS	Targets 2018	Outcome Q1 2018
Return on equity ¹ , %	>12	13.2
Distribution of profit for the year ² , %	~50	-
Loan-to-value ratio, %	< 60	56.7
Equity/assets ratio, %	> 30	35.3

¹ Return on equity has been annualised.

² Profit after tax, excluding unrealised changes in value and deferred tax.





SHARE INFORMATION

SHARE PERFORMANCE

Diös' share price at the end of the period was SEK 56.4 (44.0), which represents a market capitalisation of SEK 7,580 million (5,919), and the return for the past 12 months was 28.1 per cent (-6.1). If the adopted dividend of SEK 2.00 per share is included, the total return on the shares for the period was 33.9 per cent (-1.5). The diagram shows share prices for the past 12 months for both Diös and the indexes. The return on the OMX Stockholm 30 Index was -3.3 per cent (16.3) and the return on the OMX Stockholm Real Estate PI index 5.7 per cent (7.4).

At 31 March Diös Fastigheter AB had 14,648 shareholders (14,174). The share of foreign-owned shares was 21.3 per cent (20.0) while the total number of shares during the period remained unchanged at 134,512,438 (134,512,438). The single largest shareholder was AB Persson Invest, with 15.4 per cent (15.4) of the shares. The ten largest shareholders accounted for 57.5 per cent (55.9) of the total number of shares and votes.

The Annual General Meeting 2017 resolved to authorise the company to buy back ten per cent of the total number of 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 goal is to generate a return on equity in excess of the risk-free rate plus 12 per cent. On an annualised basis, the return for the period was 13 per cent (24).

Equity at the end of the first quarter was SEK 7,116 million (6,452) and the long-term net asset value, EPRA NAV, was SEK 8,289 million (7,528). On a per share basis, EPRA NAV was SEK 61.6 (56.0), which means that the share price at 31 March represented 92 per cent (79) of long-term NAV. The net asset value per share for the period, expressed as EPRA NNNAV, was SEK 59.9 (52.5).

Earnings

Earnings per share for the period were SEK 1.70 (2.60) while long-term earnings per share, expressed as EPRA EPS, were SEK 1.26 (1.27). EPRA EPS, which is designed to show an entity's long-term earnings per share, is calculated as property management income after deducting 22 per cent corporation tax attributable to property management income less minority share of earnings.

LARGEST SHAREHOLDER

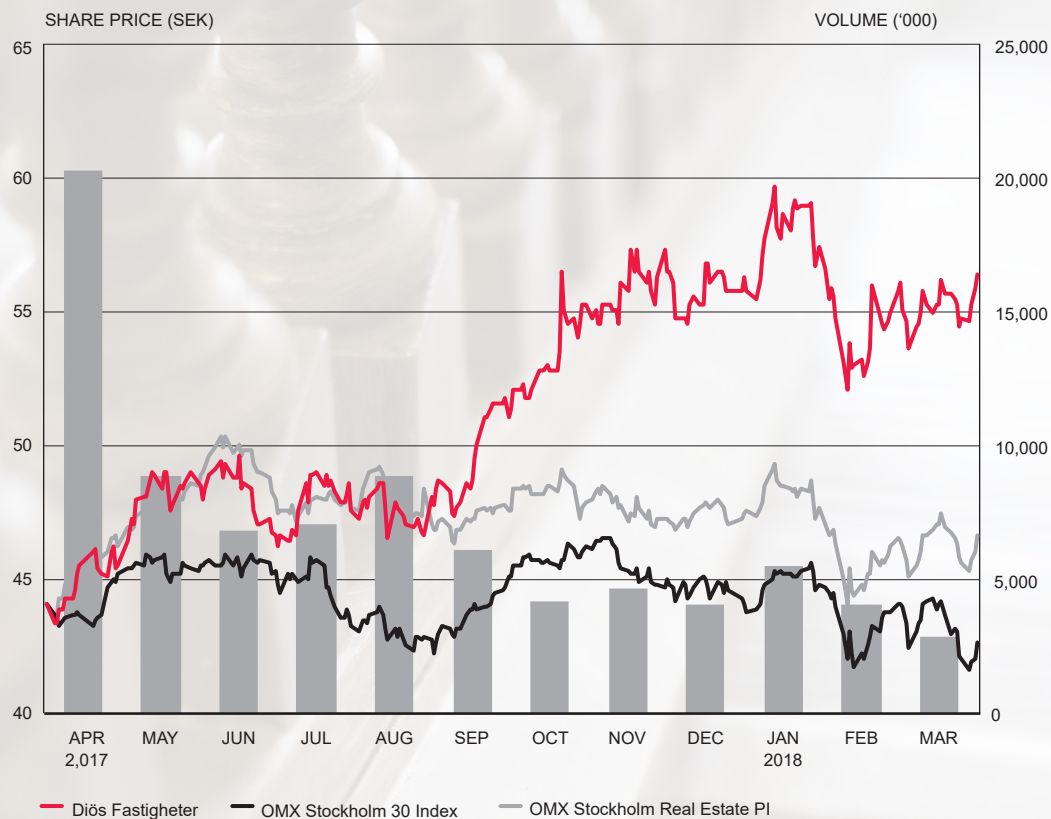
OF DIÖS FASTIGHETER AB AT 31 MARCH 2018

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
Avanza Pension	5,206,899	3.9
Handelsbankens Fonder	5,000,000	3.7
SEB Fonder	4,556,714	3.4
Fourth Swedish National Pension Fund (AP4)	2,329,327	1.7
Staffan Rasjö	2,000,000	1.5
Transamerica Asset Management, Inc.	1,933,774	1.4
Total, largest shareholders	77,493,086	57.5
Other shareholders	57,019,352	42.5
TOTAL	134,512,438	100.0

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 Jun 2005	Share split	990,000	-	1,000,000	100,000	0.10
21 Jun 2005	Issue of new shares	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	Share split	15,974,652	-	19,968,315	39,936,630	2.00
18 May 2006	Issue of new shares	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	Issue of new shares	3,285,466	6,570,932	37,353,160	74,705,720	2.00
17 Dec 2010	Issue of new shares	11,407	22,814	37,364,567	74,728,534	2.00
5 Dec 2011	Issue of new shares	22,854,136	45,708,272	60,218,703	120,436,806	2.00
14 Dec 2011	Issue of new shares	14,510,431	29,020,862	74,729,134	149,457,668	2.00
27 Jan 2017	Issue of new shares	59,629,748	119,259,496	134,358,882	268,717,164	2.00
31 Jan 2017	Issue of new shares	153,556	307,112	134,512,438	269,024,276	2.00

> SHARE PRICE PERFORMANCE



> THREE REASONS TO INVEST IN DIÖS



DIVERSIFIED PROPERTY PORTFOLIO

A comprehensive and diversified property portfolio ensures risk distribution between different markets, tenants and industries. The profit equalises over time. Our wide offering also provides us with great opportunities to offer our tenants new premises whenever their needs or business change.



ATTRACTIVE YIELD

Since 2013, the yield has amounted to 4.8 per cent on average, which is among the highest in the industry. According to the dividend policy, approx. 50 per cent of the profit for the year after tax, excluding unrealised changes in value and deferred tax, should be passed onto the shareholders as a dividend.



VALUE GROWTH THROUGH INCREASED CASH FLOW

Since 2013, the cash flow per share has increased by 67 per cent. This is the result of effective management, energy-saving measures, profitable investments and a tenant-focused organisation.

»»» REVIEW OF THE REPORT

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, 24 April 2018

Bob Persson
Chairman

Ragnhild Backman
Board member

Anders Bengtsson
Board member

Maud Olofsson
Board member

Anders Nelson
Board member

Tomas Mellberg
Board member
Employee representative

Knut Rost
Chief Executive Officer

»»» FINANCIAL CALENDAR

Interim Report January-June 2018

6 July 2018

Interim Report January-September 2018

25 October 2018

»»» EVENTS AFTER THE REPORTING DATE

On 12 April 2018, Mia Forsgren joined the Group management team as Head of Communications.



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 defined 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 of the properties 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

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

ECONOMIC OCCUPANCY RATE

Estimated market rent for unused premises divided by 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 redevelopments.

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 minority 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.

EPRA VACANCY RATE

Estimated market rent for vacant space divided by the annual rental value of the whole property portfolio.

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 repurchased during the period weighted by the number of days that the shares were outstanding, in relation to the total number of days in the period.

RENTAL INCOME

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

RENTAL VALUE

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

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.

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.

➤ FOR FURTHER INFORMATION, PLEASE CONTACT:

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This constitutes information which Diös Fastigheter AB is required to publish under the EU's Market Abuse Regulation. The information was submitted for publication through the above contact person on 24 April 2018, 12:00 PM CET.



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