

Q2

"By converting former commercial spaces into offices, we are meeting the demand for modern and flexible workplaces with urban service around the corner."

Martina Leksell
Property Manager, Falun



JANUARY—JUNE 2021

Highlights

Revenue increased by 6 per cent to SEK 987 million (928)

Property management income increased by 13 per cent to SEK 519 million (458)

Unrealised changes in value of properties were SEK 675 million (-143) and unrealised changes in value of derivatives were SEK 14 million (0)

The profit after tax was SEK 957 million (246)

Earnings per share were SEK 7.07 (1.83)

36.0

Equity ratio, %

6.7

Interest coverage ratio

53.8

Loan-to-value ratio, %

Significant events Q2

- Diös established an MTN programme of SEK 3.5 billion and issued a green bond of SEK 500 million with a maturity of 2 years.
- Diös acquired a warehouse and logistics property in Skellefteå comprising 12,500 sq.m. The property is directly adjacent to Northvolt's battery factory.
- Diös sold 20,500 sq.m. of development rights in central Sundsvall at a value of SEK 72 million.

Profit for the period, SEKm

	2021 3 mths April-June	2020 3 mths April-June	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	2020 12 mths Jan-Dec
Revenue	504	450	987	928	1,878
Operating surplus	353	299	643	589	1,219
Property management income	288	229	519	458	958
Profit before tax	555	75	1,213	315	1,152
Profit after tax	435	57	957	246	913

Surplus ratio, %	76	69	68	65	66
Occupancy rate, %	88	84	89	87	89
Return on equity, % ¹			17.9	2.9	10.4
Equity ratio, %			36.0	35.5	36.8
Property loan-to-value ratio, %			53.8	54.9	54.3
Equity per share, SEK			72.1	63.3	68.2
EPRA NRV per share, SEK			84.9	73.8	79.7

For definitions of KPIs, see page 31.

¹Rolling 12-month basis

Strong result on an active market

We delivered a very strong result for the period. Property management income increased by 13 per cent, the surplus ratio reached a record 68 per cent and the property value exceeded SEK 26 billion. Multiple profitable transactions and a strong underlying market have driven a positive value development and provide a good outlook ahead.

Increased revenue and lower financing costs contributed to the property management income of SEK 519 million, which is an increase by 13 per cent compared with the previous year. Rent growth comes from active rental work, renegotiations, completed projects and transactions which are strengthened by reduced discounts, compensation from early terminations and lower financing costs. The surplus ratio amounted to a record 68 per cent for the period.

Advised rents for the third quarter are similar compared with the same time last year. Discounts linked to the government rent support scheme for the first quarter amounted to SEK 4 million net. The forecast of discounts for upcoming quarters appears to decrease drastically, which is positive and a sign of recovery. Vaccinations are in full swing and restrictions are being eased. We are slowly beginning to venture out again. However, it is important that we continue to take responsibility for continuing to reduce the spread of infection.

We are signing leases for ever higher rent levels. Strong growth in our cities and the fact that companies want to ensure their positioning in the city are leading to an increased demand in both offices and urban service. Growth is strongest in the best locations, with premises that reflect the brand and a strong identity, as well as locations where synergies can be achieved between offices, urban service and residential properties and where everything is available within 15 minutes. The growing demand provides extensive opportunities to increase our rental income through new leases and renegotiations, and provides new conditions for new production. Even though the competition for our tenants is increasing, it is just a question of time until we see office rents over SEK 3,000 per square metre in our cities.

Our property value has increased by SEK 1,6 million during the year to SEK 26.1 billion. The strong development for the year is attributable to both our own activities and transactions, as well as a strong underlying market with increased competition and lower return requirements. Interest in establishments in our cities is growing and with it, competition. If this trend continues, market values will continue to increase.

We achieved another milestone during the quarter when we made our debut on the capital market by issuing a green bond under our newly established MTN programme. Our investments and activities towards more sustainable operations are increasing and it is very positive that we can now finance our operations through the capital market to an even greater extent through green bonds. We have also reduced our interest expenses compared with the previous year despite an increased volume of interest-bearing liabilities, which indicates an effective liability management and competitive financing terms.



Sales of residential development rights in central Sundsvall show the attractiveness that exists in the residential segment and strengthens our plan to continue to create further development rights in our portfolio. We will continue to build under our own management, but will also sell development rights where we see more rational financial value creation. More actors developing residential properties in Sundsvall will benefit our almost finished hotel project, which will open on 1 September. The hotel will also be the link between this new area and the city centre and will benefit from increased flows of people. The acquisition of the warehouse and logistics property near Northvolt's factory in Skellefteå is being carried out at an attractive level of return and is strengthening our existing portfolio.

Of course, our market is impacted by the enormous investment and the green transformation of Swedish industry taking place in northern Sweden. Many places in our geography are bubbling from positivity. Of course, we have to take advantage of this, which requires a good team. I'm passionate about courageous leadership and a business culture where our employees grow, thrive and want to take personal responsibility for contributing to Diös' growth. On-going trends and the effects of the pandemic are leading to a more flexible way of working and demands for sustainable business models, which all of us have to adjust to. We have a unique position in a hot market with competent and driven employees. We will continue to act on our opportunities, make more and better deals, increase our profitability and thereby create further value for our shareholders.


Knut Rost, CEO

Welcome to Diös

Diös is one of Sweden's leading property companies. By building good relationships, using our pool of knowledge and taking responsibility, we are developing our cities and creating sustainable long-term value for our tenants, ourselves and our owners.

Vision:

We want to create Sweden's most inspiring cities.



334

No. of properties



26.1

Property value, SEKbn

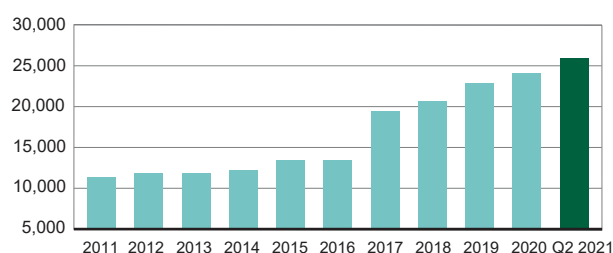


1,463

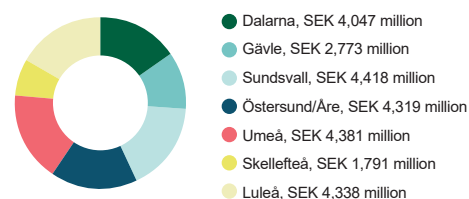
Leasable area, thousand sq.m.



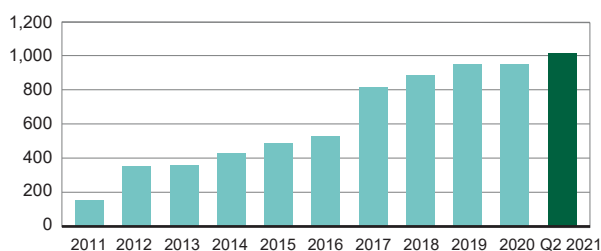
Property value, SEK million



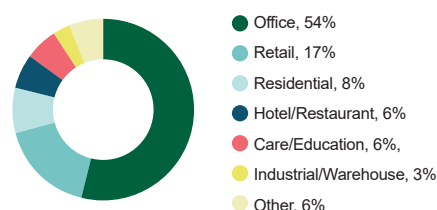
Property value per business unit, SEK million



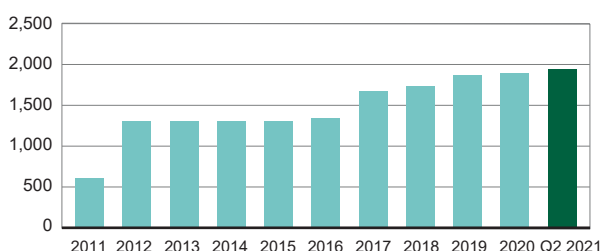
Property management income, SEK million



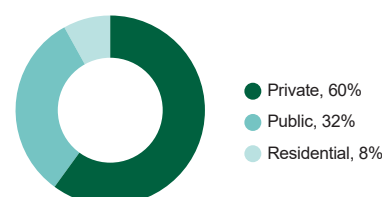
Rental value by type of premises, %



Rental income, SEK million



Contract value per category, %



Property management income and rental income for Q2 2021 are on a rolling 12-month basis.

Our market: the 15-minute city



We operate in a fast-growing market, in cities that can best be described as 15-minute cities. In these cities, you can walk, bicycle or take the car to work in 15 minutes – and also buy groceries, go to a café or restaurant, take the children to school, enjoy nature and do everything you want in your everyday life in the same time frame. They are cities marked by good accessibility and an active lifestyle.

A growing population and continued urbanisation give our cities a very good position for continued growth. The challenges of climate change and changes in globalisation also indicate that 15-minute cities will just get more attractive.

Absolutely the right place for us!

The population in our cities is growing, entrepreneurship is strong and demand for staple industries is high. The infrastructure is also constantly developing, city governments are driven and there are attractive universities. All of this indicates that Diös is in the absolutely right place – to create increased growth, improved conditions for moving in and thereby increased value for our tenants, shareholders and ourselves.

Our offering in these cities

We want to create an inspiring, sustainable and accessible city for all. We do this by creating more modern offices in attractive locations, improving the conditions for developed urban service and building more homes in the city centre. We also ensure that the spaces that we develop can be used around the clock by several different actors because we create security, life and motion. By offering the right premises to the right tenants, we develop our business.



Jonathan Fredriksson, Property Manager in Gävle.

The sustainable city

Our vision to create Sweden's most inspiring cities is our guiding principle. Making the city better for everyone encompasses all aspects of sustainability. Diös' activities should help to build a sustainable future.

By developing and managing our properties, city blocks, districts and, by extension, our cities, we take responsibility for the communities in which we operate. Urban development is about seeing the big picture and taking account of the importance of environmental, social and economic sustainability aspects for creating tomorrow's cities. As a market leader in all our cities, we have an opportunity to be involved in driving that development.

Using the UN Global Sustainable Development Goals to guide us in our sustainability management activities, we have made our sustainability strategy part of our business concept. Integrating sustainability in our daily activities is crucial to our ability to achieve our growth targets and be profitable through long-term value creation. Our long-term sustainability target is to achieve zero net emissions before 2045.

The climate is the most urgent of the UN goals and it is therefore our highest priority sustainability issue. The climate crisis is not only leading to changing weather conditions but will affect economic and social sustainability aspects locally in our cities as well as nationally and globally. Property businesses generally have a big carbon footprint and we are therefore also in a good position to make a difference through changed behaviours. A lifecycle perspective is being integrated in our property management business, resulting in increased resource and energy efficiency, healthier material choices, lower carbon dioxide emissions and less risk.

Four focus areas

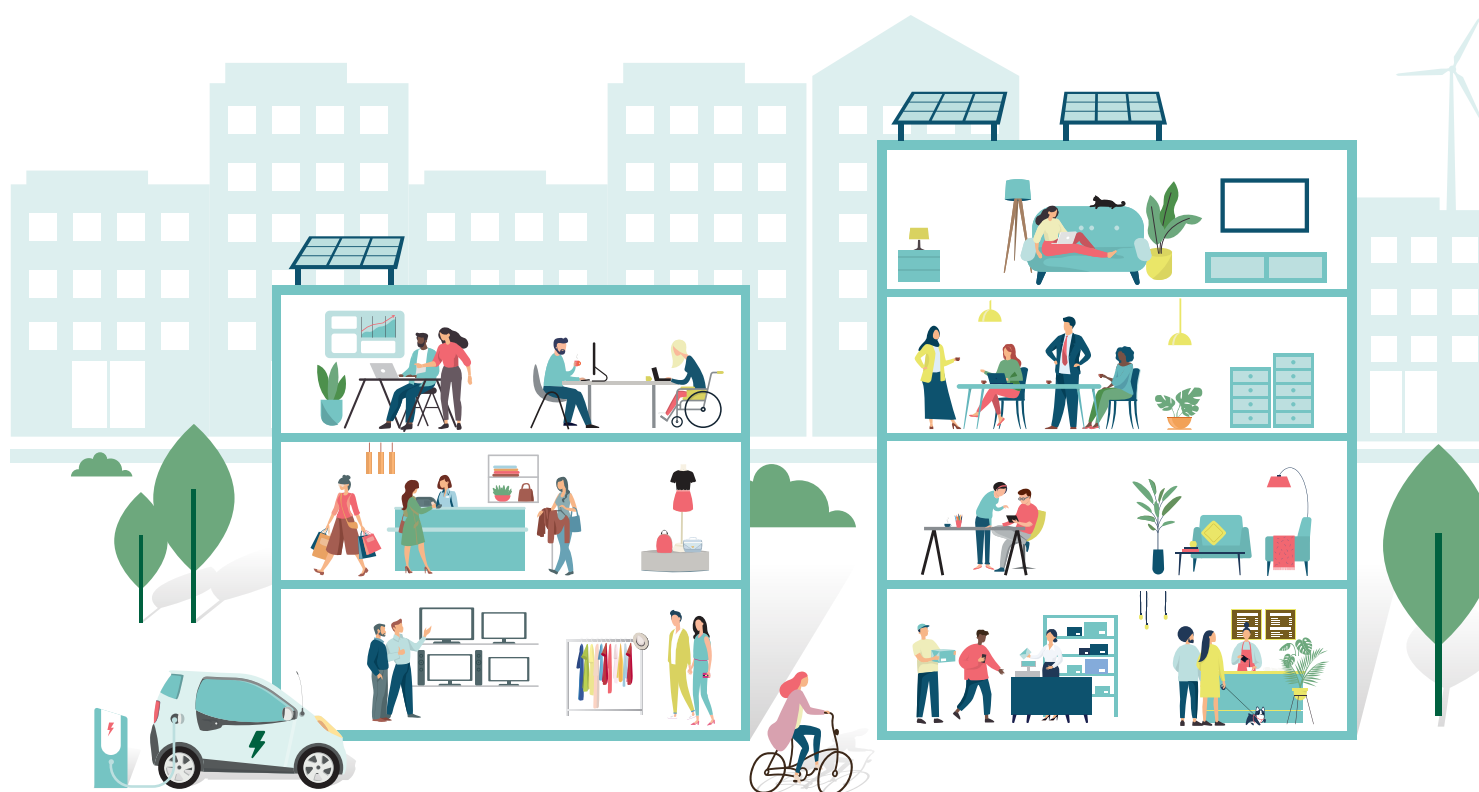
We have chosen to divide our path towards more sustainable cities into four focus areas: Environment and climate, Thriving cities, Fair business practices and Committed employees. Every area has its significant sustainability issues, challenges and goals.

98%

Non-fossil energy

Environment
& climate

Prosperous
cities





Certifications and energy

We had 41 properties certified under the Miljöbyggnad, Svanen and BREEAM In-Use standards, which represents 21 per cent of the total area of the property portfolio. We have three major projects that will be certified according to BREEAM-SE.

The objective for 2021 is to environmentally certify 14 properties, according to BREEAM In-Use, which entails one to two properties per business unit. In the second quarter, two certifications began and the remainder are scheduled to be carried out in quarters three and four.

For the period, we are reporting a reduced energy use of 2 per cent. This indicates a continued positive trend and that our investments and our energy optimisation are showing good results.

To reduce our environmental impact, we only buy origin-labelled electricity from renewable sources. A total of 98 per cent of the energy we buy comes from non-fossil energy production.

ENERGY USE AND CARBON DIOXIDE EMISSIONS

	Unit	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun
Heating ¹	kWh/sq.m.	43.26	43.48
District cooling ²	kWh/sq.m.	4.45	5.55
Electricity ³	kWh/sq.m.	21.96	24.08
Carbon dioxide, total ⁴	g CO ₂ /kWh	25.83	22.49
Water	m ³ /sq.m.	0.13	0.10

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 district cooling.

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.

Fair business
practices

Committed
employees



Income statement

Condensed consolidated income statement and statement of comprehensive income, SEK million

INCOME STATEMENT	2021 3 mths April-June	2020 3 mths April-June	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	2020 12 mths Jan-Dec
Rental income	424	363	784	733	1,513
Service income	76	77	199	185	349
Other income	4	10	4	10	16
Total income	504	450	987	928	1,878
Property costs	-151	-151	-344	-339	-659
Operating surplus	353	299	643	589	1,219
Central administration	-18	-19	-35	-36	-76
Net financial items	-47	-51	-89	-95	-185
Property management income	288	229	519	458	958
Change in value, properties	262	-153	680	-143	194
Change in value, interest rate derivatives	5	-1	14	0	0
Profit before tax	555	75	1,213	315	1,152
Current tax	-33	-19	-36	-37	-75
Deferred tax	-87	1	-220	-32	-164
Profit after tax	435	57	957	246	913
Profit attributable to shareholders of the parent company	431	56	948	246	914
Profit attributable to non-controlling interests	4	1	9	0	-1
Total	435	57	957	246	913
STATEMENT OF COMPREHENSIVE INCOME					
Profit after tax	435	57	957	246	913
Comprehensive income for the period	435	57	957	246	913
Comprehensive income attributable to shareholders of the parent company	431	56	948	246	914
Comprehensive income attributable to non-controlling interests	4	1	9	0	-1
Total	435	57	957	246	913
Earnings per share, SEK	3.22	0.42	7.07	1.83	6.81
Number of shares outstanding at end of period	134,071,020	134,071,020	134,071,020	134,071,020	134,071,020
Average number of shares	134,071,020	134,071,020	134,071,020	134,259,603	134,166,164
Number of treasury shares at end of period	441,418	441,418	441,418	441,418	441,418
Average number of treasury shares	441,418	441,418	441,418	252,835	347,901

There is no dilutive effect, as no potential shares (such as convertibles) exist.
The accounting policies are presented on page 26.
Columns/rows may not add up due to rounding.

Earnings analysis January–June 2021

Note 1 Property management income

Property management income for the period, i.e. income excluding changes in value and tax, was SEK 519 million (458). This is an increase of 13 per cent compared with the previous year. For comparable properties, our property management income increased by 12 per cent year on year. Our property management income for the period was affected by net rent discounts of SEK 4 million (24) attributable to grants provided under the government rent support scheme. Compensation in the event of early vacancy impacted the property management income by SEK 30 million.

Note 2 Revenue

Revenue for the reporting period was SEK 987 million (928), representing an 89 per cent (87) economic occupancy rate. In a comparable portfolio, contracted rental income, excluding project properties, increased by 1.7 per cent compared with the previous year. Rental income was affected by rent discounts of SEK 8 million (34) attributable to the government rent support scheme. Estimated support attributable to granted rent discounts amounted to SEK 4 million (10). Other property management income totalled SEK 43 million (14) and consisted mainly of compensation in the event of early vacancy equivalent to SEK 30 million and the costs of work on leased premises that are passed on to tenants.

Revenue growth	2021 Jan-Jun	2020 Jan-Jun	Change %
Comparable properties	911	896	1.7
Rent discounts ¹	-8	-34	
Project properties	24	31	
Acquired properties	10	0	
Sold properties	3	11	
Contracted rental income	940	904	
Other property management income	43	14	
Other income²	4	10	
Revenue	987	928	

¹ Discounts attributable to the government rent support scheme

² Government support for granted rent discounts

Note 3 Property costs

Total property costs were SEK 344 million (339). Costs related to snow and ice increased compared with the previous year. Of the total property costs, SEK 7 million (7) refers to work on leased premises where the costs are passed on to tenants.

Note 4 Operating surplus

The operating surplus was SEK 643 million (589), representing a surplus ratio of 68 per cent (65). For comparable properties, our operating surplus increased by 9 per cent compared with the previous year.

Note 5 Central administration

The central administration expense was SEK 35 million (36). Central administration includes Group-wide costs for staff functions, such as IT, annual reports, auditors' fees, legal advice and so on.

Note 6 Net financial items

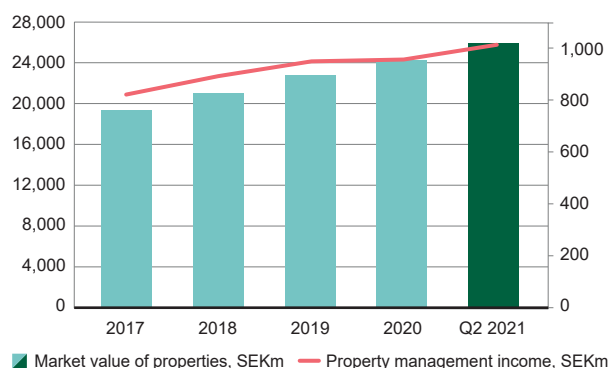
Net financial items for the period were SEK -89 million (-95). The interest costs for the period, including costs for interest rate derivatives and loan commitments, represent borrowings at an average annual interest rate of 1.2 per cent (1.4).

Note 7 Changes in value, properties

The average valuation yield at the end of the period was 5.59 per cent (5.86). Since the beginning of the year, the change was -0.14 percentage points. The unrealised changes in value amounted to SEK 675 million (-143) and are mainly attributable to lower return requirements, development rights and improved net operating income in offices and residential properties. The change in value was equivalent to 2.6 per cent (-0.6) of the properties' market value. At 30 June, the market value was SEK 26,068 million (23,506).

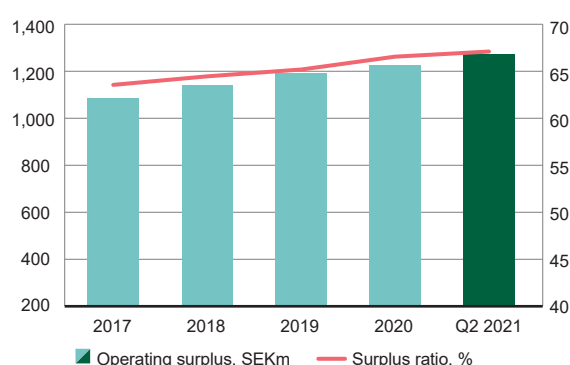
During the period, eight properties (2) were acquired while three properties (0) were sold with a realised value change of SEK 5 million (0).

Market value and property management income



The figures for property management income, operating surplus and surplus ratio in Q2 2021 are on a rolling 12-month basis.

Operating surplus and surplus ratio



➤ Earnings analysis January–June 2021, continued

Unrealised changes in value, properties

SEKm	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun
Investment properties	541	-109
- of which changed future net operating income	46	-219
- of which changed return requirements	495	110
Project properties	9	-34
Development rights	125	0
Unrealised change in value	675	-143

Note 8 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 has not been realised and does not affect cash flow.

During the period, unrealised changes in value on derivatives totalled SEK 14 million (0), which have been fully recognised in the income statement. The change in value is attributable to rising market interest rates.

Note 9 Profit before tax

The profit before tax was SEK 1,213 million (315). The higher profit is mainly due to higher unrealised property values compared with the previous year.

Note 10 Tax

The nominal corporate tax rate in Sweden is 20.6 per cent (21.4). The remaining tax loss carry-forwards are estimated at SEK 0 million (0). The Group also has untaxed reserves of SEK 529 million (420). The fair value of the properties exceeds their tax base by SEK 8,725 million (7,136), less SEK 3,960 million (3,811) in deferred tax relating to asset acquisitions.

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. Diös has no ongoing tax disputes.

Tax calculation

SEKm	Jan-Jun 2021
Profit before tax	1,213
Nominal tax rate 20.6%	-250
Tax effect of	
Realised changes in value, properties	-6
Other tax adjustments	0
Reported tax expense	-256
Of which current tax	-36
Of which deferred tax	-220

Current tax was SEK -36 million (-37) and deferred tax was SEK -220 million (-32). The change in deferred tax is attributable to the unrealised changes in value.

Second quarter of 2021

Property management income for the second quarter, i.e. income excluding changes in value and tax, was SEK 288 million (229). The operating surplus was SEK 353 million (299), representing a surplus ratio of 76 per cent (69).

- Revenue for the second quarter was SEK 504 million (450), representing an economic occupancy rate of 88 per cent (84). Revenue was affected by non-recurring rent discounts of SEK 4 million (24) attributable to the government rent support scheme. Compensation in the event of early vacancy impacted revenue positively by SEK 30 million.
- Total property costs were SEK 151 million (151).

Net financial items for the second quarter were SEK -47 million (-51). The profit before tax was SEK 555 million (75). Changes in the value of properties had a positive impact of SEK 262 million (-153) while changes in the value of interest rate derivatives had an impact of SEK 5 million (-1). Profit after tax was SEK 435 million (57), of which SEK -87 million (1) refers to deferred tax and SEK -33 million (-19) to current tax.



Krister Palm, Technical Manager, and Tomas Andersson, Property Technician, at the tenant DOSPACE in Gävle.

Our tenants

Tenants

Our tenant base is well diversified geographically and in terms of industry. There were 2,899 premises leases (2,876) and there were 1,884 residential leases (1,761). The ten largest tenants represent 17 per cent (17) of Diös' total contracted rental income. At 30 June, 31 per cent of contracted rental income came from tenants engaged in activities on behalf of the central government, county councils, local authorities or activities funded with municipal school vouchers.

NET LEASING

Net leasing for the quarter was SEK 1 million (2) and the total for the period was SEK -4 million (29). One major termination during the period was Casino Cosmopol in Sundsvall of SEK -7 million. Noteworthy new leasing during the period was to Coop Nord in Umeå and Norrlidens Kunskapscentrum AB in Sundsvall.

Lease term

The average lease term for commercial premises at 30 June was 4.0 years (3.9).

Vacancies

At 30 June, the economic vacancy rate was 11 per cent (10) while the vacant area was 14 per cent (14). Adjusted for project-related and non-leasable vacancies, the physical vacancy rate was 121 per cent. Economic vacancies are highest in office and retail premises while physical vacancies are highest in office and industrial/warehouse premises. The economic vacancy rate for the period, excluding discounts, was 10 per cent (9).

¹Project-related and non-leasable vacancies are sites that have been vacated for new builds and conversion, plus premises that have already been leased but are not yet occupied.

Our largest tenants

TENANTS AT 30 JUNE 2021	No. of con- tracts	Annual contract value, SEK '000	Average contract term ¹ , years
Swedish Transport Administration	28	78,628	8.3
Swedish Police Authority	34	59,350	8.3
Östersund Local Authority	103	36,763	1.9
Swedish Public Employment Service	35	30,531	2.3
Swedish Social Insurance Agency	27	27,142	3.4
Municipality of Falun	9	25,937	8.1
Ähléns AB	5	22,713	3.8
Swedbank AB	13	21,603	2.8
Telia Sverige AB	32	21,486	8.4
Internationella Engelska Skolan	8	18,812	9.4
Total, largest tenants	294	342,964	6.1

⊗ Tenants with operations on behalf of the central, regional or local government sectors are financed with municipal school funding.

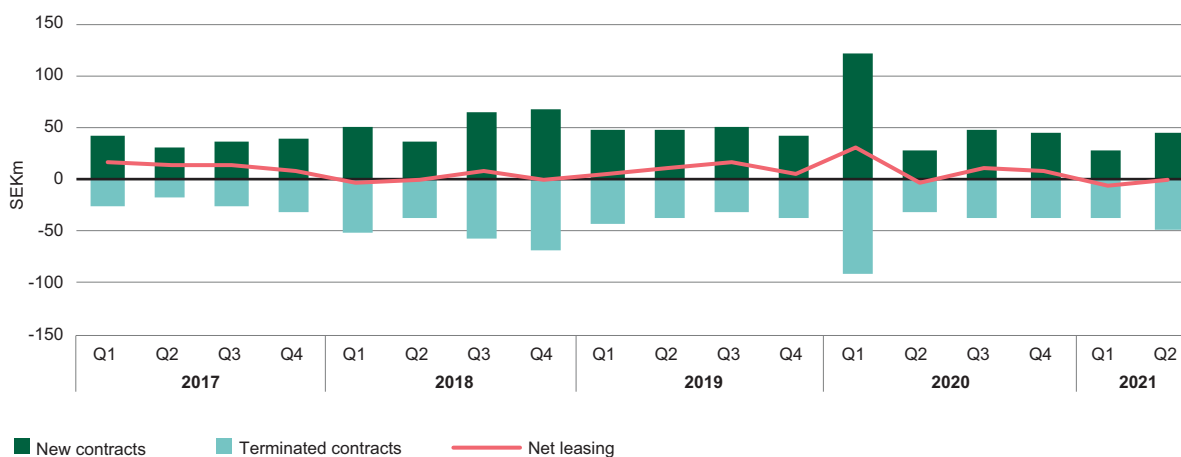
¹ Includes contracts with completion dates in the future.

Leases and maturities

	Number contracts	Contract value, SEKm	Share of value, %
Leases for premises, maturity year			
2021	515	100	5
2022	825	343	18
2023	651	345	18
2024	579	391	21
2025+	329	475	25
Total	2,899	1,654	88
Residential	1,884	157	8
Other leases ¹	3,173	61	3
Total	7,956	1,872	100

¹ Other leases refer mainly to garage and parking spaces.

Net leasing





Maria Kolterud, Property Manager, with the tenant Yara Saleh at Smak Bar & Bistro in Umeå.

Balance sheet and equity

Condensed consolidated balance sheet, SEK million

ASSETS	Note	2021 30 June	2020 30 Jun	2020 31 Dec
Investment properties	11	26,068	23,506	24,512
Other non-current assets		73	85	74
Current receivables		384	315	304
Cash and cash equivalents	14	325	-	-
TOTAL ASSETS		28,850	23,906	24,890
EQUITY AND LIABILITIES				
Equity	12	9,662	8,482	9,148
Deferred tax liability		1,919	1,566	1,699
Interest-bearing liabilities	13	14,344	12,814	13,247
Overdraft facilities	14	-	94	63
Non-current lease liability		54	50	55
Current liabilities		871	900	678
TOTAL EQUITY AND LIABILITIES		26,850	23,906	24,890

Condensed statement of changes in equity, SEK million

	Equity	Of which attributable to shareholders of the parent company	Of which attributable to non-controlling interests
Equity, 31 Dec 2019	8,484	8,426	58
Profit for the period after tax	246	246	0
Comprehensive income for the period	246	246	0
Share buy-backs	-29	-29	-
Dividend	-221	-221	-
Equity, 30 Jun 2020	8,482	8,424	58
Profit for the period after tax	666	667	-1
Comprehensive income for the period	666	667	-1
Equity, 31 Dec 2020	9,148	9,091	57
Profit for the period after tax	957	948	9
Comprehensive income for the period	957	948	9
Dividend	-442	-442	-
Equity, 30 June 2021	9,662	9,597	65

Columns/rows may not add up due to rounding.

Comments on the balance sheet

Note 11 Investment properties and property value

The property portfolio is concentrated to central locations in ten priority cities in northern Sweden. The portfolio is well diversified, consisting mainly of residential, office and retail properties. At the end of the period, the portfolio comprised 92 per cent (92) commercial properties and 8 per cent (8) residential properties based on rental value by type of premises.

PROPERTY PORTFOLIO

	30 Jun 2021	30 Jun 2020
	SEKm	SEKm
Investment properties	24,102	22,514
Project properties	1,841	992
Development rights	125	0
Property portfolio as of 30 June	26,068	23,506

Property value

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 a structured 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 70 per cent of the property value, or SEK 18,248 million, and 128 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. The remaining portion is valued internally. All properties in the main portfolio are also physically inspected by Savills for 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 internally with assistance from 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 24,113 million – SEK 28,023 million. No changes in terms of valuation methodology or approach were made during the year. The valuations were made in accordance with IFRS 13 level 3. For more information, see Note 11 in the Annual Report 2020.

CHANGE IN PROPERTY VALUE

	30 Jun 2021		30 Jun 2020	
	No. of		No. of	
	SEKm properties		SEKm properties	
Value of property portfolio, 1 Jan	24,512	329	22,885	333
Acquisitions	405	8	38	2
Investments in new builds, extensions and conversions	594		726	
Sales	-118	-3	-	-
Unrealised changes in value	675		-143	
Value of property portfolio, 30 June	26,068	334	23,506	337¹

¹ Two properties were created through a reorganisation of the Umeå Magne 4 property

LIST OF PROPERTY TRANSACTIONS JANUARY–JUNE 2021

Sold and completed on

Property	Quarter	City	Area, sq.m.	Price ¹ , SEKm
Portfolio of 3 properties	2	Gävle/Borlänge	13,556	125
Total			13,556	125

¹ Underlying property value.

Acquired and completed on

Property	Quarter	City	Area, sq.m.	Price ¹ , SEKm
Spaken 2 and 4	1	Umeå	6,304	112
Portfolio of 3 properties	2	Borlänge	8,442	110
Tenoren 1	2	Borlänge	3,984	80
Portfolio of 2 properties	2	Gävle	7,553	103
Total			26,283	405

¹ Underlying property value.

VALUATION ASSUMPTIONS PER PROPERTY SEGMENT

	30 Jun 2021					30 Jun 2020				
	Office	Retail	Residential	Industrial/warehouse	Other	Office	Retail	Residential	Industrial/warehouse	Other
Rental value, SEK per sq.m.	1,464	1,579	1,238	552	1,306	1,398	1,591	1,212	575	1,259
Operations & maintenance, SEK per sq.m.	340	493	429	210	367	333	471	432	208	353
Yield for assessing residual value, %	5.6	6.2	3.9	6.7	5.9	5.8	6.3	4.3	6.9	6.2
Cost of capital for discounting to present value, %	7.4	8.4	6.0	8.8	8.0	7.5	8.5	6.4	9.1	8.3
Long-term vacancy, %	5.0	4.3	0.6	10.7	4.3	5.1	4.2	0.7	10.7	4.3

The valuation model is based on a forecast period that ranges from five to ten years, but is generally five years, and a long-term inflation rate of 2 per cent.

> Comments on the balance sheet, continued

SENSITIVITY ANALYSIS PER PROPERTY CATEGORY

SEKm	Office		Retail		Residential		Industrial		Other business		Total	
Rental value, +/- SEK 50 per sq.m.	591	-591	211	-211	172	-172	91	-91	142	-142	1,206	-1206
Operations & maintenance, +/- SEK 25 per sq.m.	-311	311	-110	110	-86	86	-51	51	-75	75	-633	633
Yield, +/- 0.5%	-1,114	1,340	-355	418	-315	408	-47	55	-277	331	-2,108	2,552
Cost of capital, +/- 0.5%	-289	300	-90	93	-55	56	-13	13	-77	80	-524	543
Long-term vacancy rate, +/- 1%	-184	184	-71	71	-43	19	-12	12	-49	48	-359	333

Investments

We invest continually in our properties to improve, adapt and increase the efficiency of our tenants' premises. During the period, our investments helped to increase the value of the portfolio by SEK 594 million (726).

Improvement, new builds and tenant adaptations

Our investments in our existing portfolio comprise new builds, conversions and extensions as well as energy-saving measures. The investments result in a higher occupancy rate, increased customer satisfaction, lower costs and a reduced impact on the environment. During the year, SEK 594 million (726) was invested in a total of 545 projects (699). At the end of the period, 21 major¹ projects were ongoing, with a remaining investment volume of SEK 913 million and a total investment volume of SEK 2,486 million. During the period, decisions were made on 206 new investments. The return on completed investments for the period was 9.1 per cent on the invested amount while the

return on our ongoing projects, excluding new builds, was 8.1 per cent.

¹Initial investment volume > SEK 6 million.

INVESTMENTS	30 Jun 2021	30 Jun 2020
Investments in new builds	301	221
Investments in improvement properties	40	67
Investments in tenant adaptations	253	438
Total	594	726

Projects in progress and development rights

Projects in progress comprise approximately 100,000 sq.m. In addition to this, we have identified around 230,000 sq.m. of gross floor space that can be used to create both residential and commercial premises. Development rights are taken up for valuation once a detailed development plan is approved and has gained legal force. The market value of the properties as of June 30 includes building rights of approximately 87,000 sq.m with a value of SEK 125 million (0).

PROJECT DEVELOPMENT

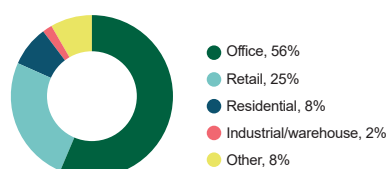
Projects refer to the creation of new spaces, property improvement refers to investments in existing properties in the form of conversions and extensions as well as energy-saving measures.

Type	City	Property	Property type	Leasable area, sq.m.	Occupancy rate, %	Planned investment, SEKm	Rental value, SEK thousand	Start of construction	Estimated completion	Environmental category
New build	Sundsvall	Noten 9	Hotel	14,350	100	444	27,1	Q1 2019	Q3 2021	BREEAM SE Very good
New build	Umeå	Magne 4	Hotel	14,500	100	410	26,2	Q1 2019	Q3 2022	BREEAM SE Very good
Improvement	Borlänge	Intagan 1	Office	31,000	100	500	47,5	Q1 2020	Q3 2022	BREEAM In-use Very good
New build	Umeå	Stigbygelin 2	Office	9,646	100	350	20,9	Q2 2020	Q3 2022	BREEAM SE Very good
Improvement	Borlänge	Mimer 1	Education	11,175	100	344	22,7	Q3 2020	Q3 2022	BREEAM In-use Very good
Improvement	Sundsvall	Lyckan 6	Office	3,883	100	107	8,9	Q4 2020	Q4 2021	

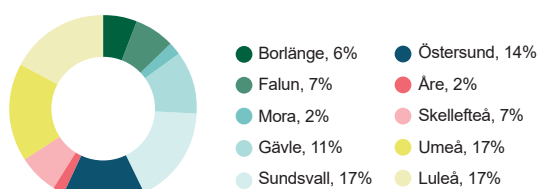
 Tenants in the central, regional or local government sectors.

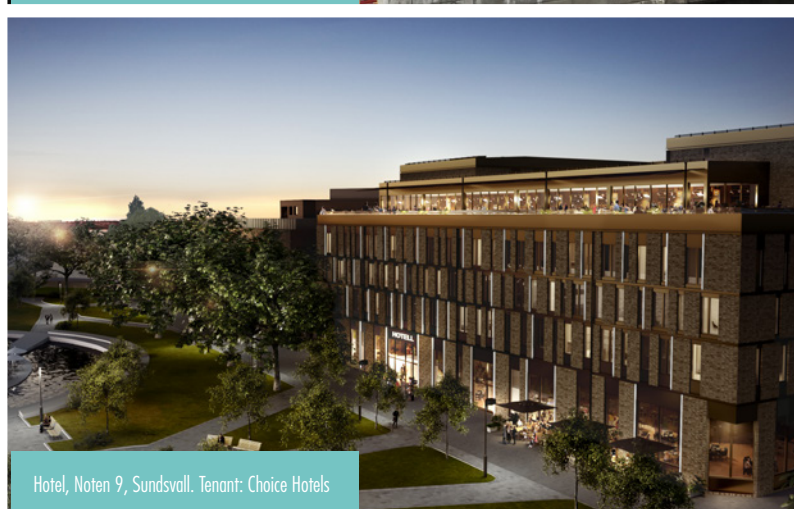
Projects with an initial investment volume >SEK 100 million.

PROPERTY VALUE PER CATEGORY



PROPERTY VALUE PER CITY





➤ Comments on the balance sheet, continued

Capital structure

At 30 June 2021, 36 per cent (36) of Diös' total assets of SEK 26,850 million was funded through equity, 53 per cent (53) through interest-bearing liabilities and 11 per cent (11) through other items.

Note 12 Equity

At 30 June, equity was SEK 9,662 million (8,482). The equity ratio was 36.0 per cent (35.5), which exceeds the target of 35 per cent.

Note 13 Interest-bearing liabilities

Interest-bearing liabilities in the Group were SEK 14,344 million (12,815). Of total interest-bearing liabilities, SEK 10,080 million (11,336) refers to bank financing, SEK 1,093 million (419) to covered bonds, SEK 2,675 million (1,060) to commercial paper and SEK 500 million (0) of unsecured bonds. Amortised cost of the commercial paper amounted to SEK 2,670 million (1,059). At the end of the period, the loan-to-value ratio in the Group was 53.8 per cent (54.9). The secured loan-to-value ratio amounted to 41.6 percent (50.4). The average annual interest rate, including the cost of derivatives and loan commitments, was 1.1 per cent (1.3) and the interest coverage ratio for the period was 6.7 times (5.7).

Derivatives

Out of the Group's total interest-bearing liabilities, SEK 4,500 million (2,250) has been hedged through derivatives. At 30 June 2021, the market value of the derivative portfolio was SEK 16.1 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 23 in the Annual Report 2020). Changes in value are recognised through profit or loss. For financial instruments not measured at fair value in the balance sheet fair values do not differ materially from the carrying amounts, either because interest receivable or payable is close to the current market interest rates or because the instruments are short-term.

SENSITIVITY ANALYSIS

If market interest rates increase by 1 percentage point

AT 30 JUNE 2021	Change in annual average interest rate, %	Change in annual average interest expense, SEKm	Change in market value, SEKm
Loan portfolio excl. derivatives	0.8	+114	
Derivatives portfolio	-0.3	-45	+127
Loan portfolio incl. derivatives	0.5	+69	+127

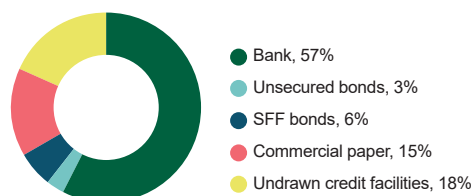
Fixed-rate terms and loan maturities

The average fixed-rate term, including derivatives, was 1.1 years (0.3) and the average loan maturity 2.3 years (3.1). Of the Group's outstanding loans, SEK 2,975 million (1,060) is subject to fixed interest rates, of which SEK 2,675 million (1,060) refers to commercial paper.

Note 14 Cash and cash equivalents and overdraft facilities

Consolidated cash and cash equivalents at the end of the period were SEK 325 million (0) and drawn overdraft facilities were SEK 0 million (94). The agreed limit on the overdraft facility was SEK 600 million (600).

BREAKDOWN OF INTEREST-BEARING FINANCING



Interest and loan maturity structure at 30 June 2021

Maturity year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average annual interest rate ¹ , %	Credit agreements, SEKm	Drawn, SEKm
2021	4,486	0.9	2,139	839
2022	4,366	1.2	5,923	4,568
2023	3,891	1.1	6,154	5,621
2024	1,605	1.2	1,556	1,556
>2025	-	-	1,764	1,764
Total	14,348	1.1	17,536	14,348
Undrawn credit facilities ²	3,188	0.1		
Financial instruments	4,500	0.0		
Total		1.1		

¹ Average annual interest rate refers to the average interest rate based on interest rate terms and the outstanding liability as at 30 June 2021.

² The cost of undrawn credit facilities affects the average annual interest rate by 0.08 percentage points.

Derivative contracts as at 30 June 2021

Type	Nominal value, SEKm	Remaining maturity, years	Swap rate, %	Market value, SEKm
Interest rate swaps	1,000	3.5	0.05	5.3
Interest rate swaps	1,000	1.9	-0.09	2.0
Interest rate swaps	1,000	2.4	-0.05	2.4
Interest rate swaps	500	3.0	-0.02	1.9
Interest rate swaps	500	3.6	0.05	2.7
Interest rate swaps	500	3.1	0.00	1.8
Total	4,500	2.8	-0.02	16.1

Cash flow

Condensed consolidated cash flow statement, SEK million

	2021 3 mths April-June	2020 3 mths April-June	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	2020 12 mths Jan-Dec
OPERATING ACTIVITIES					
Operating surplus	353	299	643	589	1,219
Central administration	-17	-18	-33	-34	-71
Reversal of depreciation, amortisation and impairment	0	0	0	0	1
Interest received	2	2	2	3	6
Interest paid	-45	-58	-85	-100	-196
Tax paid	-33	-19	-36	-37	-75
Cash flow from operating activities before changes in working capital	260	206	491	421	884
Changes in working capital					
Decrease (+)/increase (-) in receivables	44	42	-68	-94	-80
Decrease (-)/increase (+) in current liabilities	-31	-40	-37	-221	-91
Total changes in working capital	13	2	-105	-315	-171
Cash flow from operating activities	273	208	386	106	713
INVESTING ACTIVITIES					
Investments in new builds, conversions and extensions	-296	-356	-594	-594	-1,518
Acquisition of properties	-293	-38	-405	-38	-38
Sale of properties	125	-	125	-	141
Cash flow from investing activities	-464	-394	-874	-632	-1,415
FINANCING ACTIVITIES					
Dividends paid	-221	-	-221	-	-221
Share buy-backs	-	-	-	-29	-29
New borrowing, interest-bearing liabilities	909	80	1,145	702	1,202
Repayment and redemption of interest-bearing liabilities	-29	-28	-48	-35	-107
Change in overdraft facility	-143	-94	-63	-112	-143
Cash flow from financing activities	516	146	813	526	702
Cash flow for the period	325	-40	325	0	0
Cash and cash equivalents at beginning of period	0	40	0	0	0
Cash and cash equivalents at end of period	325	0	328	0	0

Columns/rows may not add up due to rounding.

Reporting by business unit at 30 June Amounts in SEKm unless otherwise indicated.

2021

By business unit	Dalarna	Gävle	Sundsvall	Äre/Östersund	Umeå	Skellefteå	Luleå	Group
Rental income	125	84	143	135	110	55	133	784
Service income								
Tariff-based services	24	11	18	27	15	10	19	124
Care and upkeep	10	7	11	18	11	4	14	75
Other income	1			1	1			4
Repair and maintenance	-5	-2	-4	-8	-3	-1	-4	-27
Tariff-based costs	-22	-10	-18	-26	-14	-10	-17	-118
Property tax	-7	-6	-8	-9	-8	-4	-11	-52
Other property costs	-16	-12	-16	-23	-16	-6	-21	-110
Property management	-7	-4	-5	-8	-5	-3	-6	-38
Operating surplus	102	67	122	106	89	46	108	643
Central administration/net financial items								-124
Property management income								519
Property, realised	2	3	-	-	-	-	-	5
Property, unrealised	152	56	139	161	46	83	38	675
Interest rate derivatives	-	-	-	-	-	-	-	14
Profit before tax	-	-	-	-	-	-	-	1,213
Leasable area, sq.m.	284,331	158,659	202,945	291,478	203,888	116,016	206,687	1,463,914
Rental value	177	116	164	199	150	75	174	1,056
Economic occupancy rate, %	90	88	105	91	90	92	95	89
Surplus ratio, %	64	65	70	59	65	65	65	68
Property portfolio, 1 January	3,581	2,617	4,165	4,111	4,076	1,687	4,275	24,512
Acquisitions	190	103	-	-	112	-	-	405
Investments in new builds, extensions and conversions	172	67	114	47	148	21	25	594
Sales	-48	-70	-	-	-	-	-	-118
Unrealised changes in value	152	56	139	161	46	83	38	675
Property portfolio, 30 June	4,047	2,773	4,418	4,319	4,381	1,791	4,338	26,068

Columns/rows may not add up due to rounding.



2020

By business unit	Dalarna	Gävle	Sundsvall	Äre/Östersund	Umeå	Skellefteå	Luleå	Group
Rental income	122	79	115	129	102	54	131	733
Service income								
Tariff-based services	23	10	18	24	14	9	18	116
Care and upkeep	10	7	12	15	9	4	12	69
Other income	1	1	1	2	1	1	2	10
Repair and maintenance	-7	-3	-6	-5	-3	-2	-5	-31
Tariff-based costs	-21	-10	-18	-24	-14	-9	-16	-111
Property tax	-7	-6	-8	-9	-8	-4	-11	-51
Other property costs	-18	-11	-17	-20	-16	-6	-19	-106
Property management	-7	-5	-7	-8	-5	-3	-6	-40
Operating surplus	98	63	91	105	81	44	106	589
Central administration/Net financial items	-	-	-	-	-	-	-	-131
Property management income	-	-	-	-	-	-	-	458
Property, realised	-	-	-	-	-	-	-	-
Property, unrealised	-53	-6	27	16	-54	-5	-67	-143
Interest rate derivatives	-	-	-	-	-	-	-	0
Profit before tax	-	-	-	-	-	-	-	315
Leasable area, sq.m.	277,782	160,604	233,490	291,478	200,829	116,016	205,440	1,485,639
Rental value	172	114	171	192	143	72	173	1,037
Economic occupancy rate, %	90	84	85	88	87	92	93	87
Surplus ratio, %	63	66	62	62	64	66	66	65
Property portfolio, 1 January	3,197	2,468	3,803	3,828	3,789	1,590	4,210	22,885
Acquisitions	-	-	-	-	-	38	-	38
Investments in new builds, extensions and conversions	131	79	210	93	128	15	68	726
Sales	-	-	-	-	-	-	-	0
Unrealised changes in value	-53	-6	27	16	-54	5	-67	-143
Property portfolio, 30 June	3,275	2,541	4,040	3,937	3,863	1,638	4,211	23,506

Columns/rows may not add up due to rounding.



Financial key ratios

The interim reports uses non-IFRS KPIs. We consider 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 provided on page 31 and in the descriptions of the purpose of the various KPIs in the annual report for 2020. The financial targets for 2021 adopted by the Board are presented on page 27 of this report.

Figures refer to SEK million unless otherwise indicated.

Share information	2021 3 mths April-June	2020 3 mths April-June	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	2020 12 mths Jan-Dec
Number of shares outstanding at end of period (thousands)	134,071	134,071	134,071	134,071	134,071
Average number of shares ('000)	134,071	134,071	134,071	134,260	134,166

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

Property management income	2021 3 mths April-June	2020 3 mths April-June	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	2020 12 mths Jan-Dec
Profit before tax	555	75	1,213	315	1,152
Reversal					
Change in value, properties	-262	153	-680	143	-194
Change in value, derivatives	-5	1	-14	0	0
Property management income	288	229	519	458	958

EPRA earnings (property management income after tax)

Property management income	288	229	519	458	958
Current tax attributable to property management income	-23	14	-26	-6	-29
Profit attributable to non-controlling interests	-4	-1	-9	0	1
EPRA earnings	261	242	484	452	930
EPRA earnings per share, SEK	1.95	1.80	3.61	3.37	6.93

Loan-to-value ratio

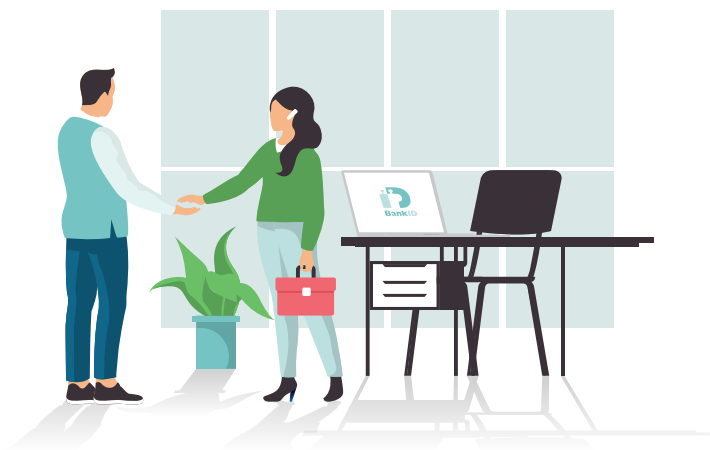
Interest-bearing liabilities	14,344	12,814	13,247
Reversal			
Cash and cash equivalents	-325	0	0
Drawn overdraft facilities	-	94	63
Net debt	14,019	12,908	13,310
Investment properties	26,068	23,506	24,512
Loan-to-value ratio, %	53.8	54.9	54.3

Secured loan-to-value ratio

Net debt	14,019	12,908	13,310
Unsecured liabilities	-3,171	-1,059	-1,803
Secured liabilities	10,848	11,849	11,507
Investment properties	26,068	23,506	24,512
Secured loan-to-value ratio, %	41.6	50.4	46.9

Equity ratio

Equity	9,662	8,482	9,148
Total assets	26,850	23,906	24,890
Equity ratio, %	36.0	35.5	36.8



	2021 3 mths April-June	2020 3 mths April-June	2021 6 mths Jan-June	2020 6 mths Jan-June	2020 12 mths Jan-Dec
Interest coverage ratio					
Property management income	288	229	519	458	958
Reversal					
Financial costs	48	53	91	98	191
Total	336	282	610	556	1,149
Financial costs	48	53	91	98	191
Interest coverage ratio, times	7.0	5.3	6.7	5.7	6.0

Net debt to EBITDA

Interest-bearing liabilities	14,344	12,814	13,247
Cash and cash equivalents	-325	0	0
Overdraft facilities	-	94	63
Net debt	14,019	12,908	13,310
Operating surplus rolling 12 months	1,273	1,193	1,219
Central administration rolling 12 months	-76	-74	-76
Reversal			
Depreciation and amortisation rolling 12 months	5	5	5
EBITDA	1,202	1,124	1,148
Net debt to EBITDA	11.7	11.5	11.6

EPRA NRV/NTA

Equity	9,662	8,482	9,148
Equity relating to non-controlling interests	-65	-58	-57
Reversal			
Fair value of financial instruments	-16	0	-3
Deferred tax on temporary differences	1,797	1,470	1,592
EPRA NRV	11,377	9,894	10,680
EPRA NRV per share	84.9	73.8	79.7

Deductions:

Fair value of financial instruments	16	0	3
Estimated actual deferred tax on temporary differences, approx. 4% ¹	-335	-274	-297
EPRA NTA	11,059	9,620	10,386
EPRA NTA per share	82.5	71.7	77.5

EPRA NDV

Equity	9,662	8,482	9,148
Equity relating to non-controlling interests	-65	-58	-57
EPRA NDV	9,597	8,424	9,091
EPRA NDV per share	71.6	62.8	67.8

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 20.6 per cent, and the remaining 90 per cent being sold indirectly through companies subject to a nominal tax rate of 6 per cent.

> Financial KPIs, continued

OTHER KPIS	2021 3 mths April-June	2020 3 mths April-June	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	2020 12 mths Jan-Dec
Return on equity, %			17.9	9.8	10.4
Equity per share, SEK			72.1	63.3	68.2
Earnings per share, SEK	3.22	0.42	7.07	1.83	6.81
Cash flow per share, SEK					
Profit before tax	555	75	1,213	315	1,152
Reversal					
Unrealised change in value, properties	-256	153	-675	143	-198
Unrealised change in value, derivatives	-5	1	-14	0	0
Depreciation and amortisation	1	1	2	2	5
Current tax	-34	-19	-36	-37	-75
Total	261	211	490	423	884
Average number of shares ('000)	134,071	134,071	134,071	134,260	134,166
Cash flow per share, SEK	1.95	1.57	3.65	3.15	6.58
Net leasing, SEK million					
Newly signed contracts	48	27	78	149	244
Terminated contracts	-47	-29	-82	-120	-193
Net leasing	1	-2	-4	29	51
OTHER INFORMATION					
Contracted rental income, SEKm	466	433	940	904	1,834
Economic occupancy rate, %	88	84	89	87	89
Surplus ratio, %	76	69	68	65	66
Debt/equity ratio, times			1.5	1.5	1.4
EPRA vacancy rate					
Estimated market rent for vacant space			212	189	177
Annualised rental value for the whole portfolio			2,069	2,041	2,070
EPRA vacancy rate, %			10.3	9.3	8.6



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. Revenue totalled SEK 97 million (103) and the profit after tax was SEK 128 million (130). Income referred chiefly to services sold to the Group's subsidiaries. Cash and cash equivalents were SEK 308 million (0) at 30 June 2021 and drawn overdraft facilities were SEK 0 million (105). External interest-bearing

liabilities, excluding overdraft facilities, totalled SEK 4,640 million (3,402), of which SEK 2,670 million (1,059) referred to outstanding commercial paper. The average annual interest rate based on the situation at 30 June 2021 amounted to 1.1 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, SEK million

	2021 6 mths Jan-Jun	2020 6 mths Jan-Jun	2020 12 mths Jan-Dec
INCOME STATEMENT			
Revenue	97	103	181
Gross profit	97	103	181
Central administration	-109	-112	-217
Operating profit	-12	-9	-36
Income from interests in Group companies	100	100	154
Financial income	192	176	367
Financial costs	-152	-137	-296
Profit after financial items	128	130	189
Appropriations	-	-	-7
Profit after appropriations	128	130	182
Current tax	-	-	-5
Profit after tax	128	130	177
STATEMENT OF COMPREHENSIVE INCOME			
Profit after tax	128	130	177
Comprehensive income for the year	128	130	177

Condensed parent company balance sheet, SEK million

	2021 30 June	2020 30 June	2020 31 Dec
ASSETS			
Investments in Group companies	2,265	2,263	2,265
Receivables from Group companies	15,881	14,779	14,983
Other assets	29	23	17
Cash and cash equivalents	308	-	-
TOTAL ASSETS	18,483	17,065	17,265
EQUITY AND LIABILITIES			
Equity	2,613	2,894	2,941
Untaxed reserves	16	8	16
Provisions	-	-	1
Interest-bearing liabilities	4,640	3,402	3,401
Liabilities to Group companies	10,956	10,397	10,777
Overdraft facilities	-	105	83
Other liabilities	257	259	46
TOTAL EQUITY AND LIABILITIES	18,483	17,065	17,265



Cecilia Östlund, Property Manager, Jennie Järverud, Business Manager, and Jonathan Fredriksson, Property Manager, in Gävle.

Other information

Employees and organisation

The number of employees on 30 June was 149 (160), of whom 64 were women (66). The majority of our employees, 98 people (106), work in our business units and the rest at our head office in Östersund. Our new Pick-Pack-Post concept currently employs four people (4), all women (4).

Risks and uncertainties

Effects of Covid-19

The business will be affected by Covid-19 in both the short and the long term. Our assessment is that the risk of doubtful debts and bad debts has increased in the short term. Tenants in particularly vulnerable sectors, such as hotels, cafés, restaurants and stores selling consumer durables, have a reduced turnover and a lower footfall, which affects their ability to make payments and their liquidity. This in turn increases the risk of them stopping or postponing their rent payments. A shortage of workers because of illness or caring responsibilities and a lack of materials may have an impact on our projects and result in them being delayed and/or becoming more costly. In the longer term, a reduction in economic activity and rising unemployment could affect the demand for commercial premises, which in turn could have a negative impact on rents and property values and lead to an increase in long-term vacancies and a negative effect on financing covenants. New financing and refinancing may become more difficult and/or more expensive, as access to bank and capital market financing could be limited.

The effects of Covid-19 restrictions or measures can affect us in the following ways:

- Monthly rather than quarterly payments affect liquidity.
- Restrictions on gatherings and travel can have a negative impact on the tourism and hospitality industry. This could affect sales and therefore have an impact on turnover leases. Leases with a turnover-based element almost always have a base rent. The proportion of leases with a turnover-based element is around 6 per cent of contracted rental income.
- The Swedish Parliament decided to allow continued rental assistance for the period January to June 2021. The government also announced that the support will be extended for the third quarter of 2021, but no support ordinance has yet been enacted for this period. Discounts for the first quarter of 2021 were provided in an amount of SEK 8 million.

The restrictions have been eased in two rounds and are expected to be eased further in future quarters.

General risks

Material risks and uncertainties affecting the business include market and business intelligence, the business model, the properties, cash flow, financing and sustainability.

Demand and prices in the Swedish property market are influenced by the level of economic activity globally and in Sweden as well as by interest rates.

Our properties are measured at fair value on an ongoing basis, and changes in value are recognised in the income statement. The effects of changes in value affect the income statement and balance sheet and thus also the related KPIs. Any significant negative impact is managed through a diversified portfolio of centrally located properties in growth cities.

PROPERTY VALUE SENSITIVITY ANALYSIS	Change in property value, %		
	-7.5	0.0	+7.5
Property value, SEKm	24,113	26,068	28,023
Equity ratio, %	31.0	36.0	40.3
Loan-to-value ratio, %	58.1	53.8	50.0

Cash flow consists of income and expenses and is primarily attributable to rent levels, property costs, occupancy rates and interest rates. A change in these items affects cash flow and thus also earnings. Any significant negative impact is managed through a diversified tenant structure, good cost control and active interest rate risk management.

CASH FLOW SENSITIVITY ANALYSIS	Change	Impact on
		earnings, SEKm ¹
Contracted rental income	+/- 1%	+/-19
Economic occupancy rate	+/- 1 percentage point	+/-21
Property costs	-/+ 1%	+/-7
Interest rate on interest-bearing liabilities	-/+ 1 percentage point	+/-127

¹ Annualised.

Access to financing is the biggest financial risk and is essential to running a property business. The risk is limited through good relations with banks, access to the capital market, and strong finances and KPIs.

A sustainable business model and sustainable behaviour are essential to creating long-term value. Through good internal control and procedures, we take responsibility for building a sustainable long-term business.

No material changes in the assessment of risks have been occurred since the publication of the annual report for 2020, except the risks relating to Covid-19 described above. For more information on risks and risk management, see Diös' annual report for 2020, pages 60-62, 76 and 80.

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.

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.

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. Property-related transactions in the second quarter have been recognised based on calculations of the preliminary consideration. The calculation of the final consideration will be completed in the third quarter of 2021. The accounting policies applied in preparing the interim report are consistent with the accounting policies applied in preparing the consolidated financial statements and annual accounts for 2020¹, Note 1.

Other changed and new IFRS standards that enter into force during the year or the coming periods are not assessed as having any significant impact on the consolidated reports and financial statements.

¹ The Annual Report 2020 is available at www.dios.se.

Summary of quarterly results

	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue, SEKm	504	483	472	478	450	478	468	464
Operating surplus, SEKm	353	290	295	335	299	290	292	312
Property management income, SEKm	288	231	229	271	229	229	231	252
Profit for the period, SEKm	435	522	438	229	57	189	258	299
Surplus ratio, %	76	61	63	72	69	62	64	68
Economic occupancy rate, %	88	90	90	90	84	91	90	90
Equity ratio, %	36.0	37.4	36.8	36.0	35.5	36.5	36.6	36.4
Property loan-to-value ratio, %	53.8	53.7	54.3	55.2	54.9	54.8	54.0	53.6
Average interest rate at end of period, % ¹	1.1	1.1	1.2	1.2	1.3	1.3	1.2	1.2
Interest coverage ratio, times	7.0	6.3	6.1	6.7	5.3	6.1	6.5	6.6
Property management income per share, SEK	2.15	1.72	1.70	2.02	1.71	1.70	1.72	1.87
Earnings per share after tax, SEK	3.22	3.86	3.26	1.72	0.42	1.42	1.92	2.19
Equity per share, SEK	72.1	72.1	68.2	65.0	63.3	64.5	63.1	61.1
Market price per share, SEK	88.7	71.8	76.8	63.5	62.3	66.3	85.8	85.9

¹ Includes expenses relating to commitment fees and derivatives.

Goal

OPERATIONAL AND FINANCIAL TARGETS

	Outcome 2021-06-30	Target 2021
Growth in property management income per share, %	8 ¹	10 ²
Energy use, %	-2	-3
Return on equity, annualised, %	17.9 ¹	>12
Distribution of profit for the year ³ , %	50.3	~50
Loan-to-value ratio, %	53.8	<55
Equity ratio, %	36.0	>35

¹ Rolling 12 months

² The growth in property management income per share will be 10 per cent on average during the period 2021-2023.

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

Three reasons to invest in Diös



A unique position

We are the market-leading property owner in our cities. Our position gives us a unique opportunity to influence the development of the city. Together with the local authority and other players, we drive growth that increases occupancy rates, rental income and the value of our properties.



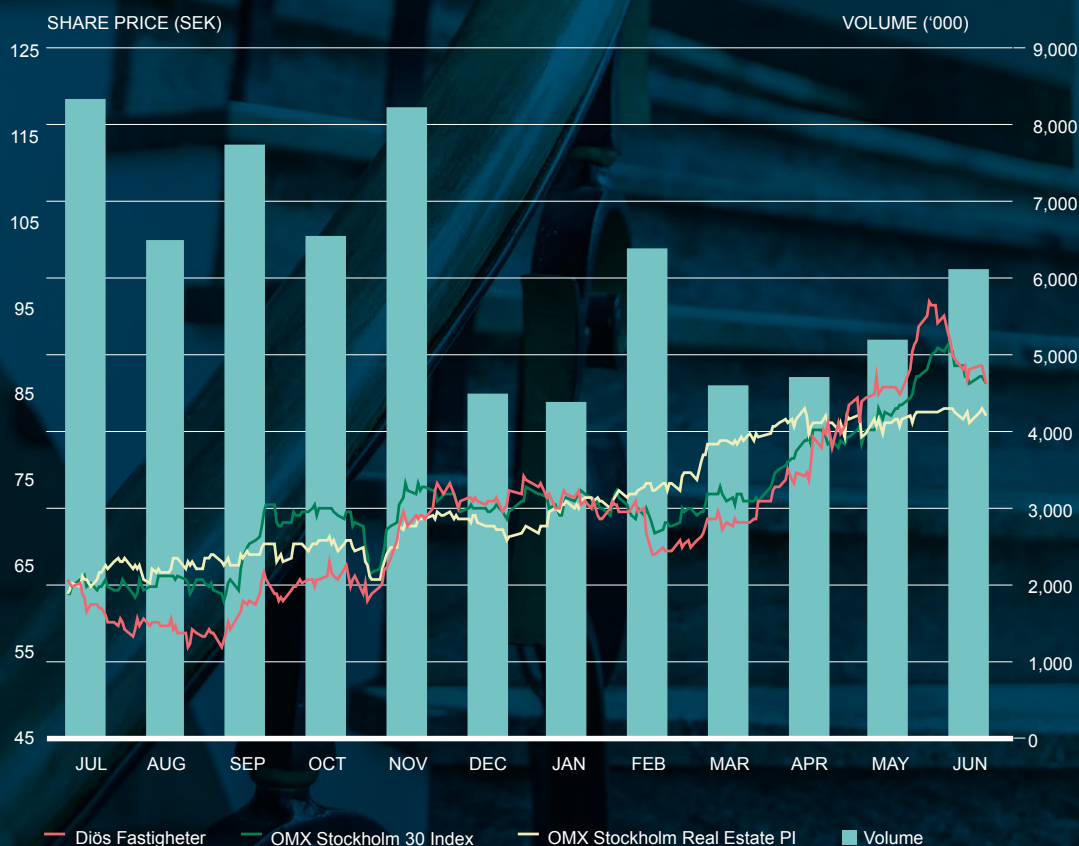
Strong and stable cash flows

Our well diversified portfolio, with a good mix of tenants, generates stable revenue streams. Of total revenues, 31 per cent comes from tax-funded activities and 8 per cent from residential properties. This ensures secure, stable revenues with a total yield of around 6 per cent.



A value-creating project portfolio

We develop new and existing commercial premises as well as housing. This increases the value of our properties, boosts cash flows and increases the flow of people in the city. This creates attractive spaces that have a positive impact on neighbouring businesses. We have 100,000 sq.m. under construction and a further 200,000 sq.m. in early stages of development.



Share information

Share performance

Diös' share price at the end of the period was SEK 88.7 (62.3), which represents a market capitalisation of SEK 11,925 million (8,380), and the return for the past 12 months was 42.3 per cent (-9.3). If the dividend is included, the total return on the shares for the period was 49.2 per cent (-5.2). The graph on the preceding page shows share prices for the past 12 months for both Diös and the indexes. The return on the OMX Stockholm 30 Index was 36.0 per cent (2.6) and the return on the OMX Stockholm Real Estate PI index was 42.0 per cent (2.1).

At 31 May, Diös had 17,569 shareholders (17,084). The share of foreign-owned shares was 23.5 per cent (24.8) 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 53.0 per cent (55.0) of the total number of shares and voting rights.

The Annual General Meeting 2021 resolved to authorise the company to buy back ten per cent of the total number of outstanding shares of the company. In March 2020, 441,418 shares were bought back at an average price of SEK 64.60.

No new changes of ownership were flagged during the period. The table at right presents the ten single largest shareholders in Diös Fastigheter AB.

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. Return at the end of the period was 17.9 per cent (9.8). Equity at the end of the year was SEK 9,662 million (8,482) and the long-term net asset value, EPRA NRV, was SEK 11,377 million (9,894). On a per share basis, EPRA NAV was SEK 84.9 (73.8), which means that the share price at 30 June represented 105 per cent (84) of long-term NAV. The net asset value per share for the period, expressed as EPRA NTA, was SEK 82.5 (71.7).

Earnings

Earnings per share for the period were SEK 7.07 (1.83) while long-term earnings per share, expressed as EPRA EPS, were SEK 3.61 (3.37). EPRA EPS, which is designed to show an entity's long-term earnings per share, is calculated as property management income after deducting 20.6 per cent corporation tax attributable to property management income less minority share of earnings.

Largest shareholders

of Diös Fastigheter AB at 31 May 2021

SHAREHOLDER	No. of shares	Capital and votes, %
AB Persson Invest	20,699,443	15.4
Backahill Inter AB	14,095,354	10.5
Nordstjernen AB	13,574,748	10.1
Pensionskassan SHB Försäkringsförening	8,096,827	6.0
Avanza Pension	2,928,059	2.2
BlackRock	2,778,472	2.1
Swedbank Robur Fonder	2,386,557	1.8
Karl Hedin	2,358,274	1.8
Sten Dybeck, including company and family	2,169,881	1.6
PriorNilsson Fonder	2,074,917	1.5
Total, largest shareholders	71,162,532	53.0
Acquisition of own shares	441,418	0.3
Other shareholders	62,908,488	46.7
TOTAL	134,512,438	100.0

Source: Monitor of Modular Finance AB. Compiled and processed data from Euroclear, Morningstar, the Swedish Financial Supervisory Authority and other sources.



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, 5 July 2021

Bob Persson
Chairman

Peter Strand
Board member

Eva Nygren
Board member

Ragnhild Backman
Board member

Tobias Lönnevall
Board member

Anders Nelson
Board member

Tomas Mellberg
Board member
Employee representative

Knut Rost
Chief Executive Officer

Financial calendar

Q3 Interim Report January–September 2021

22 October 2021

Events after the reporting period

There have been no significant events since the reporting date.

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

*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 5 July 2021, at 12:00 CEST.*

Definitions

Definitions of key ratios were changed during the period.

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.

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.

Comparable properties

Comparable properties refer to properties which have been owned throughout the period and the whole comparative period. The term is used to highlight growth in rental income, excluding one-off effects resulting from early vacating of properties, and property costs as well as acquired and sold properties.

Contracted rental income

Rents invoiced for the period less rent losses and rent discounts including service income.

Debt/equity ratio

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

EBITDA

Operating surplus less central administration after reversal of scheduled depreciation and amortisation. The calculation is made on 12-month rolling basis, unless otherwise stated.

Economic occupancy rate

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

Economic vacancy rate

Estimated market rent for unused premises divided by total rental value.

Earnings per share

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

EPRA earnings

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 NTA/Net tangible assets per share

Equity at the end of the period as per balance sheet adjusted for the fair value of interest rate derivatives and actual deferred tax attributable to temporary differences in properties and non-controlling interests' share of the equity, divided by the number of outstanding shares.

EPRA NDV/Net disposal value per share

Equity at the end of the period as per balance sheet adjusted for the non-controlling interests' share of the equity, divided by the number of outstanding shares.

EPRA NRV/Net reinstatement value per share

Equity at the end of the period as per balance sheet after reversal of interest rate derivatives and deferred tax attributable to temporary differences in properties and non-controlling interests' share of the equity, divided by the number of outstanding shares.

EPRA vacancy rate

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

Equity per share

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

Equity ratio

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

Improvement property

Properties with ongoing or planned conversion or extension work that materially affects the property's operating surplus or standard and/or changes the use of the property.

Interest coverage ratio

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

Loan-to-value ratio, properties

Net debt divided by the carrying amount of the properties at the end of the period.

Net debt

Net debt is calculated as interest-bearing liabilities less cash and cash equivalents plus drawn overdraft facilities.

Net leasing

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

New build

Land and properties with on-going new production/total conversion.

Number of shares at end of period

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

Project properties **NEW DEFINITION**

New builds or improvement properties with an investment amounting to at least 20 per cent of the initial market value and a project period exceeding 12 months.

Property management income

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

Rental value

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

Return on equity

Profit for the period, on a rolling 12-month basis, attributable to Parent Company shareholders divided by average equity attributable to Parent Company shareholders. Average equity is defined as the sum of the opening and closing balance divided by two.

Secured loan-to-value ratio

Net debt less amortised cost on the commercial paper and a nominal amount for unsecured bonds divided by the properties' book value at the end of the period.

Service income

Income from tariff-based operations and income from care and upkeep.

Surplus ratio

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

Tenant customisation

Properties with on-going conversion or adaptation of premises that is of a minor nature.

Yield

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

Presentation of the interim report

Diös will present the interim report for January-June to investors, analysts, the media and other stakeholders **on 5 July 2021 at 12:20 p.m.**

CEO Knut Rost and CFO Rolf Larsson will give a presentation of the results, which will be followed by a question and answer session. The presentation will be in English and will take the form of an online teleconference.

The details and a telephone number for the teleconference are available on: <https://investors.dios.se/English/reports-and-presentations/calendar/event-details/2021/Interim-report-Jan-Jun-2021/default.aspx>

The presentation can be viewed after the event.

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Diös