

Q4

YEAR-END REPORT 2020



Diös

Overview of the year

January–December 2020

- **Revenue** increased by 1 per cent to SEK 1,878 million (1,854)
- **Property management income** increased by 1 per cent to SEK 958 million (952)
- **Unrealised changes in value** of properties were SEK 198 million (331) and unrealised changes in value of derivatives were SEK 0 million (0)
- **The profit after tax** was SEK 913 million (1,050)
- **Earnings per share** were SEK 6.81 (7.74)
- **The Board of Directors proposes a dividend** of SEK 3.30 per share (1.65), evenly divided between two payments

36.8

Equity ratio, %

6.0

Interest coverage ratio

54.3

Loan-to-value ratio, %

Profit for the period, SEKm

	2020 3 months Oct-Dec	2019 3 months Oct-Dec	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
Revenue	472	468	1,878	1,854
Operating surplus	295	292	1,219	1,187
Property management income	229	231	958	952
Profit before tax	554	319	1,152	1,302
Profit after tax	438	258	913	1,050
Surplus ratio, %	63	64	66	65
Occupancy rate, %	90	90	89	90
Equity ratio, %			36.8	36.6
Loan-to-value ratio, properties ¹ , %			54.3	54.0
Equity per share, SEK			68.2	63.1
EPRA NRV per share, SEK			79.7	73.4

¹ Definition changed during the year. For definitions of KPIs, see page 27.

Significant events Q4

- Diös signs a contract with the Swedish Pensions Agency for the lease of a new 2,600 sq.m office in the fast expanding Luleå Science Park in Luleå. The contract includes an option for further space and occupancy is scheduled for summer 2023.
- Diös acquires two commercial properties in Umeå with a total floor area of 6,300 sq.m. The agreed property value was SEK 112 million and the completion date was 1 January 2021.
- Diös sells six properties outside central Sundsvall consisting mainly of light industry, office and retail space. The agreed property value was SEK 85 million and the completion date was 1 December 2020.

Chief executive's review

Busy times, tough times

We improved our property management income and net leasing for the full year was SEK 51 million. The surplus ratio was our strongest to date, at 66 per cent. In the current tough environment marked by the pandemic this is testimony to the drive and energy of our employees as well as a strong market. The Board of Directors proposes a dividend of SEK 3.30 per share.

I am proud to announce that Diös generated property management income of SEK 958 million (952). Coupled with a strong market position, our drive and energy and our close tenant relations enabled us to report strong net leasing of SEK 51 million for the twelve-month period and SEK 9 million for the fourth quarter. The value of our portfolio increased by SEK 198 million over the year. The SEK 327 million change in the fourth quarter was driven by successful lets resulting in improved net operating income and lower required rates of return for residential and office properties. Long-term market rents for certain retail properties had a negative impact on the value of the portfolio. We succeeded in offsetting the lost revenue resulting from rent discounts by reducing our property costs. Some tenants in the restaurant sector and retail segments are facing headwinds, but in these areas our own efforts and decisions have helped to ensure that the number of bankruptcies has not increased. 97 per cent of all notified rent payments for the first quarter of 2021 have been received, which is in line with previous years.

Our contract with the Swedish Pensions Agency for the creation of new office space in Luleå, the office-to-residential conversion in Sundsvall and the expansion of our contract with the DoSpace office hub in Gävle point to a high level of diversification and that business growth and long-term shareholder value are always key priorities for Diös. Our ongoing sustainability management efforts are reflected in reduced energy use of 3 per cent and lower CO₂ emissions by 11 per cent. Taken together, these activities are building an attractive company for the future.

2020 was the year when we and the world underwent a major transition and developed new digital ways of working, living and socialising. I am convinced that this has changed our behaviour in a fundamental way, and in a way that will benefit Diös. While homeworking is here to stay, the role of the office as a brand- and culture-carrying meeting place will be strengthened. We have consistently invested in centrally located properties where all urban services, including schools, universities, transports, jobs, shops and sports facilities, are no more than 15 minutes from home. I am convinced that our 15-minute cities, which are less crowded and where house prices are lower and commutes are shorter, will become an even more



attractive alternative to the big cities. Especially when we can do some of our work remotely. Businesses, both public and private, families, the old and the young – all are attracted by the 15-minute city, which is marked by an active lifestyle choice and good accessibility.

Diös' acquisition of Flottarbyn in Umeå in the fourth quarter is a typical example of a property that meets our high expectations for yield, location and tenant mix. It also offers a potential to create additional value through synergies, higher rents and exploitation of development rights.

Access to capital is good and financing terms remain attractive. We actively manage our financial risk, and during the period we extended our average fixed rate term through interest rate swaps on very favourable terms. At year-end the average interest rate on our loan portfolio was a very low 1.2 per cent.

We repeat our long-term goal of increasing our property management income per share by an average of 10 per cent annually over a three-year period. We see significant opportunities to continue to create value through acquisitions, conversions of existing premises, higher rents, reduced vacancies and lower costs. In addition, we will also be completing a number of major ongoing projects that will add around SEK 130 million to our net operating income by the end of 2023.

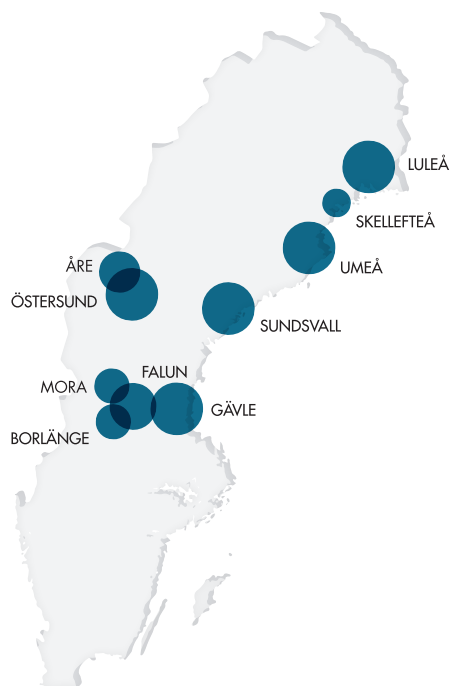
I would like to sum up this unusual year by offering a big thank you to our tenants, our employees, our business partners and, not least, our shareholders. Now we are turning our attention to the path ahead, mindful of the challenges we face but also with the resolve to continue to take charge of our future and develop our business. I am optimistic about the future and have a clear ambition to continue to build long-term value.

Knut Rost, CEO

Welcome to Diös

Diös is one of Sweden's leading property companies. We own, manage and develop centrally located properties in ten growth cities.

Our strategy is urban development. Through strong relationships, a local presence and a responsible approach, we develop commercial and residential properties in our cities. That enables us to create Sweden's most inspiring cities and build long-term value for our tenants, our owners and ourselves.



329

No. of properties



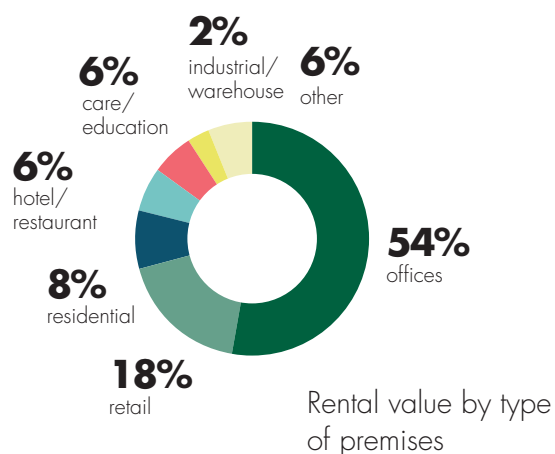
24.5

Property value, SEKbn



1,455

Leasable area, '000 sq.m



Relationships and business

Through **good relationships**, we build a profitable long-term business. With **satisfied employees**, we build good relationships with our tenants. That's why we have a strong focus on building a company where people are happy, can grow and develop, and show commitment.

Our core values **simple, close and active** are the basis for everything we do.

We are convinced that **everything is possible!** That is the starting point for all our business dealings and all our relationships.

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

Welcome to our cities!

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.

Corporate responsibility

For Diös, responsible business is about taking a comprehensive approach to economic, social and environmental considerations. We want to help combat climate change and make our cities safer while also creating new opportunities for businesses and new meeting places for people.



**We want to create
Sweden's most
inspiring cities.**

Income statement

> CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME, SEKM

	2020 3 mths Oct-Dec	2019 3 mths Oct-Dec	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
INCOME STATEMENT				
Rental income	397	368	1,513	1,482
Service income	74	100	349	372
Other income	1	-	16	-
Total income	472	468	1,878	1,854
Property costs	-177	-176	-659	-667
Operating surplus	295	292	1,219	1,187
Central administration	-23	-22	-76	-73
Net financial items	-43	-39	-185	-162
Property management income	229	231	958	952
Change in value, properties	327	89	194	350
Change in value, interest rate derivatives	-2	-1	0	0
Profit before tax	554	319	1,152	1,302
Current tax	-12	-15	-75	-79
Deferred tax	-104	-46	-164	-173
Profit after tax	438	258	913	1,050
Profit attributable to shareholders of the parent company	438	257	914	1,041
Profit attributable to non-controlling interests	0	1	-1	9
Total	438	258	913	1,050
STATEMENT OF COMPREHENSIVE INCOME				
Profit after tax	438	258	913	1,050
Comprehensive income for the period	438	258	913	1,050
Comprehensive income attributable to shareholders of the parent company	438	257	914	1,041
Comprehensive income attributable to non-controlling interests	0	1	-1	9
Total	438	258	913	1,050
Earnings per share, SEK	3.26	1.92	6.81	7.74
Number of shares outstanding at end of period	134,071,020	134,512,438	134,071,020	134,512,438
Average number of shares	134,071,020	134,512,438	134,166,164	134,512,438
Number of treasury shares at end of period	441,418	0	441,418	0
Average number of treasury shares	441,418	0	347,901	0

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

The accounting policies are presented on page 22.

Columns/rows may not add up due to rounding.

Earnings

January–December 2020

PROPERTY MANAGEMENT INCOME

Property management income for the period, i.e. income excluding changes in value and tax, was SEK 958 million (952). This is an increase of 1 per cent compared with the previous year. For comparable properties, our property management income was unchanged compared with the previous year. Our property management income for the period was affected by net rent discounts of SEK 17 million attributable to grants provided under the government rent support scheme.

REVENUE

Income for the reporting period was SEK 1,878 million (1,854), representing a 89 per cent (90) economic occupancy rate. For comparable properties, contracted rental income increased by 2 per cent year on year. Rental income was affected by rent discounts of SEK 33 million attributable to the government rent support scheme. Government support relating to rent discounts totalled SEK 16 million and is accounted for as other income. Other property management income totalled SEK 29 million (33) and consisted mainly of the costs of work on leased premises that are passed on to tenants.

Revenue growth	2020 Jan-Dec	2019 Jan-Dec	Change %
Comparable properties	1,839	1,807	1.8
Rent discounts ¹	-33	0	
Acquired properties	18	0	
Sold properties	10	14	
Contracted rental income	1,834	1,821	
Other property management income	28	33	
Other income	16	-	
Revenue	1,878	1,854	

¹ Discounts attributable to the government rent support scheme

PROPERTY COSTS

Total property costs were SEK 659 million (667). Property costs were lower than in the year-before period due to lower winter-related costs and improved energy efficiency. Of the total property costs, SEK 17 million (15) refers to work on leased premises where the costs are passed on to tenants.

OPERATING SURPLUS

The operating surplus was SEK 1,219 million (1,187), representing a surplus ratio of 66 per cent (65). For comparable properties, our operating surplus increased by 2 per cent compared with the previous year.

CENTRAL ADMINISTRATION

The central administration costs amounted to SEK 76 million (73). Central administration includes costs for Group-wide functions such as senior management, IT, annual reports, auditors' fees, legal advice and so on.

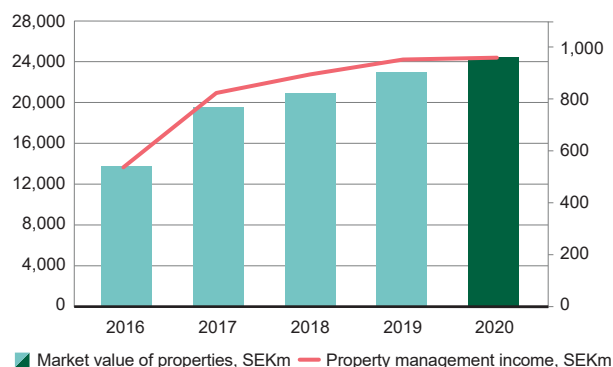
NET FINANCIAL ITEMS

Net financial items for the year totalled SEK -185 million (-162). The interest costs for the year, including costs for interest rate derivatives and loan commitments, represent borrowings at an average annual interest rate of 1.4 per cent (1.3). The net financial expense increased due to a higher Stibor-90 rate and increased interest-bearing liabilities while reduced bank margins had a positive impact.

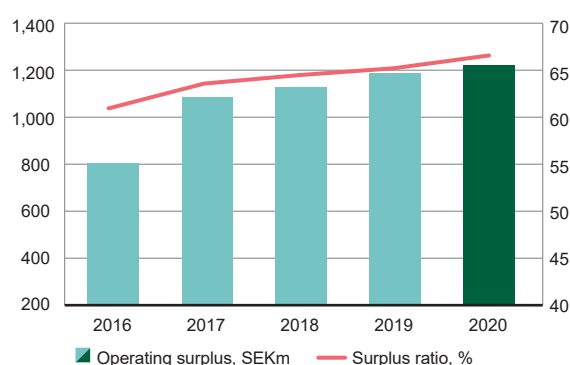
CHANGES IN VALUE, PROPERTIES

The average valuation yield at year-end was 5.73 per cent (5.89). At a portfolio level, this represents a change of -0.16 percentage points since year-end. The unrealised change in value was SEK -198 million (331). Improved net operating income in the office and retail segments had a positive impact. This was offset by a decrease in the

MARKET VALUE AND PROPERTY MANAGEMENT INCOME



OPERATING SURPLUS AND SURPLUS RATIO



market values of certain retail premises due to increased uncertainty and the risk of lower future cash flows. Property values were also hit by a change in the inflation assumption for 2021, from 2.0 per cent to 1.0 per cent. The change in value represented 0.8 per cent (1.4) of market value. The market value was SEK 24,512 million (22,885) on 31 December.

During the period, 8 properties (5) were sold, resulting in a realised change in value of SEK 4 million (19), and 2 properties (9) were acquired.

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 year, unrealised changes in value on derivatives totalled SEK 0 million (0), which have been fully recognised in profit or loss.

PROFIT BEFORE TAX

The profit before tax was SEK 1,152 million (1,302). The lower profit is mainly due to reduced unrealised property values compared with the previous year.

PROFIT AFTER TAX

The profit after tax was SEK 913 million (1,050). Current tax was SEK -75 million (-79) and deferred tax was SEK -164 million (-173).

FOURTH QUARTER 2020

Property management income for the fourth quarter, i.e. income excluding changes in value and tax, was SEK 229 million (231). The operating surplus was SEK 295 million (292), representing a surplus ratio of 63 per cent (64).

- Rental income for the fourth quarter was SEK 472 million (468), representing an economic occupancy rate of 90 per cent (90).
- Total property costs were SEK 177 million (176).

Net financial items for the fourth quarter were SEK -43 million (-39). The profit before tax was SEK 554 million (319). Changes in the value of properties had a positive impact of SEK 327 million (89) while changes in the value of interest rate derivatives had an impact of SEK -2 million (-1). Earnings after tax were SEK 438 million (258), of which SEK -104 million (-46) refers to deferred tax and SEK -12 million (-15) to current tax.

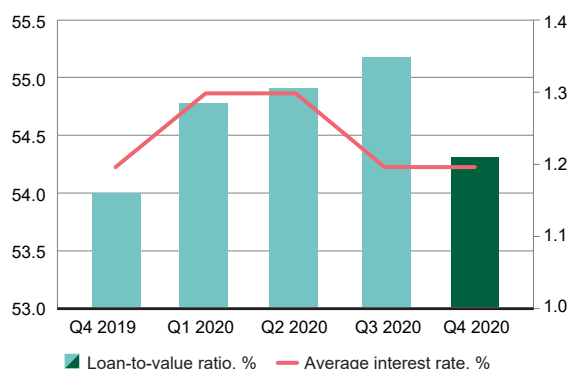
TAX

The nominal corporate tax rate in Sweden is 21.4 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 loss carry-forwards, tax paid is lower than nominal tax.

The remaining tax loss carry-forwards are estimated at SEK 0 million (0). The Group also has untaxed reserves of SEK 466 million (361). The fair value of the properties exceeds their tax base by SEK 7,728 million (7,038), less SEK 3,811 million (3,792) in deferred tax relating to asset acquisitions. The tax liability has been calculated based on the new tax rate of 20.6 per cent.

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.

AVERAGE INTEREST RATE AND LOAN-TO-VALUE RATIO



TAX CALCULATION

SEKm	Jan-Dec 2020
Profit before tax	1,152
Nominal tax rate 21.4%	-247
Tax effect of	
Realised changes in value, properties	1
Other tax adjustments	7
Reported tax expense	-239
Of which current tax	-75
Of which deferred tax	-164

Our tenants

TENANTS

Our tenant base is well diversified geographically and in terms of industry. The number of commercial leases was 2,863 (2,985). The number of residential leases was 1,837 (1,745). The ten largest tenants represent 17 per cent (16) of Diös' total contracted rental income. At 31 December, 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 was SEK 51 million (42) for the year as a whole and SEK 9 million (11) for the fourth quarter. Noteworthy lets during the three-month period included those to the Police Authority in Vattenormen 8, Luleå and Kunskapsskolan i Sverige AB in Hemsta 9:6, Gävle.

OUR LARGEST TENANTS

TENANTS AT 31 DEC 2020	No. of contracts	Annual contract value, SEK '000	Average contract term ¹ , years
Swedish Transport Administration	27	73,038	8.7
Östersund Local Authority	113	34,854	2.2
Swedish Police Authority	33	30,580	8.4
Swedish Public Employment Service	34	30,483	2.8
Swedish Social Insurance Agency	28	26,447	3.7
Falun Local Authority	11	23,487	7.4
Ahléns AB	5	22,611	3.7
Swedish Migration Board	10	21,785	1.1
Swedbank AB	12	21,601	2.9
Telia Sverige AB	32	21,434	8.3
Total, largest tenants	305	306,321	5.8

* Tenants in the central, regional or local government sectors.

¹ Includes contracts with completion dates in the future.

CONTRACT TERM

The average contract term for commercial premises at 31 December is 3.9 years (3.6).

VACANCIES

At 31 December, the economic vacancy rate was 9 per cent (9) while the vacant area was 13 per cent (14). Adjusted for project-related and non-leasable vacancies, the physical vacancy rate was 11¹ 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 year, excluding discounts, was 9 per cent (9).

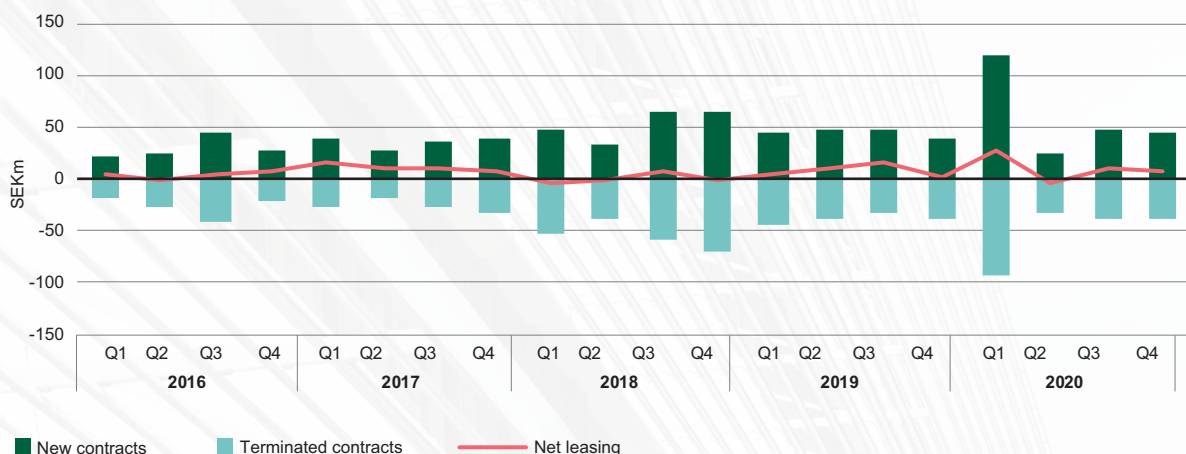
¹Project-related and non-leasable vacancies are sites that have been vacated for new builds and conversion, plus premises that have already been leased but are not yet occupied.

LEASES AND MATURITIES

	Number of contracts	Contract value, SEKm	Share of value, %
Leases for premises, maturity year			
2021	896	265	14
2022	720	358	20
2023	618	325	18
2024	402	294	16
2025+	227	381	21
Total	2,863	1,623	89
Residential	1,837	151	8
Other leases ¹	3,342	59	3
Total	8,042	1,851	100

¹ Other leases refer mainly to garage and parking spaces.

NET LEASING



Balance sheet and equity

> CONDENSED CONSOLIDATED BALANCE SHEET, SEK M

ASSETS	2020 31 Dec	2019 31 Dec
Investment properties	24,512	22,885
Other non-current assets	74	81
Current receivables	304	221
Cash and cash equivalents	-	-
TOTAL ASSETS	24,890	23,187
EQUITY AND LIABILITIES		
Equity	9,148	8,484
Deferred tax liability	1,699	1,533
Interest-bearing liabilities	13,247	12,145
Overdraft facilities	63	206
Non-current lease liability	55	53
Current liabilities	678	766
TOTAL EQUITY AND LIABILITIES	24,890	23,187

> CONDENSED STATEMENT OF CHANGES IN EQUITY, SEK M

	Equity	Of which attributable to shareholders of the parent company	Of which attributable to non- controlling interests
Equity, 31 Dec 2018	7,839	7,790	49
<i>Profit for the period after tax</i>	1,050	1,041	9
Comprehensive income for the period	1,050	1,041	9
<i>Dividend</i>	-404	-404	-
Equity, 31 Dec 2019	8,484	8,426	58
<i>Profit for the period after tax</i>	913	914	-1
Comprehensive income for the period	913	914	-1
<i>Share buy-backs</i>	-29	-29	-
<i>Dividend</i>	-221	-221	-
Equity, 31 Dec 2020	9,148	9,091	57

Columns/rows may not add up due to rounding.



Our properties

PROPERTY PORTFOLIO

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 (93) commercial properties and 8 per cent (7) residential properties based on rental value by type of premises.

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 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 71 per cent of the property value, or SEK 17,371 million, and 126 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 22,674 million – SEK 26,350 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 2019.

CHANGE IN PROPERTY VALUE

	2020		2019	
	SEKm	Number of	SEKm	Number
Value of property portfolio, 1 Jan	22,885	333	20,802	330
Acquisitions	38	2	600	9
Investments in new builds, extensions and conversions	1,518		1,273	
Sales	-127	-8	-120	-5
Unrealised changes in value	198		331	
Value of property portfolio, 31 Dec	24,512	329 ¹	22,885	333

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

CHANGES IN VALUE

Unrealised changes in value for the year totalled SEK -198 million (331). In the residential and office sectors improved net operating income and lower required rates of return have had a positive impact while changed long-term market rents for certain types of retail prem-

ises had a negative impact on property values. Property values were also hit by a change in the inflation assumption for 2021, from 2.0 per cent to 1.0 per cent. Realised changes in value attributable to sales during the year totalled SEK -4 million (19).

UNREALISED CHANGES IN VALUE

	31 Dec 2020	31 Dec 2019
	SEKm	SEKm
Change in net operating income, etc.	-357	268
Change in required rate of return	555	63
Total	198	331

CHANGES IN THE PORTFOLIO

LIST OF PROPERTY TRANSACTIONS JAN-DEC 2020

Sold and completed on

Property	Quarter	City	Area, sq.m	Price ¹ , SEKm
Högom 3:186 and 3:189	3	Sundsvall	5,968	45
Portfolio of 6 properties	4	Sundsvall	24,577	85
Total			30,545	130

¹ Underlying property value.

Acquired and completed on

Property	Quarter	City	Area, sq.m	Price ¹ , SEKm
Mimer 2 and 3	2	Skellefteå	2,859	38
Total			2,859	38

¹ Underlying property value.

INVESTMENTS

We invest continually in our properties to improve, adapt and improve the efficiency of our tenants' premises. During the period, our investments helped to increase the value of the portfolio by SEK 1,518 million (1,273) over the year.

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 1,518 million (1 273) was invested in a total of 872 projects (927). At the end of the year, 33 major¹ project was ongoing, with a remaining investment volume of SEK 1,253 million and a total investment volume of SEK 2,701 million. In the fourth quarter, decisions were taken on 102 new investments. The return on completed investments for the period was 6.3 per cent on the invested amount while the return on our ongoing projects was 5.6 per cent.

¹ Initial investment volume > SEK 6 million.

VALUATION ASSUMPTIONS

	31 Dec 2020					31 Dec 2019				
	Office	Retail	Residential	Industrial/warehouse	Other	Office	Retail	Residential	Industrial/warehouse	Other
Yield for assessing residual value ¹ , %	6.4-5.4	6.4-5.7	5.1-4.2	9.0-6.6	6.6-5.7	6.8-5.5	6.4-5.7	5.2-4.6	9.6-6.8	7.0-6.2
Cost of capital for discounting to present value, %	7.3	7.7	6.4	9.2	7.9	7.8	8.2	7.2	10.8	8.6
Long-term vacancy, %	4.7	4.4	1.8	14.4	4.6	4.8	3.9	1.9	14.9	5.6

¹ From lower to upper quartiles in the portfolio.

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

SENSITIVITY ANALYSIS

Segment (SEK '000)	Office		Retail		Residential		Industrial		Other business		Total	
Rental value, +/- SEK 50 per sq.m	512,795	-511,693	249,936	-249,813	112,310	-112,295	35,494	-35,505	90,655	-90,596	1,003,785	-1,002,496
Operations & maintenance, +/- SEK 25 per sq.m	-275,911	275,587	-141,526	141,525	-56,864	56,858	-23,995	23,988	-57,885	57,789	-557,619	557,274
Yield/cost of capital +/- 0.5%	-1,023,989	1,238,589	-480,435	574,729	-183,626	229,512	-19,785	23,059	-120,800	143,912	-1,831,030	-2,212,586
Vacancy rate, +/- 1%	-119,705	116,632	-68,037	64,998	-22,707	14,603	-4,043	4,043	-18,440	18,035	-233,415	218,794

INVESTMENTS	31 Dec 2020	31 Dec 2019
Investments in new builds	456	339
Investments in improvement properties	173	147
Investments in tenant adaptations	889	787
Total	1,518	1,273

PROJECTS IN PROGRESS AND DEVELOPMENT RIGHTS

Ongoing projects in premises with existing development rights cover a total floor area of around 100,000 sq.m. In addition to this, we have identified around 150,000 sq.m of gross floor space that can be used to create both residential and commercial premises.

PROJECTS AND PROPERTY DEVELOPMENT

Projects refer to the creation of new spaces, property development 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	Start of construction	Estimated completion	Environmental category
New build	Sundsvall	Noten 9	Hotel	14,350	100	444	Q1 2019	Q3 2021	BREEAM SE Very good
New build	Umeå	Magne 4	Hotel	14,500	100	410	Q1 2019	Q3 2022	BREEAM SE Very good
Improvement	Borlänge	Intagan 1	Office	31,000	100	500	Q1 2020	Q3 2022	BREEAM In-use Very good
New build	Umeå	Stigbygeln 2	Office	9,646	100	350	Q2 2020	Q3 2022	BREEAM SE Very good
Improvement	Borlänge	Mimer 1	Education/training	11,175	100	344	Q3 2020	Q3 2022	BREEAM In-use Very good
Improvement	Sundsvall	Lyckan 6	Office	3,883	100	107	Q4 2020	Q4 2021	

 Tenants in the central, regional or local government sectors

Projects with an initial investment volume >SEK 100 million.

CERTIFICATIONS AND ENERGY

During the year, six properties were environmentally certified under BREEAM In-Use, of which four in the fourth quarter. Due to restrictions on site visits as a result of the Covid-19 pandemic, we did not achieve our target of certifying 12 new properties in 2020. We now have 41 properties certified under the Miljöbyggnad and BREEAM In-Use standards, which represents 21 per cent of the total area of the property portfolio.

Our target for 2021 for is to certify 1-2 properties in each business unit under the BREEAM In-Use environmental certification standard.

During the year we reported a 4 per cent energy reduction, which shows that we are on the right track. Fewer energy projects due to the pandemic had an impact on the rate of reduction but we are targeting a further 3 per cent reduction for 2021. During the year, we completed a number of solar installations that will go live in the winter to ensure that electricity will be generated as soon as possible in spring 2021.

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	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
Heating ¹	kWh/sq.m	93.4	95.7
District cooling ²	kWh/sq.m	14.3	19.1
Electricity ³	kWh/sq.m	59.1	62.6
Carbon dioxide, total ⁴	g CO ₂ /kWh	19.1	21.5
Water	m ³ /sq.m	0.40	0.44

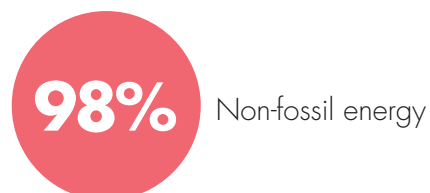
¹ Heating has been adjusted to a normal year.

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.



Financing

CAPITAL STRUCTURE

At 31 December 2020, 37 per cent (37) of Diös' total assets of SEK 24,890 million were financed through equity, 53 per cent (52) through debt and 10 per cent (11) through other items.

EQUITY

Equity at 31 December was SEK 9,148 million (8,484). During the year, Diös bought back its own shares at a cost of SEK 29 million (-). The equity ratio was 36.8 per cent (36.6), which exceeds the target of 35 per cent.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities in the Group were SEK 13,249 million (12,145). Of total interest-bearing liabilities, SEK 10,725 million (9,062) refers to bank financing, SEK 719 million (1,248) to covered bonds and SEK 1,805 million (1,835) to commercial paper. The accrued cost of the commercial paper is SEK 1,803 million (1,834). At the end of the year, the loan-to-value ratio in the Group was 54.3 per cent (54.0). The average annual interest rate, including the cost of derivatives and loan commitments, was 1.2 per cent (1.2) and the interest coverage ratio for the year was 6.0 times (6.6).

DERIVATIVES

Out of the Group's total interest-bearing liabilities, SEK 4,750 million (4,000) has been hedged through derivatives. At 31 December 2020, the market value of the derivative portfolio was SEK 2,8 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 22 in the Annual Report 2019). 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 mate-

rially 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

ON 31 DECEMBER 2020	Change in annual average interest rate, %	Change in annual average interest expense, SEKm	Change in market value, SEKm
Loan portfolio excl. derivatives	0.8	+108	
Derivatives portfolio	-0.2	-35	+107
Loan portfolio incl. derivatives	0.6	+73	+107

FIXED-RATE TERMS AND LOAN MATURITIES

The average fixed-rate term, including derivatives, was 1.1 years (0.5) and the average loan maturity 2.5 years (1.6). Of the Group's outstanding loans, SEK 2,105 million (6,883) is subject to fixed interest rates, of which SEK 1,805 million (1,835) refers to commercial paper.

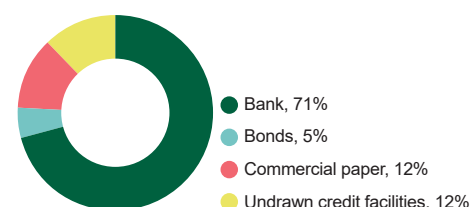
LIQUIDITY

Consolidated cash and cash equivalents at the end of the year were SEK 0 million (0) and drawn overdraft facilities were SEK 63 million (206). The agreed limit on the overdraft facility was SEK 600 million (600).

AVERAGE ANNUAL INTEREST RATE



BREAKDOWN OF INTEREST-BEARING FINANCING



> INTEREST RATE AND DEBT MATURITY STRUCTURE AT 31 DECEMBER 2020

Maturity year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average annual interest rate ¹ , %	Credit agreements, SEKm	Drawn, SEKm
2021	7,162	0.9	3,311	3,026
2022	4,417	1.3	6,289	4,705
2023	248	1.0	2,868	2,868
2024	1,423	1.1	887	887
>2025	-	-	1,764	1,764
Total	13,249	1.1	15,118	13,249
Undrawn credit facilities ²	1,869	0.1		
Financial instruments	4,750	0.0		
Total		1.2		

¹ Average annual interest rate refers to the average interest rate based on interest rate terms and the outstanding liability as at 31 December 2020.

² The cost of undrawn credit facilities affects the average annual interest rate by 0.05 percentage points.

> DERIVATIVES AT 31 DECEMBER 2020

Type	Nominal value, SEKm	Remaining maturity, years	Swap rate, %	Rate cap, %	Market value, SEKm
Interest rate swaps	1,000	3.9	0.05	-	1.1
Interest rate swaps	1,000	2.4	0.09	-	0.4
Interest rate swaps	1,000	2.9	-0.05	-	-0.1
Interest rate swaps	500	3.5	-0.02	-	1.5
Interest rate caps	1,250	0.5	-	3.0	0.0
Total	4,750	2.5	-0.03	3.0	3

Cash flow

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, SEK M

	2020 3 months Oct-Dec	2019 3 mths Oct-Dec	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
OPERATING ACTIVITIES				
Operating surplus	295	292	1,219	1,187
Central administration	-21	-21	-71	-69
Reversal of depreciation, amortisation and impairment	0	0	1	2
Interest received	2	1	6	4
Interest paid	-59	-38	-196	-170
Tax paid	-12	-15	-75	-79
Cash flow from operating activities before changes in working capital	205	219	884	875
Changes in working capital				
Decrease (+)/increase (-) in receivables	17	20	-80	-29
Decrease (-)/increase (+) in current liabilities	-8	34	-91	62
Total changes in working capital	9	54	-171	33
Cash flow from operating activities	214	273	713	908
INVESTING ACTIVITIES				
Investments in new builds, conversions and extensions	-474	-235	-1,518	-1,027
Acquisition of properties	-	-138	-38	-450
Sale of properties	96	-	141	146
Cash flow from investing activities	-378	-373	-1,415	-1,331
FINANCING ACTIVITIES				
Dividends paid	-	-202	-221	-404
SHARE BUY-BACKS	-	-	-29	-
New borrowing, interest-bearing liabilities	299	72	1,202	1,071
Repayment and redemption of interest-bearing liabilities	-48	-15	-107	-252
Change in overdraft facility	-87	206	-143	8
Cash flow from financing activities	164	61	702	423
Cash flow for the period	0	-39	0	0
Cash and cash equivalents at beginning of period	0	39	0	0
Cash and cash equivalents at end of period	0	0	0	0

Columns/rows may not add up due to rounding.

➤ **REPORTING BY BUSINESS UNIT AT 31 DECEMBER** *Amounts in SEKm unless otherwise indicated.*

2020

By business unit	Dalarna	Gävle	Sundsvall	Åre/Östersund	Umeå	Skellefteå	Luleå	Group
Rental income	249	166	238	267	210	113	272	1,513
Service income								
Tariff-based services	41	22	34	45	27	17	34	220
Care and upkeep	20	13	21	29	17	7	22	129
Other income	2	2	2	3	2	1	3	16
Repair and maintenance	-13	-7	-11	-14	-11	-5	-10	-70
Tariff-based costs	-38	-18	-33	-44	-25	-17	-29	-203
Property tax	-13	-11	-17	-17	-16	-7	-22	-103
Other property costs	-33	-24	-31	-39	-31	-11	-35	-205
Property management	-13	-9	-11	-15	-10	-5	-11	-76
Operating surplus	201	133	192	215	162	92	223	1,219
Central administration/net financial items	-	-	-	-	-	-	-	-261
Property management income	-	-	-	-	-	-	-	958
Property, realised	-	-	-4	-	-	-	-	-4
Property, unrealised	64	14	65	80	-18	36	-43	198
Interest rate derivatives	-	-	-	-	-	-	-	0
Profit before tax	-	-	-	-	-	-	-	1,152
Leasable area, sq.m	277,782	160,604	202,945	291,478	200,829	116,016	205,440	1,455,094
Rental value	344	228	341	380	285	146	346	2,070
Economic occupancy rate, %	90	88	86	89	89	94	95	89
Surplus ratio, %	65	66	66	63	64	67	68	66
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	320	135	424	203	305	23	109	1,518
Sales	-	-	-127	-	-	-	-	-127
Unrealised changes in value	64	14	65	80	-18	36	-43	198
Property portfolio, 31 December	3,581	2,617	4,165	4,111	4,076	1,687	4,275	24,512

Columns/rows may not add up due to rounding.



2019

By business unit	Dalarna	Gävle	Sundsvall	Äre/Östersund	Umeå	Skellefteå	Luleå	Group
Rental income	240	157	234	260	210	112	269	1,482
Service income								
Tariff-based operations	42	19	39	53	30	18	35	237
Care and upkeep	21	12	23	31	18	7	23	135
Other income	-	-	-	-	-	-	-	-
Repair and maintenance	-13	-6	-8	-13	-7	-5	-7	-59
Tariff-based costs	-40	-18	-36	-51	-28	-18	-31	-222
Property tax	-14	-11	-16	-17	-16	-7	-20	-101
Other property costs	-32	-17	-36	-42	-30	-10	-39	-206
Property management	-13	-9	-12	-19	-10	-5	-12	-80
Operating surplus	192	126	188	203	168	92	217	1,187
Central administration/Net financial items	-	-	-	-	-	-	-	-235
Property management income	-	-	-	-	-	-	-	952
Property, realised	14	-	-	5	-	-	-	19
Property, unrealised	-6	44	69	145	13	50	15	331
Interest rate derivatives	-	-	-	-	-	-	-	0
Profit before tax	-	-	-	-	-	-	-	1,302
Leasable area, sq.m	277,782	160,604	233,490	291,478	200,829	113,157	205,440	1,482,780
Rental value	327	214	337	371	285	143	342	2,018
Economic occupancy rate, %	91	84	87	92	89	95	94	90
Surplus ratio, %	65	70	64	60	66	68	68	65
Property portfolio, 1 January	2,805	1,971	3,424	3,556	3,562	1,430	4,054	20,802
Acquisitions	246	245	28	28	-	53	-	600
Investments in new builds, extensions and conversions	201	208	282	170	214	57	141	1,273
Sales	-49	-	-	-71	-	-	-	-120
Unrealised changes in value	-6	44	69	145	-13	50	15	331
Property portfolio, 31 December	3,197	2,468	3,803	3,828	3,789	1,590	4,210	22,885

Columns/rows may not add up due to rounding.



FINANCIAL KPIS

The year-end report presents non-IFRS performance measures. 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 27 and in the descriptions of the purpose of the various KPIs in the annual report for 2019. The financial targets for 2020 adopted by the Board are presented on page 23 of this report.

Figures refer to SEK million unless otherwise indicated.

	2020 3 mths Oct-Dec	2019 3 mths Oct-Dec	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
Number of shares outstanding at end of period (thousands)	134,071	134,512	134,071	134,512
Average number of shares ('000)	134,071	134,512	134,166	134,512

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

	2020 3 mths Oct-Dec	2019 3 mths Oct-Dec	2020 12 mths Oct-Dec	2019 12 mths Jan-Dec
Property management income				
Profit before tax	554	319	1,152	1,302
Reversal				
Change in value, properties	-327	-89	-194	-350
Change in value, derivatives	2	1	0	0
Property management income	229	231	958	952

EPRA earnings (property management income after tax)

Property management income	229	231	958	952
Current tax attributable to property management income	6	-15	-29	-78
Profit attributable to non-controlling interests	0	-1	1	-9
EPRA earnings	235	215	930	865
EPRA earnings per share, SEK	1.75	1.60	6.93	6.43

Loan-to-value ratio

Interest-bearing liabilities			13,247	12,145
Reversal				
Cash and cash equivalents			0	0
Drawn overdraft facilities			63	206
Net debt			13,310	12,351
Investment properties			24,512	22,885
Loan-to-value ratio, %			54.3	54.0

Equity ratio

Equity			9,148	8,484
Total assets			24,890	23,187
Equity ratio, %			36.8	36.6

Interest coverage ratio

Property management income	229	231	958	952
Reversal				
Financial costs	45	42	191	170
Total	274	273	1,149	1,122
Financial costs	45	42	191	170
Interest coverage ratio, times	6.1	6.5	6.0	6.6

Net debt to EBITDA

Interest-bearing liabilities			13,247	12,145
Cash and cash equivalents			0	0
Overdraft facilities			63	206
Net debt			13,310	12,351
Operating surplus			1,219	1,187
Central administration			-76	-73
Reversal				
Depreciation and amortisation			5	5
EBITDA			1,148	1,119
Net debt to EBITDA			11.6	11.0

During the year, EPRA has issued new directives relating to the reporting of new KPIs. The EPRA NAV and EPRA NNNAV KPIs have been replaced by the EPRA NRV, EPRA NTA and EPRA NDV KPIs. Below both the old and the new KPIs are reported to indicate the transition in accordance with EPRA's guidelines. The aim of this is to show the company's value on the basis of different scenarios. For more information, see the definitions on page 27.

	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
Net asset value		
Equity	9,148	8,484
Equity relating to non-controlling interests	-57	-58
Reversal as per balance sheet		
Fair value of financial instruments	-3	0
Deferred tax on temporary differences	1,592	1,450
EPRA NAV (long-term net asset value)	10,680	9,876
EPRA NAV (long-term net asset value) per share	79.7	73.4
Deductions:		
Fair value of financial instruments	3	0
Estimated actual deferred tax on temporary differences, approx. 4% ¹	-297	-270
EPRA NNNAV (short-term net asset value)	10,386	9,606
EPRA NNNAV (short-term net asset value) per share, SEK	77.5	71.4

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.

	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
Equity	9,148	8,484
Equity relating to non-controlling interests	-57	-58
Reversal		
Fair value of financial instruments	-3	0
Deferred tax on temporary differences	1,592	1,450
EPRA NRV	10,680	9,876
EPRA NRV per share	79.7	73.4
Deductions:		
Fair value of financial instruments	3	0
Estimated actual deferred tax on temporary differences, approx. 4% ¹	-297	-270
EPRA NTA	10,386	9,606
EPRA NTA per share	77.5	71.4

Equity as per balance sheet	9,148	8,484
Equity relating to non-controlling interests	-57	-58
EPRA NDV	9,091	8,426
EPRA NDV per share	67.8	62.6

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	2020 3 months Oct-Dec	2019 3 mths Oct-Dec	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
Return on equity, %	4.8	3.1	10.4	12.8
Equity per share, SEK			68.2	63.1
Earnings per share, SEK	3.27	1.92	6.81	7.74

Cash flow per share, SEK

Profit before tax	554	319	1,152	1,302
Reversal				
Unrealised change in value, properties	-329	-75	-198	-331
Unrealised change in value, derivatives	2	1	0	0
Depreciation and amortisation	1	1	5	5
Current tax	-12	-15	-75	-79
Total	216	231	884	897
Average number of shares ('000)	134,071	134,512	134,166	134,512
Cash flow per share, SEK	1.61	1.71	6.58	6.67

OTHER INFORMATION	2020 3 mths Oct-Dec	2019 3 mths Oct-Dec	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
Contracted rental income, SEKm	472	459	1,834	1,821
Economic occupancy rate, %	90	90	89	90
Surplus ratio, %	63	64	66	65
Debt/equity ratio, times			1.4	1.4

EPRA vacancy rate

Estimated market rent for vacant space			177	182
Annualised rental value for the whole portfolio			2,070	2,018
EPRA vacancy rate, %			8.6	9.0



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 181 million (171) and the profit after tax was SEK 177 million (111). Profit after tax includes SEK 100 million (20) in dividends from Group companies, Group contributions received of SEK 61 million (92) and Group contribution paid of SEK 3 million (20). Income referred chiefly to services sold to the Group's subsidiaries.

Cash and cash equivalents at 31 December 2020 were SEK 0 million (0) and drawn overdraft facilities were SEK 83 million (226). External interest-bearing liabilities, excluding overdraft facilities, totalled SEK 3,401 million (2,853), of which SEK 1,803 million (1,835) referred to outstanding commercial paper. The average annual interest rate based on the situation at 31 December 2020 was 1.2 per cent (1.0). 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

INCOME STATEMENT	2020 12 mths Jan-Dec	2019 12 mths Jan-Dec
Revenue	181	171
Gross profit	181	171
Central administration	-217	-215
Operating profit	-36	-44
Income from interests in Group companies	154	92
Financial income	367	330
Financial costs	-296	-254
Profit after financial items	189	124
Appropriations	-7	-8
Profit after appropriations	182	116
Current tax	-5	-5
Profit after tax	177	111
STATEMENT OF COMPREHENSIVE INCOME		
Profit after tax	177	111
Comprehensive income for the year	177	111

CONDENSED PARENT COMPANY BALANCE SHEET, SEKM

ASSETS	2020 31 Dec	2019 31 Dec
Investments in Group companies	2,265	2,263
Receivables from Group companies	14,983	13,618
Other assets	17	23
Cash and cash equivalents	-	-
TOTAL ASSETS	17,265	15,904
EQUITY AND LIABILITIES		
Equity	2,941	3,013
Untaxed reserves	16	8
Provisions	1	-
Interest-bearing liabilities	3,401	2,853
Liabilities to Group companies	10,777	9,761
Overdraft facilities	83	226
Other liabilities	46	43
TOTAL EQUITY AND LIABILITIES	17,265	15,904



Other information

► EMPLOYEES AND ORGANISATION

The number of employees as at 31 December was 162 (153), of whom 69 were women (67). The majority of our employees, 109 people (101), work in our business units and the rest at our head office in Östersund. Our new Pick-Pack-Post concept currently employs four people (0), all women (0).

► 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 also 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.

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	22,674	24,512	26,350
Equity ratio, %	31.7	36.8	41.1
Loan-to-value ratio, %	58.7	54.3	50.5

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%	+/- 18
Economic occupancy rate	+/- 1 percentage point	+/- 20
Property costs	+/- 1%	+/- 7
Interest rate on interest-bearing liabilities	+/- 1 percentage point	+/- 108

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 2019, except the risks relating to Covid-19 described above. For more information on risks and risk management, see Diös' annual report for 2019, 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. Disclosures under IAS 34 p 16a are provided elsewhere in the interim report and not in a note. The rent discounts agreed with tenants in accordance with the directives on government rent support for property owners as well as other support schemes are recognised in the income statement in the same periods as the costs which the grants are intended to compensate for. 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 2019¹, 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 2019 is available at www.dios.se.

> SUMMARY OF QUARTERLY RESULTS

	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue, SEKm	472	478	450	478	468	464	464	457
Operating surplus, SEKm	295	335	299	290	292	312	315	268
Property management income, SEKm	229	271	229	229	231	252	257	212
Profit for the period, SEKm	438	229	57	189	258	299	263	230
Surplus ratio, %	63	72	69	62	64	68	69	60
Economic occupancy rate, %	90	90	84	91	90	90	90	91
Return on equity, %	4.8	2.6	0.7	2.2	3.1	3.6	3.3	2.9
Equity ratio, %	36.8	36.0	35.5	36.5	36.6	36.4	35.8	36.9
Property loan-to-value ratio, %	54.3	55.2	54.9	54.8	54.0	53.6	54.5	54.4
Average interest rate at end of period, % ¹	1.2	1.2	1.3	1.3	1.2	1.2	1.2	1.3
Interest coverage ratio, times	6.1	6.7	5.3	6.1	6.5	6.6	7.1	6.2
Property management income per share, SEK	1.70	2.02	1.71	1.70	1.72	1.87	1.91	1.57
Earnings per share after tax, SEK	3.26	1.72	0.42	1.42	1.92	2.19	1.93	1.71
Equity per share, SEK	68.2	65.0	63.3	64.5	63.1	61.1	58.9	60.0
Market price per share, SEK	76.8	63.5	62.3	66.3	85.8	85.9	68.7	76.3

¹ Includes expenses relating to commitment fees and derivatives.

> TARGETS

OPERATIONAL AND FINANCIAL TARGETS	Outcome Jan-Dec 2020	Target 2020	Target 2021
Growth in property management income per share, %	1 ¹	10	10 ²
Surplus ratio, %	66	65	-
Energy use, %	-4	-3	-3
Return on equity, annualised, %	10.4	>12	>12
Distribution of profit for the year ³ , %	~50 ⁴	~50	~50
Loan-to-value ratio, %	54.3	<55	<55
Equity ratio, %	36.8	>35	>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.

⁴ The Board's proposal to the Annual General Meeting 2021.

Three reasons to invest in Diös



A unique position

As the market-leading private property owner in our cities, we are in a strong position to influence things. Through close relations with decisions-makers and other players, we drive growth. This growth is reflected in higher rents, rising market values and reduced vacancies.



Strong and stable cash flows

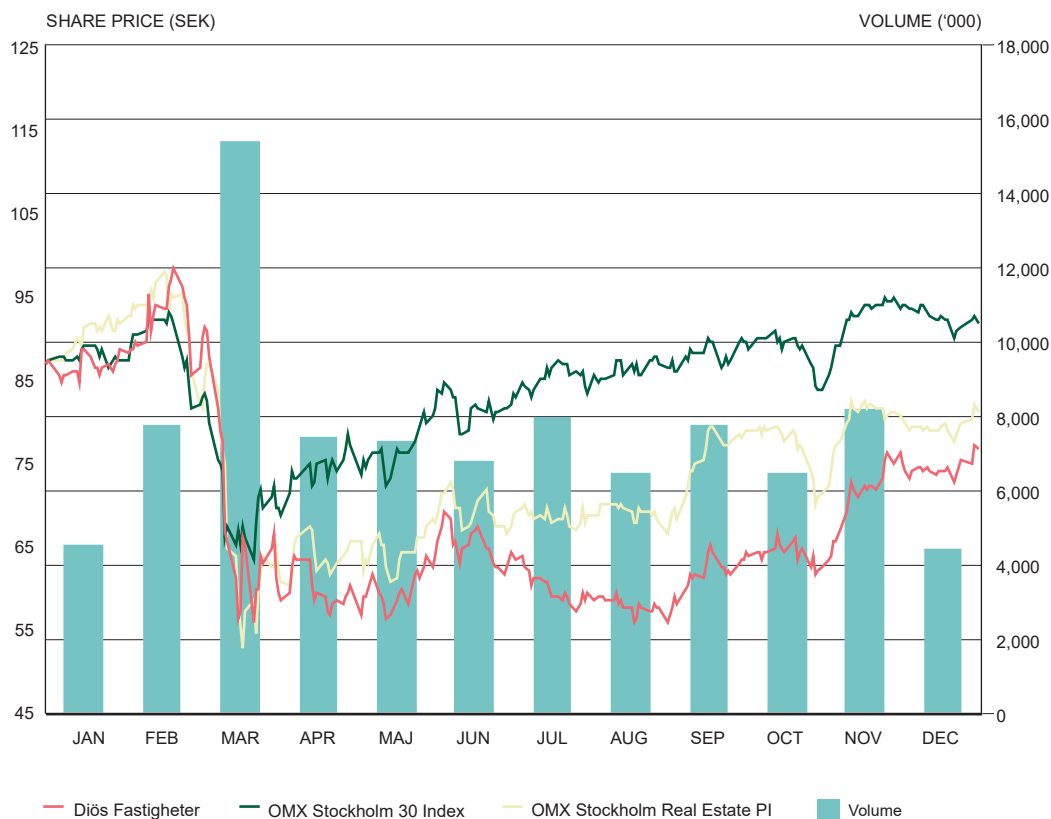
A well diversified portfolio and a good mix of tenants generate stable revenue streams. Of total revenues, 31 per cent comes from tax-funded activities and 8 per cent from residential properties. This ensures a solid and stable revenue stream with a total yield of around 6 per cent.



A value-creating project portfolio

By developing new and existing premises, we increase the value of our properties and boost our cash flow, but above all we create a greater 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 150,000 sq.m in early stages of development.

> DIÖS SHARE PRICE PERFORMANCE



Share information

SHARE PERFORMANCE

Diös' share price at the end of the year was SEK 76.8 (85.8), which represents a market capitalisation of SEK 10,331 million (11,541), and the return for the past 12 months was -10.5 per cent (52.3). If the dividend is included, the total return on the shares for the year was -7.9 per cent (58.1). 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 5.8 per cent (25.8) and the return on the OMX Stockholm Real Estate PI index was -5.7 per cent (59.2).

At 31 December, Diös Fastigheter AB had 18,065 shareholders (14,688). The share of foreign-owned shares was 23.0 per cent (24.8) while the total number of shares during the year 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 (53.4) of the total number of shares and voting rights.

The Annual General Meeting 2020 resolved to authorise the company to buy back ten per cent of the total number of outstanding shares of the company. At 31 December, 441,418 shares had been repurchased during the year at an average price of SEK 64.6.

No new changes of ownership were flagged during the year. 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. The annual return was 10.4 per cent (12.8). Equity at the end of the year was SEK 9,148 million (8,484) and the long-

term net asset value, EPRA NAV, was SEK 10,680 million (9,876). On a per share basis, EPRA NAV was SEK 79.7 (73.4), which means that the share price at 31 December represented 96 per cent (117) of the long-term net asset value. The net asset value per share for the year, expressed as EPRA NTA, was SEK 77.5 (71.4).

EARNINGS

Earnings per share for the year were SEK 6.81 (7.74) while long-term earnings per share, expressed as EPRA EPS, were SEK 6.93 (6.43). EPRA EPS, which is designed to show an entity's long-term earnings per share, is calculated as property management income after deducting 21.4 per cent corporation tax attributable to property management income less minority share of earnings.

> LARGEST SHAREHOLDERS

of Diös Fastigheter AB at 31 December 2020

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	3,099,726	2.3
Swedbank Robur fonder	2,422,700	1.8
BlackRock	2,379,407	1.8
Karl Hedin	2,358,274	1.8
Norges Bank	2,246,974	1.7
Sten Dybeck, including company and family	2,116,000	1.6
Total, largest shareholders	71,089,453	53.0
Acquisition of own shares	441,418	0.3
Other shareholders	62,981,567	46.7
TOTAL	134,512,438	100.0

Source: Euroclear, compiled by Modular Finance



➤ REVIEW OF THE REPORT

The Board of Directors and the CEO declare that the financial statement gives a true and fair view of the operations, financial position and income of the company and the Group, and describes the principal risks and uncertainties faced by the company and the Group's companies. This financial statement 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, 12 February 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

Annual Report 2020	Week 13, 2021	PROPOSED DIVIDEND OF SEK 3,30 PER SHARE		
Annual General Meeting 2021	13 April 2021	1 st payout date	20 April 2021	SEK 1.65 per share
Q1 Interim Report January-March 2021	23 April 2021	2 nd payout date	4 Nov 2021	SEK 1.65 per share
Q2 Interim Report January-June 2021	5 July 2021			
Q3 Interim Report January–September 2021	22 October 2021			

➤ EVENTS AFTER THE REPORTING DATE

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 12 February 2021, at 7:00 a.m. CET.*

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.

EARNINGS PER SHARE

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

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.

EPRA EARNINGS

Property management income less nominal tax attributable to property management income, divided by the average number of shares. Taxable property management income refers to property management income less tax-deductible depreciation and amortisation and redevelopments, among other things.

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 non-controlling interests' share of the equity, divided by the number of outstanding shares at the end of the period.

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 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 non-controlling interests' share of equity, divided by the number of shares outstanding at the end of the period.

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 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 differ-

ences 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.

INTEREST COVERAGE RATIO

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

LOAN-TO-VALUE RATIO, PROPERTIES [NEW DEFINITION](#)

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.

NUMBER OF SHARES AT END OF PERIOD

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

PROJECT PROPERTY

Refers to a property that is intended to be redeveloped or improved. Divided into the following sub-categories:

New builds – land and properties with ongoing new builds or that are undergoing complete redevelopment.

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.

Tenant improvements – properties undergoing conversion or minor improvements to premises.

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 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.

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.

YIELD

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

PRESENTATION OF THE YEAR-END REPORT

Diös will present its year-end report to investors, analysts, the media and other interested parties on **12 February 2021, at 09.30 a.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/Year-end-report-Jan-Dec-2020/default.aspx>
The presentation can be viewed after the event.