

Q4



"There is an increased demand to invest in premises with more comfortable, more modern, more flexible and greener solutions."

Mats Eriksson, Director of Projects

Overview of the year

January–December 2021

Revenue increased by 5 per cent to SEK 1,967 million (1,878)

Property management income increased by 8 per cent to SEK 1,030 million (958)

Unrealised changes in value of properties were SEK 1,790 million (198) and unrealised changes in value of derivatives were SEK 36 million (0)

The profit after tax was SEK 2,324 million (913)

Earnings per share were SEK 17.08 (6.81)

The Board of Directors proposes a dividend of SEK 3.52 per share (3.30), evenly distributed on four payout dates

40.2

Equity ratio, %

6.4

Interest coverage ratio, times

48.6

Loan-to-value ratio, %

Significant events in Q4

- Diös has decided on a long-term climate target in line with the Paris Agreement to limit global warming to a maximum of 1.5°C. This climate target has been approved by SBTi.
- Diös is the first company in the world to establish a green financing framework in accordance with the EU taxonomy and the European Green Bond Standard.
- Diös acquired five centrally located properties for SEK 810 million in Skellefteå. Completion will take place in January 2022.
- Diös implemented a private placement of 7,272,727 shares, raising approximately SEK 800 million. The issue proceeds will be used for value-generating investments.

Summary of earnings, SEKm

	2021 3 mos Oct-Dec	2020 3 mos Oct-Dec	2021 12 mos Jan-Dec	2020 12 mos Jan-Dec
Revenue	500	472	1,967	1,878
Operating surplus	321	295	1,289	1,219
Property management income	250	229	1,030	958
Profit before tax	1,149	554	2,872	1,152
Profit after tax	965	438	2,324	913

Surplus ratio, %	65	63	68	66
Occupancy rate, %	89	90	89	89
Return on equity, %			22.1	10.4
Equity ratio, %			40.2	36.8
Property loan-to-value ratio, %			48.6	54.3
Equity per share, SEK			83.6	68.2
EPRA NRV per share, SEK			97.7	79.7

For definitions of KPIs, see page 31.

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

A strong profit and higher property values

Interest in our market continues to grow, which can be seen in rising property values and high activity in the leasing business. Net leasing amounted to SEK 30 million for the year and property management income increased by 8 per cent. The Board of Directors proposes a dividend of SEK 3.52 per share.

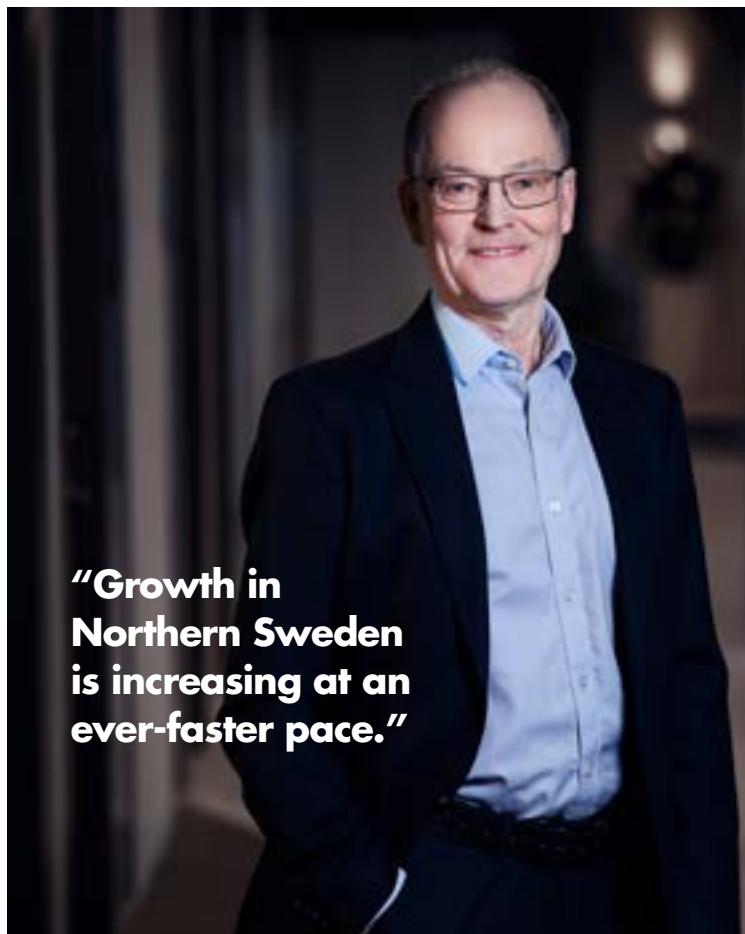
I would summarise 2021 as a very successful and strong year. We increased revenues by 5 per cent and improved our surplus ratio to 68 per cent, despite the challenges of the pandemic and its restrictions. We acquired and took possession of properties for more than SEK 700 million during the year. We also announced an acquisition of SEK 810 million with completion in January 2022 in Skellefteå. In addition, we invested SEK 1,200 million in new and existing properties and are continuously increasing the quality of the portfolio and strengthening our tenant offering. Changes in value in the properties amounted to SEK 874 million for the quarter and SEK 1,790 million for the year. The property value now totals SEK 28 billion, an increase of 14 per cent.

The investment rate expected in Swedish base industry in northern Sweden is contributing to continued development and growth. Demand for premises is also continuing to grow, which is the result of both existing tenants growing and new tenants establishing themselves. There is greater interest in investing in properties in our cities, which has led to lower return requirements.

Climate change is increasingly affecting all of us and as a leading property company in our cities, we want to take our responsibility for a more sustainable future. During the year, we reduced our energy consumption and worked actively to reduce our CO2 emissions, among other efforts. Our ambition is to conduct our entire business in line with the Paris Agreement and the 1.5°C target and in this regard, we are convinced that sustainability and profitability go hand in hand. Our goals are to generate a return on equity of at least 12 per cent on annual basis and to reduce our CO2 emissions by at least 50 per cent by 2030. To achieve our goals, and as a prerequisite for long-term value creation, a sustainable tenant offering is a given and something that we continuously develop.

During the fourth quarter, we completed a successful private placement of approximately SEK 800 million. The issue proceeds will be used for more acquisitions and investments that further strengthen our profitability. We continue to see major opportunities to acquire properties with good potential which strengthen our offering. In addition, we see that market development is both increasing the need for renovations and new production, while lower direct return requirements and higher rents are making it even more profitable.

Our latest major project, Västra Strandén in Luleå, will start at the beginning of 2022. In a first phase, we will develop an office building for the Swedish Social Insurance Agency with occupancy in 2024. The investment comprises approximately 5,000 sq.m. and amounts to



“Growth in Northern Sweden is increasing at an ever-faster pace.”

approximately SEK 200 million. We also intend to develop the area with additional offices and homes to create a mix property close to the city with a clear sustainable profile that contributes to Luleå's attraction and growth.

I am proud to lead this successful company that constantly wants to develop and be developed. I would like to express my utmost gratitude to my colleagues for their commitment during this challenging year and at the same time thank our shareholders, partners and tenants for their good cooperation. The future looks bright for both our market and for Diös. I am absolutely convinced that 2022 will also be an even more successful year for us with many new exciting deals.

A blue ink signature of Knut Rost's name, followed by the text "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.



338

No. of properties



28.0

Property value, SEKbn

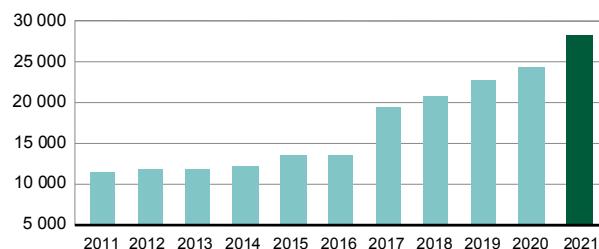


1,504

Leasable area, thousand sq.m.



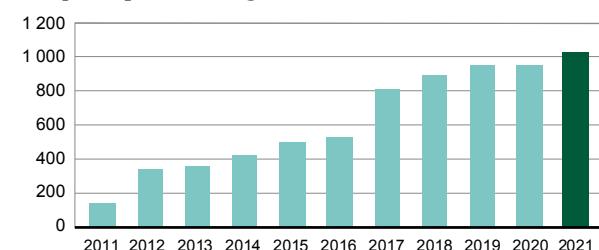
Property value, SEK million



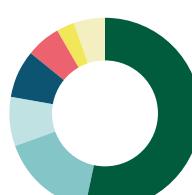
Property value per business unit, SEK million



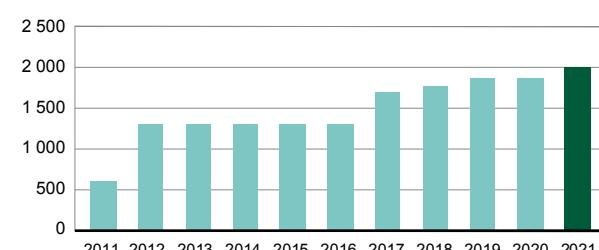
Property management income, SEK million



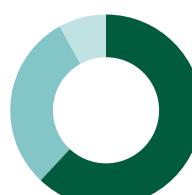
Rental value by type of premises, %



Rental income, SEK million



Contract value by category, %



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.



Viktoria Svande, residential tenant, and Fatih Tuncer, customer service, at Magnolia Flowers in SöderBo, Östersund.

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.

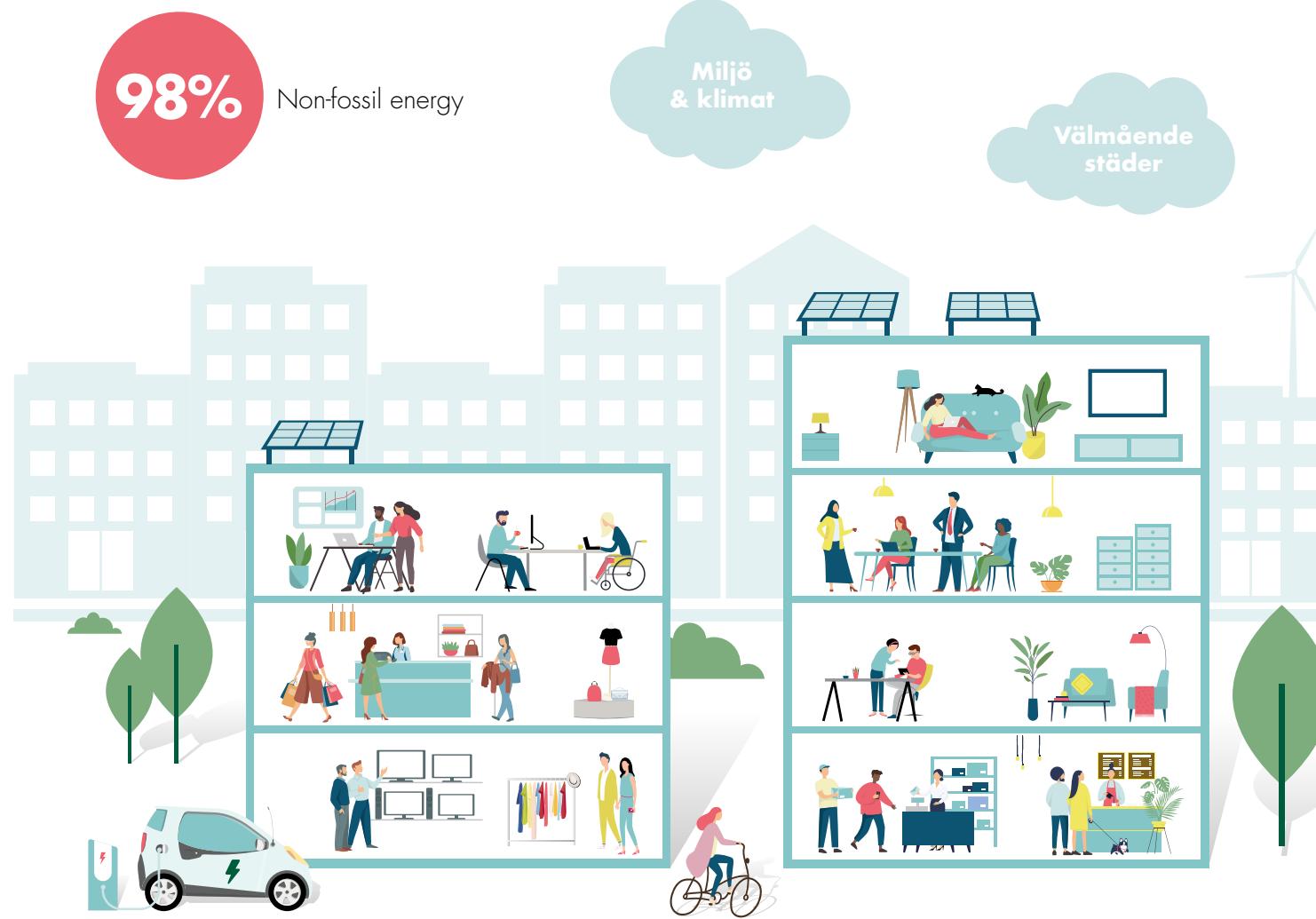
By developing and managing our properties, city blocks, districts and, by extension, our cities, we take responsibility for the communities in which we operate. Urban development is about seeing the big picture and taking account of the importance of environmental, social and economic sustainability 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.





Certifications and energy

At the end of the period, we had 45 properties certified under the Miljöbyggnad, Svanen and BREEAM In-Use standards, which represents 32 per cent of the total area of the property portfolio. We currently have four major projects in production that will be certified to BREEAM-SE.

The objective for 2021 was to environmentally certify 14 properties, according to BREEAM In-Use, which entails one to two properties per business unit. During the fourth quarter, four certifications were completed and the remaining ten have been carried out but are awaiting certification in the first quarter of 2022.

During the year, we reported an energy saving of 1 per cent. Fewer energy projects as a result of the pandemic affected the rate of decline more than in the previous year as we still had results from projects that had been started before the pandemic. For both electricity and district heating, we achieved the savings target of 3 per cent in three business areas out of seven. The solar cell installations completed in

2020 provided good results in 2021. For the emissions figures, the cold weather in 2020 entailed higher emissions from energy use.

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

ENERGY USE AND CARBON DIOXIDE EMISSIONS

Unit	2021 12 mos Jan-Dec	2020 12 mos Jan-Dec
Heating ¹	kWh/sq.m	76.8
District cooling ²	kWh/sq.m	11.2
Electricity ³	kWh/sq.m	46.8
Carbon dioxide, total ⁴	g CO ₂ /kWh	24.2
Water	m ³ /sq.m	0.22
		0.31

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.



Income statement

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

INCOME STATEMENT	Note	2021 3 mos Oct-Dec	2020 3 mos Oct-Dec	2021 12 mos Jan-Dec	2020 12 mos Jan-Dec
Rental income		402	397	1,587	1,513
Service income		98	74	376	349
Other income		0	1	4	16
Total income	2	500	472	1,967	1,878
Property costs	3	-179	-177	-678	-659
Operating surplus	4	321	295	1,289	1,219
Central administration	5	-22	-23	-75	-76
Net financial items	6	-49	-43	-184	-185
Property management income	1	250	229	1,030	958
Change in value, properties	7	884	327	1,806	194
Change in value, interest rate derivatives	8	15	-2	36	0
Profit before tax	9	1,149	554	2,872	1,152
Current tax	10	6	-12	-53	-75
Deferred tax	10	-190	-104	-495	-164
Profit after tax		965	438	2,324	913
Profit attributable to shareholders of the parent company		959	438	2,306	914
Profit attributable to non-controlling interests	5	0	17	-1	
Total		965	438	2,324	913
STATEMENT OF COMPREHENSIVE INCOME					
Profit after tax		965	438	2,324	913
Comprehensive income for the period		965	438	2,324	913
Comprehensive income attributable to shareholders of the parent company		959	438	2,306	914
Comprehensive income attributable to non-controlling interests	5	0	17	-1	
Total		965	438	2,324	913
Earnings per share, SEK		7.03	3.26	17.08	6.81
Number of shares outstanding at end of period		141,343,747	134,071,020	141,343,747	134,071,020
Average number of shares		136,442,561	134,071,020	134,668,778	134,166,164
Number of treasury shares at end of period		441,418	441,418	441,418	441,418
Average number of treasury shares		441,418	441,418	441,418	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 Jan- Dec 2021

Note 1 Property management income

Property management income for the year, i.e., income excluding changes in value and tax, was SEK 1,030 million (958). This is an increase of 8 per cent compared with the previous year. For comparable properties, our property management income increased by 6 per cent year on year. Our property management income for the year was affected by net rent discounts of SEK 5 million (17) 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

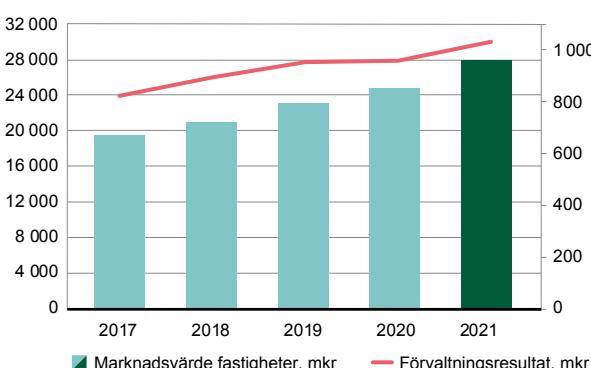
Income for the year was SEK 1,967 million (1,878), representing an 89 per cent (89) economic occupancy rate. In a comparable portfolio, contracted rental income, excluding project properties, increased by 1.8 per cent compared with the previous year. Rental income was affected by rent discounts of SEK 9 million (33) attributable to the government rent support scheme. Support attributable to granted rent discounts amounted to SEK 4 million (16). Other property management income totalled SEK 54 million (28) 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-Dec	2020 Jan-Dec	Change %
Comparable properties	1,799	1,768	1.8
Rent discounts ¹	-9	-34	
Ongoing properties	69	75	
Completed projects	17	2	
Acquired properties	29	0	
Sold properties	5	23	
Contracted rental income	1,909	1,834	
Other property management income	54	28	
Other income²	4	16	
Revenue	1,967	1,878	

¹ Discounts attributable to the government rent support scheme

² Government support for granted rent discounts

Market value and property management income



Note 3 Property costs

Total property costs were SEK 678 million (659). Costs related to snow, ice and heating increased compared with the previous year. Of the total property costs, SEK 10 million (17) refers to work on leased premises where the costs are passed on to tenants.

Note 4 Operating surplus

The operating surplus was SEK 1,289 million (1,219), representing a surplus ratio of 68 per cent (66). For comparable properties, our operating surplus increased by 4 per cent compared with the previous year.

Note 5 Central administration

The central administration costs amounted to SEK 75 million (76). 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

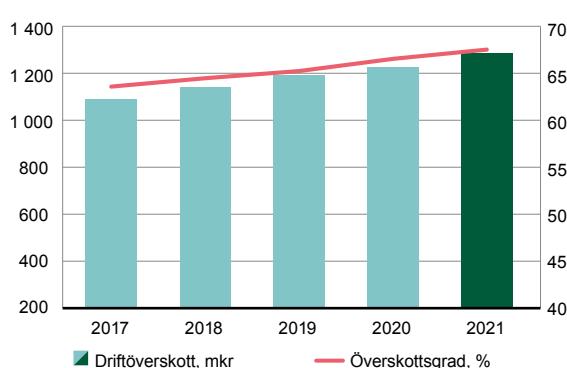
Net financial items for the year amounted to an expense of SEK 184 million (185). The interest costs for the year, including costs for interest rate derivatives and loan commitments, represent borrowings at an average annual interest rate of 1.2 per cent (1.4).

Note 7 Changes in value, properties

The average valuation yield at year-end was 5.44 per cent (5.73). Since the beginning of the year, the change was -0.29 percentage points. The unrealised changes in value amounted to SEK 1,790 million (198) and are mainly attributable to lower return requirements and improved net operating income in offices and residential properties. For more information, see Note 11. The unrealised changes in value were equivalent to 6.4 per cent (0.8) of the properties' market value. The market value was SEK 27,993 million (24,512) at 31 December.

During the period, 14 properties (2) were acquired while seven properties (8) were sold with a realised value change of SEK 16 million (-4).

Operating surplus and surplus ratio



» cont. Earnings analysis January– December 2021

Unrealised changes in value, properties

SEKm	2021		2020	
	12 mos Jan-Dec	12 months Jan-Dec	12 months Jan-Dec	12 mos Jan-Dec
Investment properties	1,501	189		
- of which changed future net operating income, etc.	334	-327		
- of which changed return requirements	1,167	516		
Project properties	150	-13		
Development rights	139	21		
Unrealised change in value	1,790	198		

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 year, unrealised changes in value on derivatives totalled SEK 36 million (0), which have been fully recognised in profit or loss. The change in value is attributable to future rising market interest rates.

Note 9 Profit before tax

The profit before tax amounted to SEK 2,872 million (1,152). 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 504 million (466). The fair value of the properties exceeds their tax base by SEK 10,216 million (7,728), including SEK 4,172 million (3,811) in deferred tax relating to asset acquisitions. This also includes a deferred tax asset with regard to the new tax rules for tax reductions for purchased equipment during 2021, amounting to SEK 32 million (0). This tax reduction will be received for the financial year ending in 2022.

Diös has no ongoing tax disputes.

Tax calculation

SEKm	Jan-Dec 2021
Profit before tax	2,872
Nominal tax rate 20.6%	-592
Tax effect of	
Sale of properties	11
Deferred tax asset with regard to the new tax rules for 2021	32
Other tax adjustments	1
Reported tax expense	-548
<i>Of which current tax</i>	<i>-53</i>
<i>Of which deferred tax</i>	<i>-495</i>

Current tax was SEK -53 million (-75) and deferred tax was SEK -495 million (-164). The change in deferred tax is attributable to the unrealised changes in value.

Fourth quarter 2021

Property management income for the fourth quarter, i.e., income excluding changes in value and tax, was SEK 250 million (229). The operating surplus was SEK 321 million (295), representing a surplus ratio of 65 per cent (63).

- Rental income for the fourth quarter was SEK 500 million (472), representing an economic occupancy rate of 89 per cent (90).
- Total property costs were SEK 179 million (177).

Net financial items for the fourth quarter were a loss of SEK 49 million (43). The profit before tax was SEK 1,149 million (554). Changes in the value of properties had a positive impact of SEK 884 million (327) while changes in the value of interest rate derivatives had an impact of SEK 15 million (-2). Profit after tax was SEK 965 million (438), of which SEK -190 million (-104) refers to deferred tax and SEK 6 million (-12) to current tax.



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

Our tenants

Tenants

Our tenant base is well diversified geographically and in terms of industry. There were 3,036 premises leases (2,863) and there were 1,909 residential leases (1,837). The ten largest tenants represent 16 per cent (17) of Diös' total contracted rental income. At 31 December, 30 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 6 million (9) and the total for the year was SEK 30 million (51). Noteworthy leasing during the quarter included leasing to Jeansbolaget in Falun and the restaurant Basta in Östersund.

Lease term

The average lease term for commercial premises at 31 December is 4.3 years (3.9).

Vacancies

Vacancies remained unchanged during the period, with economic vacancies standing at 9 per cent (9) and physical vacancies at 13 per cent (13) at 31 March. Adjusted for project-related and non-leaseable vacancies, the physical vacancy rate was 13 per cent. Economic vacancies are highest in office and retail premises while physical vacancies are highest in office and industrial premises. The economic vacancy rate for the year, excluding discounts, was 9 per cent (9).

¹Project-related and non-leaseable 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 31 DECEMBER 2021	No. of contracts	Annual contract value ¹ , SEK '000	Average lease term ¹ , years
Swedish Transport Administration	17	72,835	7.8
Swedish Police Authority	34	36,164	8.2
Östersund Local Authority	84	31,482	2.3
Swedish Public Employment Service	30	27,555	2.2
Swedish Social Insurance Agency	27	27,142	4.2
Municipality of Falun	9	25,937	7.6
Clarion Hotell	4	23,956	18.7
Åhléns AB	5	22,713	3.9
Telia Sverige AB	32	21,505	8.0
AFRY AB	36	19,094	2.3
Total, largest tenants	278	308,383	6.8

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

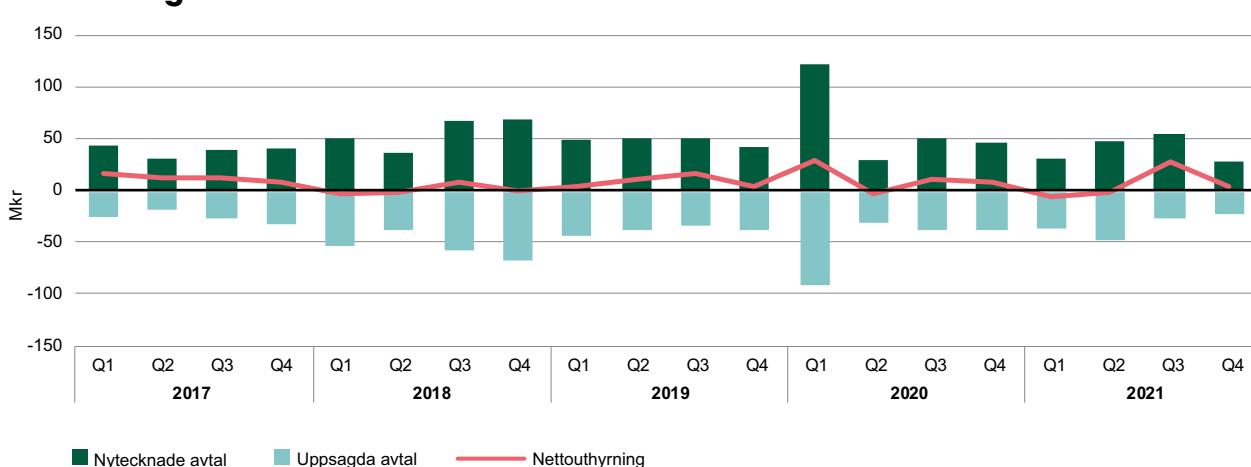
¹ Includes contracts with completion dates in the future.

Leases and maturities

	Number contracts	Contract value, SEKm	Share of value, %
Leases for premises, maturity year			
2022	988	256	13
2023	812	374	19
2024	652	405	21
2025	340	228	12
2026+	244	457	24
Total	3,036	1,720	89
Residential	1,909	159	8
Other leases ¹	2,740	57	3
Total	7,685	1,936	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 31 Dec	2020 31 Dec
Investment properties	11	27,993	24,512
Other non-current assets		71	74
Current receivables		223	304
Cash and cash equivalents	14	1,150	-
TOTAL ASSETS		29,437	24,890
<hr/>			
EQUITY AND LIABILITIES			
Equity	12	11,823	9,148
Deferred tax liability		2,194	1,699
Interest-bearing liabilities	13	14,748	13,247
Overdraft facilities	14	-	63
Non-current lease liability		54	55
Current liabilities		618	678
TOTAL EQUITY AND LIABILITIES		29,437	24,890

Condensed statement of changes in equity, SEK million

	Equity	Of which attributable to share-holders of the parent company	Of which attributable to non-controlling interests
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
<i>Profit for the period after tax</i>	2,324	2,306	17
Comprehensive income for the period	2,324	2,306	17
<i>Dividend</i>	-442	-442	-
<i>Issue of new shares</i>	800	800	-
<i>Issue costs</i>	-8	-8	-
<i>Tax effect of issue costs</i>	2	2	-
Equity, 31 Dec 2021	11,823	11,749	74

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 year, 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

	31 Dec 2021	31 Dec 2020
	SEKm	SEKm
Investment properties	25,504	23,072
Project properties	2,392	1,401
Development rights	96	39
Value of property portfolio, 31 December	27,993	24,512

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 19,338 million, and 131 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. This results in a value range of SEK 25,893–30,092 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

	31 Dec 2021	31 Dec 2020		
	SEKm	Number	SEKm	Number
Value of property portfolio, 1 Jan	24,512	329	22,885	333
Acquisitions	695	14	38	2
Investments in new builds, extensions and conversions	1,219		1,518	
Sales	-224	-7	-127	-8
Unrealised changes in value	1,790		198	
Value of property portfolio, 31 Dec	27,993	338¹	24,512	329²

¹Two properties were created through a reorganisation of the Sundsvall Alliero 20 property.

²[¹]Two properties were created through a reorganisation of the Umeå Magne 4 property

LIST OF PROPERTY TRANSACTIONS JANUARY - DECEMBER 2021

Sold and completed on

Property	Quarter	City Area, sq.m. Price ¹ , SEKm	
Portfolio of 3 properties	2	Gävle/Borlänge	13,556
Västland 26:3	3	Sundsvall	2,286
Alliero 20,25,26	3	Sundsvall	2,389
Total		15,842	258

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
Portfolio of 3 properties	2	Borlänge	8,442
Tenoren 1	2	Borlänge	3,984
Portfolio of 2 properties	2	Gävle	7,553
Noten 10 (land)	3	Sundsvall	-
Gaffeln 1	4	Skellefteå	12,525
Portfolio of 3 properties	4	Skellefteå	6,502
Härads Hövdingen 7	4	Östersund	2,759
Total		48,069	707

¹ Underlying property value.

VALUATION ASSUMPTIONS PER PROPERTY SEGMENT

	31 Dec 2021				31 Dec 2020					
	Office	Retail	Residential	Industrial/ warehouse	Other	Office	Retail	Residential	Industrial/ warehouse	Other
Rental value, SEK per sq.m	1,501	1,639	1,273	573	1,350	1,440	1,518	1,229	561	1,311
Operations & maintenance, SEK per sq.m	342	496	436	209	369	338	465	431	211	362
Yield for assessing residual value, %	5.4	6.1	3.7	6.4	5.8	5.7	6.3	4.0	6.8	6.0
Cost of capital for discounting to present value, %	7.3	8.3	5.8	8.6	7.9	7.5	8.5	6.1	8.9	8.2
Long-term vacancy, %	4.8	4.5	0.5	10.2	4.4	5.0	4.3	0.6	10.6	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. Valuation assumption 31 December 2020 has been restated to take account of a changed breakdown from category to property segment.

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	616	-616	205	-205	186	-186	
Operations & maintenance, +/- SEK 25 per sq.m	-323	323	-107	107	-93	93	
Yield, +/- 0.5%	-1,234	1,494	-364	430	-372	491	
Cost of capital, +/- 0.5%	-303	315	-92	95	-62	64	
Long-term vacancy rate, +/- 1%	-197	197	-71	71	-47	19	
	-197	197	-71	71	-47	19	
					-13	13	
					-52	51	
					-361	352	

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 1,219 million (1,518).

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 environmental impact. During the year, SEK 1,219 million (1,518) was invested in a total of 783 projects (872). At the end of the year, 31 major¹ projects were under way, with a remaining investment volume of SEK 1,125 million and a total investment volume of SEK 2,983 million. During the year, decisions were made on 439 new investments. The return on completed investments for the period was 9.0 per cent on the invested amount while the return on our ongoing projects, excluding new builds, was 8.5 per cent.

¹Initial investment volume > SEK 6 million.

PROJECT DEVELOPMENT

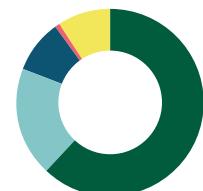
Projects refer to the creation of new spaces, property improvement refers to investments in existing properties in the form of conversions and extensions as well as energy-saving measures.

Type	City	Property	Property type	Leasable area, sq.m.	Occupancy rate, %	Planned investment, SEK million	Rental value, SEKm	Start of construction	Estimated completion	Environmental category
>New build	Umeå	Magne 5	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	Stigbygeln 2	Office	9,646	100	290	20.9	Q2 2020	Q4 2022	BREEAM SE Very good
Improvement	Borlänge	Mimer 1	Education/training	11,175	100	344	21.5	Q1 2022	Q3 2023	BREEAM SE Very good
Improvement	Sundsvall	Lyckan 6	Office	3,883	100	107	8.9	Q4 2020	Q2 2022	
New build	Luleå	Porsön 1:423	Office	5,452	100	182	11.7	Q3 2021	Q2 2023	BREEAM SE Very good

 Tenants in the central, regional or local government sectors.

Projects with an initial investment volume >SEK 100 million.

PROPERTY VALUE PER CATEGORY



- Kontor, 62%
- Butik, 19%
- Bostad 9%
- Industri/lager, 1%
- Övrigt, 9%

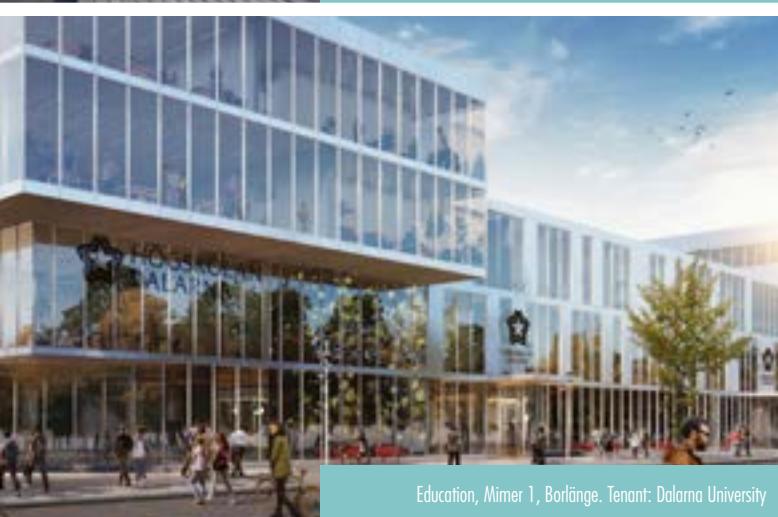
PROPERTY VALUE PER CITY



- Borlänge, 7%
- Östersund, 14%
- Falun, 7%
- Are, 2%
- Mora, 2%
- Skellefteå, 8%
- Gävle, 10%
- Umeå, 17%
- Sundsvall, 16%
- Luleå, 16%



Offices, Stigbygeln 2, Umeå. Tenant: Swedish Police Authority



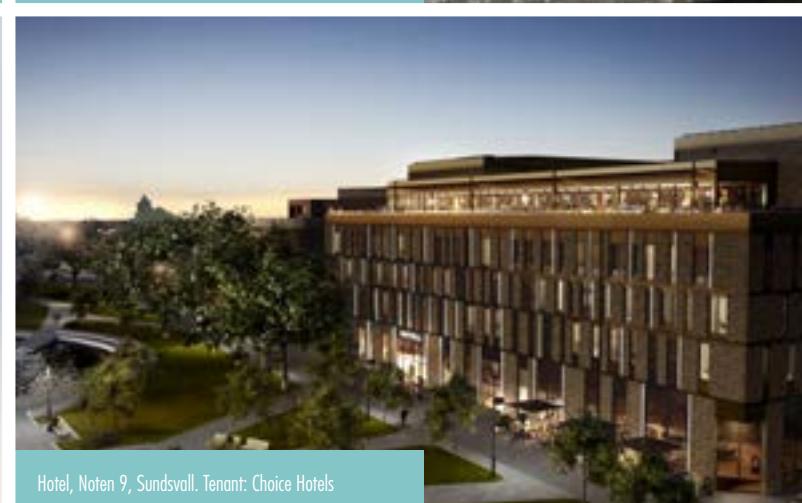
Education, Mimer 1, Borlänge. Tenant: Dalarna University



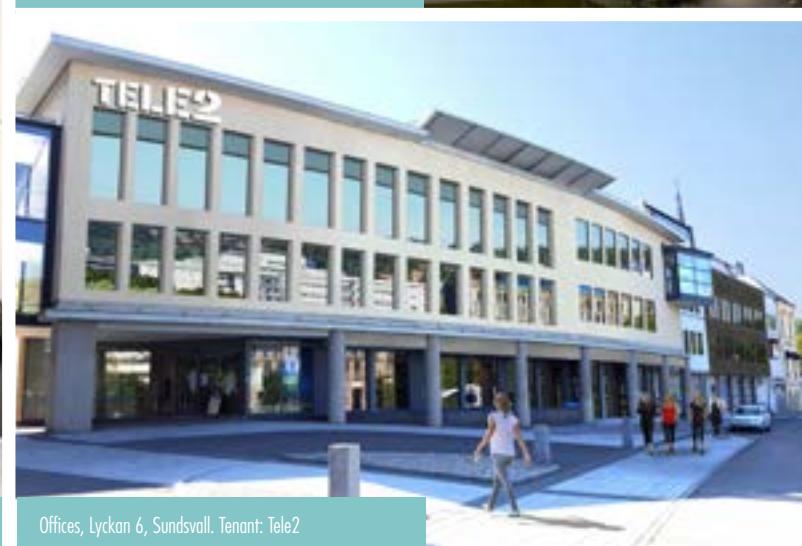
Hotel, Magne 5, Umeå. Tenant: Choice Hotels



Offices, Infagan 1, Borlänge. Tenant: Swedish Transport Administration



Hotel, Noten 9, Sundsvall. Tenant: Choice Hotels



Offices, Lyckan 6, Sundsvall. Tenant: Tele2

Comments on the balance sheet, continued

Capital structure

At 31 December, 40 per cent (37) of Diös' total assets of SEK 29,437 million were financed through equity, 50 per cent (53) through interest-bearing debt and 10 per cent (10) through other items.

Note 12 Equity

On 1 December, a private placement of 7,272,727 shares was carried out, which raised SEK 794 million in new equity. Equity at 31 December was SEK 11,823 million (9,148). The equity ratio was 40.2 per cent (36.8), which exceeds the target of 35 per cent.

Note 13 Interest-bearing liabilities

Interest-bearing liabilities in the Group were SEK 14,748 million (13,249). Of total interest-bearing liabilities, SEK 9,322 million (10,725) refers to bank financing, SEK 1,090 million (719) to covered bonds, SEK 2,613 million (1,805) to commercial paper and SEK 1,750 million (0) to unsecured bonds. Amortised cost of the commercial paper amounted to SEK 2,610 million (1,803). At the end of the year, the loan-to-value ratio in the Group was 48.6 per cent (54.3). The secured loan-to-value ratio amounted to 33.0 percent (46.9). The average annual interest rate, including the cost of derivatives and loan commitments, was 1.1 per cent (1.2) and the interest coverage ratio for the year was 6.4 times (6.0).

Derivatives

Out of the Group's total interest-bearing liabilities, SEK 4,500 million (4,750) has been hedged through derivatives. At 31 December 2021, the market value of the derivative portfolio was SEK 38 million (2.8). The financial instruments limit the impact of changes in interest rates on our average borrowing cost. 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 2020).

Changes in value are recognised through profit or loss.

Interest rate and debt maturity structure at 31 December 2021

Maturity year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average annual interest rate ¹ , %	Credit agreements, SEKm	Drawn, SEKm
2022	6,282	0.9	5,680	3,925
2023	6,104	1.1	6,220	5,918
2024	2,191	1.3	4,771	2,971
2025	-	-	-	-
>2026	196	0.9	1,960	1,960
Total	14,773	1.0	18,630	14,773
Undrawn credit facilities ²	3,855	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 31 December 2021.

² The cost of undrawn credit facilities affects the average annual interest rate by 0.10 percentage points.

AT 31 DECEMBER 2021	If market interest rates increase by 1 percentage point		
	Change in annual average interest rate, %	Change in annual average interest expense, SEKm	Change in market value, SEKm
Loan portfolio excl. derivatives	0.8	+119	
Derivatives portfolio	-0.3	-45	+103
Loan portfolio incl. derivatives	0.5	+74	+103

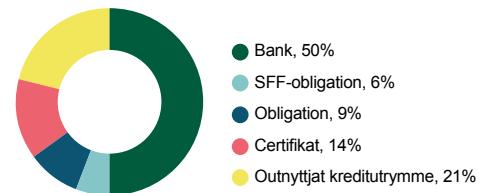
Fixed-rate terms and loan maturities

The average fixed-rate term, including derivatives, was 0.9 years (1.1) and the average loan maturity 2.0 years (2.5). Of the Group's outstanding loans, SEK 2,913 million (2,105) is subject to fixed interest rates, of which SEK 2,613 million (1,805) refers to commercial paper.

Note 14 Cash and cash equivalents and overdraft facilities

Consolidated cash and cash equivalents at the end of the year were SEK 1,150 million (0) and drawn overdraft facilities were SEK 0 million (63). The agreed limit on the overdraft facility was SEK 600 million (600).

FÖRDELNING AV RÄNTEBÄRANDE FINANSIERING



Derivatives at 31 December 2021

Type	Nominal value, SEKm	Remaining maturity, years	Swap rate, %	Market value, SEKm
Interest rate swaps	1000	2.9	0.05	12.4
Interest rate swaps	1000	1.4	-0.09	3.7
Interest rate swaps	1000	1.9	-0.05	5.7
Interest rate swaps	500	2.5	-0.02	5.0
Interest rate swaps	500	3.1	0.05	7.0
Interest rate swaps	500	2.6	0.00	4.7
Total	4,500	2.3	-0.02	38

Cash flow

Condensed consolidated cash flow statement, SEK million

	2021 3 mos Oct-Dec	2020 3 mos Oct-Dec	2021 12 mos Jan-Dec	2020 12 mos Jan-Dec
OPERATING ACTIVITIES				
Operating surplus	321	295	1,289	1,219
Central administration	-20	-21	-70	-71
Reversal of depreciation, amortisation and impairment	0	0	0	1
Interest received	1	2	5	6
Interest paid	-51	-59	-189	-196
Tax paid	6	-12	-53	-75
Cash flow from operating activities before changes in working capital	257	205	982	884
Changes in working capital				
Decrease (+)/increase (-) in receivables	132	17	91	-80
Decrease (-)/increase (+) in current liabilities	-35	-8	-60	-91
Total changes in working capital	97	9	31	-171
Cash flow from operating activities	354	214	1,013	713
INVESTING ACTIVITIES				
Investments in new builds, conversions and extensions	-352	-474	-1,219	-1,518
Acquisition of properties	-280	-	-696	-38
Sale of properties	96	96	240	141
Cash flow from investing activities	-536	-378	-1,675	-1,415
FINANCING ACTIVITIES				
Dividends paid	-222	-	-443	-221
SHARE BUY-BACKS	-	-	-	-29
New issue less transaction costs	794	-	794	-
New borrowing, interest-bearing liabilities	236	299	1,658	1,202
Repayment and redemption of interest-bearing liabilities/lease liability	-29	-48	-134	-107
Change in overdraft facility	-	-87	-63	-143
Cash flow from financing activities	779	164	1,812	702
Cash flow for the period	597	0	1,150	0
Cash and cash equivalents at beginning of period	553	0	0	0
Cash and cash equivalents at end of period	1,150	0	1,150	0

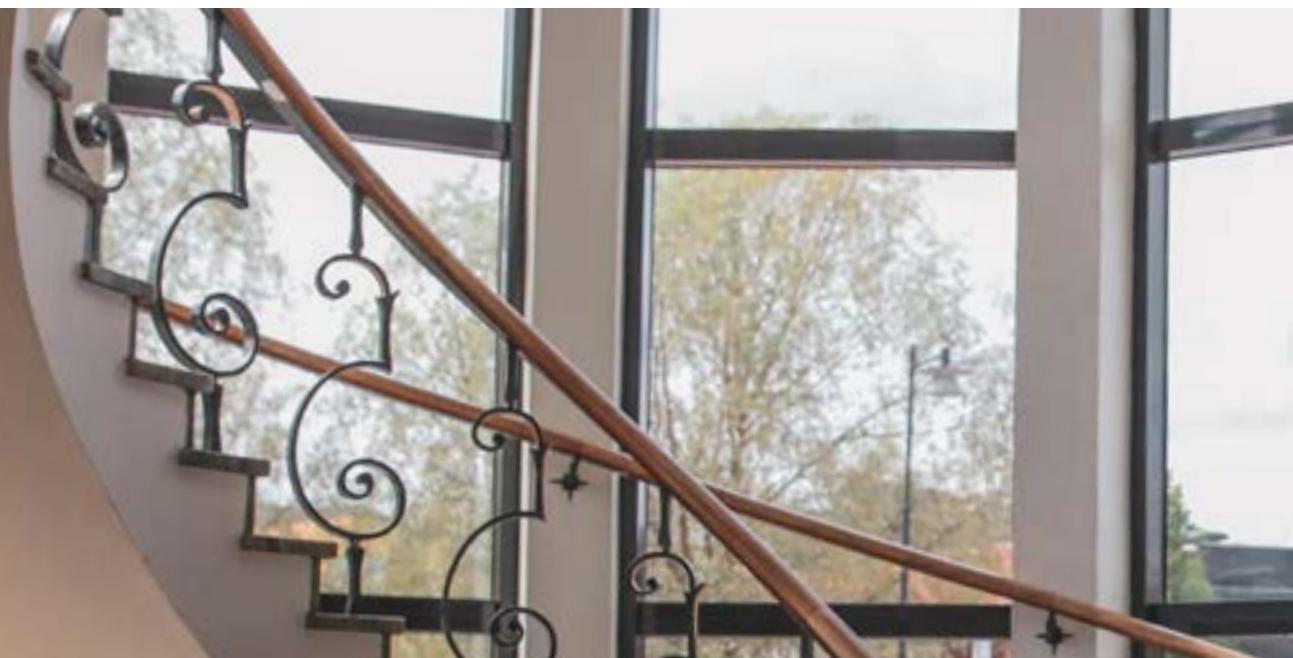
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Reporting by business unit at 31 December Amounts in SEKm unless otherwise indicated.

2021

By business unit	Dalarna	Gävle	Sundsvall	Äre/Östersund	Umeå	Skellefteå	Luleå	Group
Rental income	259	169	267	277	225	116	274	1,587
Service income								
Tariff-based services	46	21	36	52	29	19	34	237
Care and upkeep	20	14	20	34	19	8	24	139
Other income	1	0	0	1	1	0	1	4
Repair and maintenance	-13	-7	-9	-15	-10	-5	-10	-69
Tariff-based costs	-43	-20	-34	-51	-27	-18	-30	-222
Property tax	-14	-11	-17	-17	-17	-7	-22	-106
Other property costs	-31	-24	-32	-43	-31	-12	-36	-209
Property management	-13	-9	-9	-16	-9	-5	-11	-72
Operating surplus	212	133	222	222	180	97	224	1,289
Central administration/net financial items								-259
Property management income								1,030
Property, realised	2	3	10	-	-	-	-	16
Property, unrealised	272	141	294	405	211	286	181	1,790
Interest rate derivatives	-	-	-	-	-	-	-	36
Profit before tax	-	-	-	-	-	-	-	2,872
Leasable area, sq.m	289,540	158,569	215,019	299,257	207,306	135,043	206,687	1,511,421
Rental value	358	231	343	401	301	158	348	2,141
Economic occupancy rate, %	91	88	94	91	91	90	95	92
Surplus ratio, %	65	65	69	66	66	68	67	66
Property portfolio, 1 January	3,580	2,617	4,167	4,111	4,075	1,686	4,276	24,512
ACQUISITIONS	190	103	11	42	112	238	-	696
Investments in new builds, extensions and conversions	307	124	179	133	323	46	107	1,219
Sales	-48	-70	-106	-	-	-	-	-224
Unrealised changes in value	272	141	294	405	211	286	181	1,790
Property portfolio, 31 December	4,301	2,916	4,545	4,690	4,721	2,256	4,563	27,993

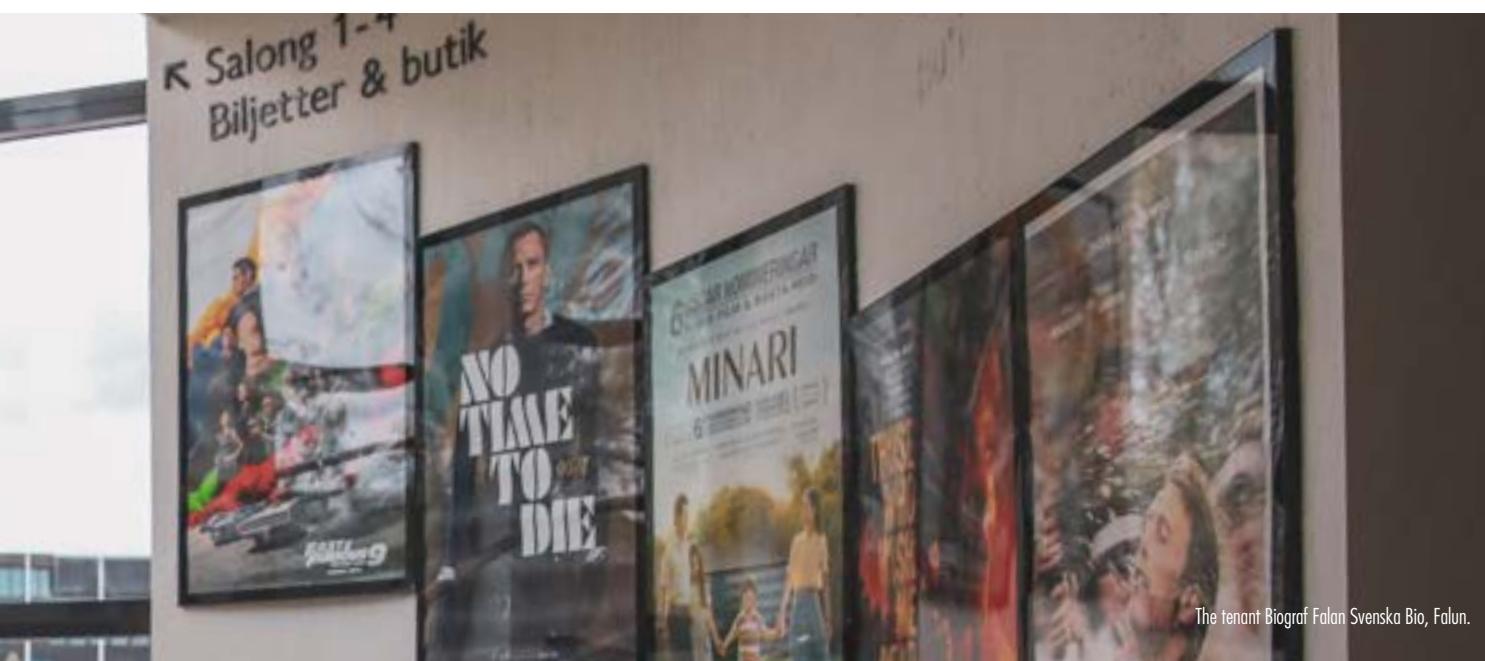
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2020

By business unit	Dalarna	Gävle	Sundsvall	Äre/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.



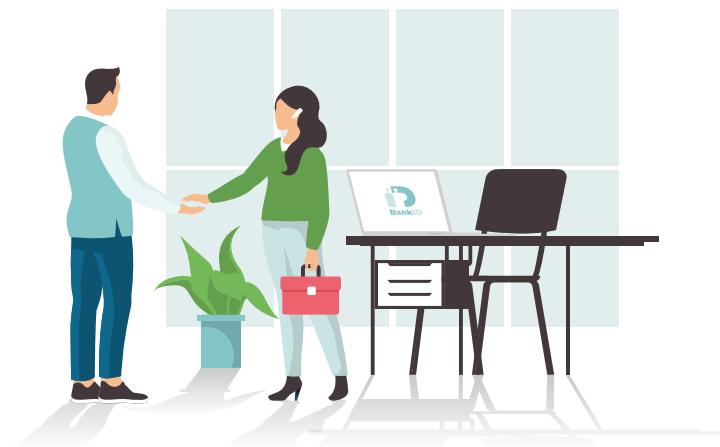
The tenant Biograf Falan Svenska Bio, Falun.

Financial key ratios

The interim 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 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.

	2021 3 mos Oct-Dec	2020 3 mos Oct-Dec	2021 12 mos Jan-Dec	2020 12 mos Jan-Dec
Share information				
Number of shares outstanding at end of period (thousands)	141,344	134,071	141,344	134,071
Average number of shares ('000)	136,443	134,071	134,669	134,166
<i>There is no dilutive effect, as no potential shares (such as convertibles) exist.</i>				
Property management income				
Profit before tax	1,149	554	2,872	1,152
Reversal				
Change in value, properties	-884	-327	-1,806	-194
Change in value, derivatives	-15	2	-36	0
Property management income	250	229	1,030	958
EPRA earnings (property management income after tax)				
Property management income	250	229	1,030	958
Current tax attributable to property management income	7	6	-42	-29
Profit attributable to non-controlling interests	-6	0	-17	1
EPRA earnings	251	235	971	930
EPRA earnings per share, SEK	1.84	1.75	7.21	6.93
Loan-to-value ratio				
Interest-bearing liabilities			14,748	13,247
Reversal				
Cash and cash equivalents			-1,150	0
Drawn overdraft facilities			0	63
Net debt			13,598	13,310
Investment properties			27,993	24,512
Loan-to-value ratio, %			48.6	54.3
Secured loan-to-value ratio				
Net debt			13,598	13,310
Unsecured liabilities			-4,353	-1,803
Secured liabilities			9,245	11,507
Investment properties			27,993	24,512
Secured loan-to-value ratio, %			33.0	46.9
Equity ratio				
Equity			11,823	9,148
Total assets			29,437	24,890
Equity ratio, %			40.2	36.8



	2021 3 mos Oct-Dec	2020 3 mos Oct-Dec	2021 12 mos Jan-Dec	2020 12 mos Jan-Dec
Interest coverage ratio				
Property management income	250	229	1,030	958
Reversal				
Financial costs	51	45	190	191
Total	301	274	1,220	1,149
Financial costs	51	45	190	191
Interest coverage ratio, times	5.9	6.1	6.4	6.0
Net debt to EBITDA				
Interest-bearing liabilities			14,748	13,247
Cash and cash equivalents			-1,150	0
Overdraft facilities			0	63
Net debt			13,598	13,310
Operating surplus			1,289	1,219
Central administration			-75	-76
Reversal				
Depreciation and amortisation			4	5
EBITDA			1,218	1,148
Net debt to EBITDA			11.1	11.6
EPRA NRV/NTA				
Equity			11,823	9,148
Equity relating to non-controlling interests			-74	-57
Reversal				
Fair value of financial instruments			-39	-3
Deferred tax on temporary differences			2,104	1,592
EPRA NRV			13,815	10,680
EPRA NRV per share			97.7	79.7
Deductions:				
Fair value of financial instruments			39	3
Estimated actual deferred tax on temporary differences, approx. 4% ¹			-392	-297
EPRA NTA			13,461	10,386
EPRA NTA per share			95.2	77.5
EPRA NDV				
Equity			11,823	9,148
Equity relating to non-controlling interests			-74	-57
EPRA NDV			11,749	9,091
EPRA NDV per share			83.1	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

	2021 3 mos Oct-Dec	2020 3 mos Oct-Dec	2021 12 mos Jan-Dec	2020 12 mos Jan-Dec
OTHER KPIs				
Return on equity, %			22.1	10.4
Equity per share, SEK			83.6	68.2
Earnings per share, SEK	7.03	3.27	17.08	6.81
Cash flow per share, SEK				
Profit before tax	1,149	554	2,872	1,152
Reversal				
Unrealised change in value, properties	-874	-329	-1,790	-198
Unrealised change in value, derivatives	-15	2	-36	0
Depreciation and amortisation	1	1	4	5
Current tax	6	-12	-53	-75
Total	267	216	997	884
Average number of shares ('000)	136,443	134,071	134,669	134,166
Cash flow per share, SEK	1.96	1.61	7.40	6.58
Net leasing, SEK million				
Newly signed contracts	27	45	159	244
Terminated contracts	-21	-36	-128	-193
Net leasing	6	9	31	51
OTHER INFORMATION				
Contracted rental income, SEKm	493	472	1,909	1,834
Economic occupancy rate, %	89	90	89	89
Surplus ratio, %	65	63	68	66
Debt/equity ratio, times			1.2	1.4
EPRA vacancy rate				
Estimated market rent for vacant space			189	177
Annualised rental value, whole portfolio			2,110	2,070
EPRA vacancy rate, %	9.0	8.6		



Gövle.

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 175 million (181) and the profit after tax was SEK 183 million (177). Income referred chiefly to services sold to the Group's subsidiaries. Cash and cash equivalents at 31 December were SEK 1,129 million (0) and drawn overdraft facilities were SEK 0 million (83). External interest-

bearing liabilities, excluding overdraft facilities, totalled SEK 5,412 million (3,401), of which SEK 2,610 million (1,803) referred to outstanding commercial paper. The average annual interest rate based on the situation at 31 December was 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

INCOME STATEMENT	2021 12 mos Jan-Dec	2020 12 mos Jan-Dec
Revenue	175	181
Gross profit	175	181
Central administration	-213	-217
Operating profit	-38	-36
Income from interests in Group companies	142	154
Financial income	402	367
Financial costs	-321	-296
Profit after financial items	185	189
Appropriations	-	-7
Profit after appropriations	185	182
Current tax	-2	-5
Profit after tax	183	177
STATEMENT OF COMPREHENSIVE INCOME		
Profit after tax	183	177
Comprehensive income for the year	183	177

Condensed parent company balance sheet, SEK million

ASSETS	2021 31 Dec	2020 31 Dec
Investments in Group companies	2,265	2,265
Receivables from Group companies	16,481	14,983
Other assets	18	17
Cash and cash equivalents	1,129	-
TOTAL ASSETS	19,893	17,265
EQUITY AND LIABILITIES		
Equity	3,475	2,941
Untaxed reserves	16	16
Provisions	-	1
Interest-bearing liabilities	5,412	3,401
Liabilities to Group companies	10,948	10,777
Overdraft facilities	-	83
Other liabilities	42	46
TOTAL EQUITY AND LIABILITIES	19,893	17,265



Other information

Employees and organisation

The number of employees as at 31 December was 144 (162), of whom 61 were women (69). The majority of our employees, 95 people (109), work in our business units and the rest at our head office in Östersund. Our Pick-Pack-Post concept currently employs five people (4), all women (4).

Risks and uncertainties

Effects of Covid-19

Restrictions and limitations resulting from the Covid-19 pandemic were lifted during the autumn of 2021, but around the end of the year, some restrictions were reintroduced as a result of an increased spread of infection. The conditions for our tenants to conduct their business are affected primarily in the restaurant and tourism industry. The risk of doubtful debts and bad debts is still considered to be greater than before the pandemic, as there is still some uncertainty about the profitability and financial status of tenants in particularly hard-hit segments. Hotels, cafés, restaurants and stores selling consumer durables have had a reduced turnover and fewer visitors, which affects their ability to make payments and their liquidity. This in turn increases the risk of suspended or deferred rent payments. Changed needs and behaviours can affect demand for commercial premises, which can have a negative impact on rents and property values and lead to increased long-term vacancies as well as negatively affecting loan covenants.

The effects of earlier or current Covid-19 restrictions or measures can and have affected us in the following ways:

- Monthly rather than quarterly payments affect liquidity.
- Restrictions on gatherings, or people's reluctance to gather, as well as travel restrictions 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 government has decided to extend its rent support scheme into the third quarter of 2021. Discounts for 2021 were provided in an amount of around SEK 9 million.

From 23 December, restrictions were introduced, which were then further strengthened on 12 January 2022, to prevent the spread of Covid-19. Read more about current restrictions on the Government website at regeringen.se.

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	25,894	27,993	30,092
Equity ratio, %	35.6	40.2	44.1
Loan-to-value ratio, %	52.5	48.6	45.2

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	+/-114

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. IAS 34 disclosures are presented in notes as well as in other parts of the interim report. Property-related transactions in the fourth quarter have been recognised based on calculations of the preliminary consideration. The calculation of the final consideration will be completed in the first quarter of 2022. 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.

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

Summary of quarterly results

	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue, SEKm	500	480	504	483	472	478	450	478
Operating surplus, SEKm	321	325	353	290	295	335	299	290
Property management income, SEKm	250	261	288	231	229	271	229	229
Profit for the period, SEKm	965	402	435	522	438	229	57	189
Surplus ratio, %	65	68	76	61	63	72	69	62
Economic occupancy rate, %	89	89	88	90	90	90	84	91
Equity ratio, %	40.2	36.5	36.0	37.4	36.8	36.0	35.5	36.5
Property loan-to-value ratio, %	48.6	52.7	53.8	53.7	54.3	55.2	54.9	54.8
Average interest rate at end of period, % ¹	1.1	1.1	1.1	1.3	1.2	1.2	1.3	1.3
Interest coverage ratio, times	5.9	6.4	7.0	6.3	6.1	6.7	5.3	6.1
Property management income per share, SEK	1.77	1.95	2.15	1.72	1.70	2.02	1.71	1.70
Earnings per share after tax, SEK	7.03	2.98	3.22	3.86	3.27	1.72	0.42	1.42
Equity per share, SEK	83.7	75.1	72.1	72.1	68.2	65.0	63.3	64.5
Market price per share, SEK	118.8	85.4	88.7	71.8	76.8	63.5	62.3	66.3

¹ Includes expenses relating to commitment fees and derivatives.

Goal

OPERATIONAL AND FINANCIAL TARGETS	Outcome 2021	Target 2021
Growth in property management income per share, %	6	10 ¹
Energy use, %	-1	-3
Return on equity, annualised, %	22.1	>12
Distribution of profit for the year ² , %	50.3	~50
Loan-to-value ratio, %	48.6	<55
Equity ratio, %	40.2	>35

¹ The growth in property management income per share will be 10 per cent on average during the period 2021–2023.

² 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, 30 per cent comes from tax-funded activities and 8 per cent from residential properties.



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 year was SEK 118.8 (76.8), which represents a market capitalisation of SEK 16,844 million (10,331), and the return for the past 12 months was 54.7 per cent (10.5). If the dividend is included, the total return on the shares for the period was 60.6 per cent (-7.9). 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 29.1 per cent (5.8) and the return on the OMX Stockholm Real Estate PI index was 43.6 per cent (-5.7).

At 31 December, Diös had 18,733 shareholders (18,065). The proportion of foreign-owned shares was 24.3 per cent (23.0) of the total number of shares, which increased over the period to 141,785,165 (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 (52.0) 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 12 per cent. The return for the year was 22.1 per cent (10.4). Equity at the end of the year was SEK 11,823 million (9,148) and the long-term net asset value, EPRA NAV, was SEK 13,815 million (10,680). On a per share basis, EPRA NAV was SEK 97.7 (79.7), which means that the share price at 31 December represented 122 per cent (96) of the long-term net asset value. The net asset value per share for the year, expressed as EPRA NTA, was SEK 95.2 (77.5).

Earnings

Earnings per share for the year were SEK 17.08 (6.81) while long-term earnings per share, expressed as EPRA EPS, were SEK 7.21 (6.93). 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 December 2021

SHAREHOLDER	No. of shares	Capital and votes, %
AB Persson Invest	21,818,606	15.4
Backahill Inter AB	14,857,452	10.5
Nordstjernan AB	14,308,698	10.1
Pensionskassan SHB Försäkringsförening	8,096,827	5.7
Avanza Pension	3,049,500	2.2
BlackRock	3,030,939	2.1
Vanguard	2,970,039	2.1
Karl Hedin	2,485,547	1.8
ODIN Fonder	2,210,777	1.6
Sten Dybeck, including company and family	2,175,183	1.5
Total, largest shareholders	75,003,568	53.0
Acquisition of own shares	441,418	0.3
Other shareholders	66,340,179	46.7
TOTAL	141,785,165	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 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, 11 February 2022

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 2021	Week 11, 2022	PROPOSED DIVIDEND SEK 3.52 PER SHARE
Annual General Meeting 2022	5 April 2022	First payment date, 12 April 2022 SEK 0.88 per share
Q1, Interim Report Jan–Mar	28 April 2022	Second payment date, 12 July 2022 SEK 0.88 per share
Q2, Interim Report Jan–Jun	7 July 2022	Third payment date, 12 October 2022 SEK 0.88 per share
Q3, Interim Report Jan–Sep	21 Oct 2022	Fourth payment date, 12 January 2023 SEK 0.88 per share

Events after the reporting period

In January 2022, five properties were taken into possession in Skellefteå comprising approximately 40,000 sq.m. with an underlying property value of SEK 810 million.

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 11 February 2022, at 7:00 a.m. CET.*

Definitions

Definitions of key ratios were changed during the period.

Number of shares at end of period

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

Return on equity NEW DEFINITION

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.

Loan-to-value ratio, properties

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

Yield

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

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.

Equity per share

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

Economic occupancy rate

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 for tax purposes, 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 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 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 VACANCY RATE

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

Property management income

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

AVERAGE NUMBER OF SHARES

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

Contracted rental income

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

Rental value

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

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.

Cash flow per share

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

Net 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.

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. A project property will be returned as investment properties 12 months after completion.

New build

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

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 customisation

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

Earnings per share

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

Interest coverage ratio

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

Service income

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

Debt/equity ratio

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

Equity ratio

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

Secured loan-to-value ratio NEW DEFINITION

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.

SURPLUS RATIO

Operating surplus for the period divided by contracted rental income for 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

11 February 2022 at 10:00 a.m.

CEO Knut Rost and CFO Rolf Larsson will give a presentation of the results, which will be followed by a Q&A 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/Sweden/rapporter-och-presentationer/kalender/eventdetaljer/2021/>

The presentation can also be viewed after the event.

Diös