

Q4 2023

Diös Fastigheter AB Year-end report 2023

” We continued to navigate troubled times and delivered our strongest operating surplus in Diös’ history.

Knut Rost, CEO

Diös

Highlights for the quarter

- Revenue increased by 14 per cent to SEK 646m (568).
- Net leasing was SEK 1m (18).
- Operating surplus increased by 20 per cent to SEK 439m (365).
- Property management income¹ increased by 2 per cent to SEK 229m (224).
- Unrealised changes in value of properties¹ were SEK -496m (-367) and unrealised changes in value of derivatives were SEK -505m (-13).
- The loss after tax was SEK 687m (113).
- Earnings per share were SEK -4.86 (-0.80).



Significant events during the quarter

- Diös divests four properties in Skellefteå for SEK 788m. Completion will take place in January 2024.

Overview of the year

- Revenue increased by 13 per cent to SEK 2,504m (2,209).
- Net leasing was SEK 19m (77).
- Operating surplus increased by 16 per cent to SEK 1,711m (1,469).
- Property management income¹ decreased by 18 per cent to SEK 903m (1,106).
- Unrealised changes in value of properties¹ were SEK -1,393m (-175) and unrealised changes in value of derivatives were SEK -481m (104).
- The loss after tax was SEK 850m (profit: 830).
- Earnings per share were SEK -6.01 (5.87).
- The Board of Directors proposes that no dividend be paid for the 2023 financial year.

Summary of earnings, SEKm

	2023 3 mos Oct-Dec	2022 3 mos Oct-Dec	2023 12 mos Jan-Dec	2022 12 mos Jan-Dec
Revenue	646	568	2,504	2,209
Operating surplus	439	365	1,711	1,469
Property management income ¹	229	224	903	1,106
Profit/loss before tax	-770	-147	-963	1,045
Profit/loss after tax	-687	-113	-850	830

Surplus ratio, %	70	66	70	68
Occupancy rate, %	93	91	92	91
Return on equity, % ²			-7.4	7.0
Property management income per share, SEK ^{1,2}			6.4	7.6
Equity ratio, %			34.6	38.1
Property loan-to-value ratio, %			54.4	51.9
Interest coverage ratio, times ¹			2.2	5.0
Equity per share, SEK			77.6	85.6
EPRA NRV per share, SEK			95.6	100.5

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

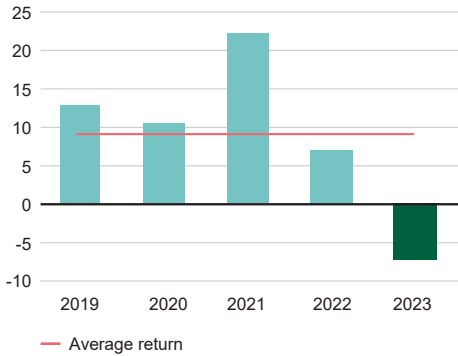
¹ The comparative periods are restated due to capitalised interest expenses; see accounting policies on page 27.

² Rolling 12-month basis.

Target follow-up

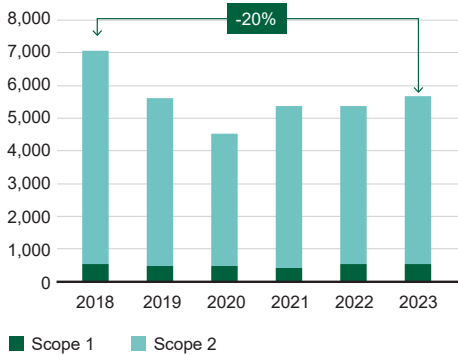
Our two main targets are to reach an average return on equity over a five-year period of at least 12 per cent, and to reduce our carbon dioxide emissions by 50 per cent by 2030, compared with the base year 2018.

Return on equity, %



The outcome of -7.4 percent for 2023 is mainly attributed to negative unrealized value changes on properties and derivatives.

Greenhouse gas emissions, tonnes CO₂e



The increased CO₂e emissions for 2023 are explained by an increased heating demand due to lower annual temperatures.



Knut Rost, CEO.

Chief Executive's review

Our strongest operating profit despite a troubled world

In a world affected by inflation, new financial conditions, war, and uncertainty, we deliver our strongest operating surplus in Diös history. The operating surplus amounts to SEK 1,711m and the surplus ratio to 70 percent. Revenues increase on an annual basis by 13 percent, and the occupancy rate is at a record-high of 93 percent. Net leasing for the year amounts to SEK 19m. For the quarter, revenue increased by 14 per cent to SEK 646m, net operating surplus increased by 20 per cent, equivalent to SEK 439m, and property management income increased by 2 per cent to SEK 229m. Our business-driven Diös teams and our strong market provide us with conditions to further develop our business and exploit the largest green growth revolution of our time. We are continuing to navigate troubled times. With more experience and a clearer focus, we are building a stable path to the future.

The past year has given us new perspectives on our everyday activities and the world around us. At the same time that we are seeing population growth and investments in our market, northern Sweden, we are living with an unpredictability in economic and world events that we have not experienced before.

There is no doubt that our ability to act generated an operating profit for 2023 to be proud of. We took advantage of new business opportunities and clarified our business model, which is permeated by sustainable initiatives, and further strengthened our position as the largest property owner in a growing market. We have delivered a very strong net operating income due to reduced vacancies and cost efficiency, resulting in both our occupancy rate and our surplus ratio being

at record high levels. Earnings are also marked by higher financial expenses and negative changes in the value of our properties and derivatives. By the fourth quarter, we had 88 per cent of our total portfolio valued externally. Property management income for the year was SEK 903m, which is a decrease of 18 per cent on the previous year. The loan-to-value ratio amounted to 54.4 percent. As we have had a short fixed-interest term over the years, we have already been affected by the increased interest expenses and the average interest paid today corresponds to the marginal interest rate for new financing. When interest rates are reduced, which they are expected to do as early as the first half of 2024, it has a direct positive effect on our net financial assets.

Taking advantage of business opportunities in a growth market

The green transition taking place in northern Sweden involves huge investments of at least SEK 1,500bn in the Swedish basic industries, such as the steel, hydrogen and forestry industries, which are already in full swing. Large innovation companies such as Northvolt and H2 Green Steel have recently secured billions of SEK in new financing. The other day, Uniper and Jämtkraft announced the major investment in the production of renewable electrofuel through NorthStarH2, in Östersund, which is one of many new investments that are continuously being announced in northern Sweden. The high pace of investment and relocation to the region leads to strong long-term economic growth. The offering of services and other opportunities around these establishments is crucial for success, and we are the largest property owners in these cities. In addition, our region has on average significantly lower unemployment rates compared with Sweden as a whole.

Our focus is on catering to our cities with attractive offices, commercial premises for urban service and contributing to the construction of more homes. Thanks to the growth in our market, where we see an increased demand for modern offices in the right locations, not least for public sector tenants, we have the opportunity to increase

rent levels and continue to reduce vacancies. We do so with a lower climate impact through, among other things, efficient energy optimisation, reuse in our adaptations and smarter material choices. This leads to both increased profitability and brings us closer to our target of a 50 per cent reduction in emissions by 2030. Some examples of major lettings and renegotiations in the past quarter are lettings to Metria in Umeå, the Swedish Social Insurance Agency in Västra Stranden in Luleå and to long-stay company Forenom, also in Västra Stranden in Luleå. All with rent levels around SEK 2,800/sq.m. We have also established strong brands in retail such as Åhléns in Mora, as well as the retail chains Normal and Clas Ohlson in Sundsvall to name a few.

Financial conditions and future increased values

After a year marked by a weak transaction market, we feel that it has now begun to move. At the end of the year, we announced a divestment of four properties for SEK 788m in Skellefteå at book value. After the end of the period, we have divested 22 residential properties for SEK 385 million, which is in line with our strategy to divest properties with low returns and focus the portfolio more towards commercial properties. We are seeing an increased interest from more actors in entering or strengthening their ownership in our cities. I am convinced that the depreciation of the property values we, both in the industry and as a company, experienced during the year will subside and eventually shift to appreciation in the coming year.

At the beginning of 2024, we refinanced bank loans of SEK 4bn with maturity in January and March, respectively. Our renegotiations and refinancing indicate continued strong confidence from the banks, where we are also secure in the face of future debt maturities. Bank loans comprise 85 per cent of our financing. The interest coverage ratio strengthened to 2.2 times in the fourth quarter, from 2.1 times in the previous quarter. New derivatives, lower Stibor-fixing and increased interest income have had a positive impact on net financial items for the quarter, compared with the third quarter. We see that the loan-to-value ratio will be strengthened as the proceeds from the divestments made in the short term will be used to pay down debt.

The board of Diös proposes that no dividend be paid for the fiscal year 2023, with the rationale that it creates the best conditions for the company and the shareholders at present. A strengthened balance sheet provides more favorable financing terms and thus lower costs. The board assesses the company's ability to resume dividend payments in the coming years as very favorable.

Sustainable tenant offering

Our sustainability work permeates the entire company and is a central part of our business. The share of green properties in our portfolio is now 25 per cent

compared with 16 per cent in the previous year. Investing in a more sustainable portfolio contributes to a higher return and creates conditions for lower risks in the management and more attractive tenant offerings, and provides a basis for green financing. We reduced our energy use by -2.1 per cent and continue to optimise our properties through strengthened technical expertise in the company. Another important part of our efforts to reduce our climate footprint is the increased rate of reuse and how we adapt premises together with our tenants through active dialogues on what does not need to be replaced with new materials.

Looking ahead

I view 2024 positively with a more stable financial position, although the general economy will continue to be challenging and there will be uncertainty in the outside world. Towards the end of the year, I believe in a lower interest rate level, which gives us and others a more secure investor market in the property industry. We continued to be business-driven during the year, creating both new lettings and renegotiating existing contracts at a high pace while navigating in a short-term perspective and implementing measures to minimise the economic impact of rising interest rates and uncertain financial conditions. I am convinced that what is going on with the huge investments being made in our market in today's largest green growth revolution will build Sweden's economic conditions moving forward. We are involved in creating the conditions for this by creating attractive cities and taking advantage of the business opportunities that accompany new establishments and existing tenants that are growing. We have a strong corporate culture and are well-equipped for the future.

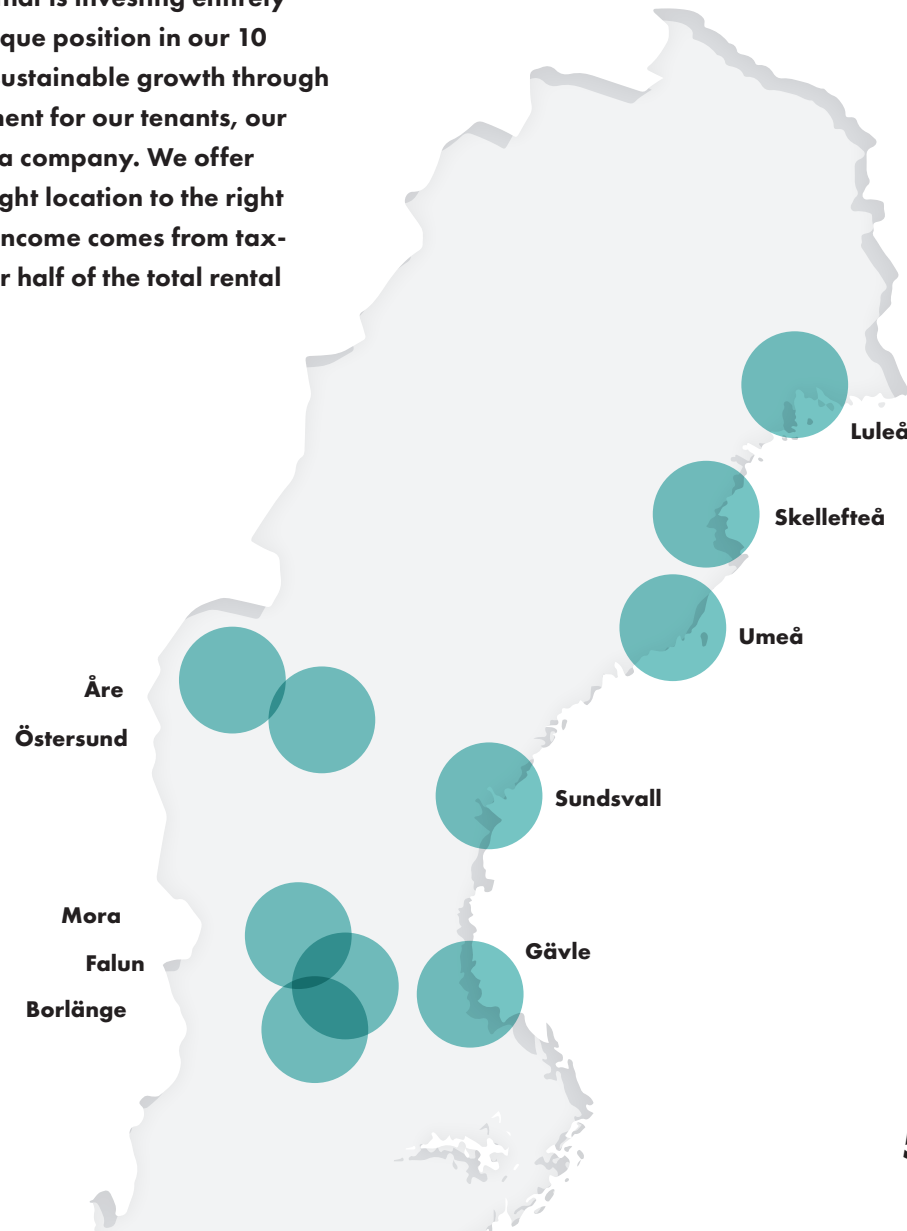
As my employment contract with Diös expires at the end of 2024 after more than 10 years of commitment to the company, it feels both natural and melancholic at the same time. It has been a fantastically exciting and developing journey where we built the company to become a leader in our market – northern Sweden. It would of course not have been possible without the excellent cooperation and confidence shown by the owners, the Board and the employees over the years. Together, we have created the company's growth that has taken us to where we are today. I am grateful for all the years I have served as the CEO of the company and realise that it is time for me to make room for something else in my professional life. I will remain with the company until the new CEO is in place and will of course follow Diös' continued journey of growth, but from the stands.



Knut Rost, CEO

This is Diös

We are the property company that is investing entirely in northern Sweden. With a unique position in our 10 growth cities, we are creating sustainable growth through commercial property development for our tenants, our shareholders and ourselves as a company. We offer commercial premises – in the right location to the right tenant. One third of our rental income comes from tax-funded operations and just over half of the total rental income is from offices.



Vision

To create Sweden's most inspiring cities.



Mission

To create Sweden's most attractive places with the right content, where people want to be, live, work and meet.



Core values

Simple. We are clear, open and honest.

Close. We are interested, listen and are available.

Active. We turn words into action, take our responsibility and have the courage to make decisions.



Our promise to tenants

Everything is possible!

We want our tenants to do well and everything is possible! Our tenants are our primary focus – if they thrive, we thrive.



Our DNA

We have implementation capacity and strong local support and we focus on cooperation. We act on trends and impact factors where we capture opportunities and changing needs. Ideas are the basis of our development.





359

No. of properties



31.2

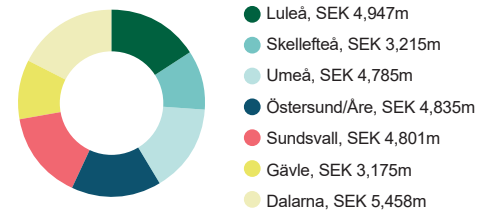
Property value, SEKbn



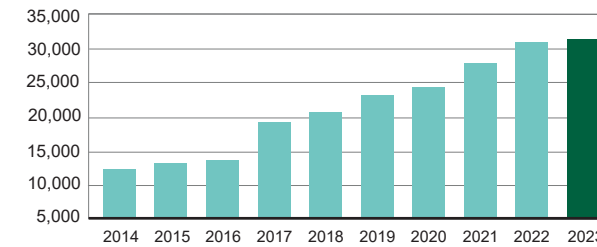
1,621

Leasable area,
thousand sq.m.

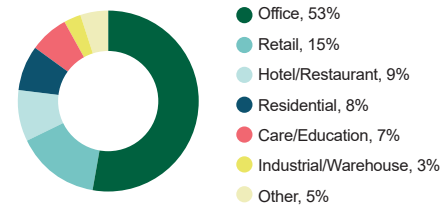
Property value per business unit, SEKm



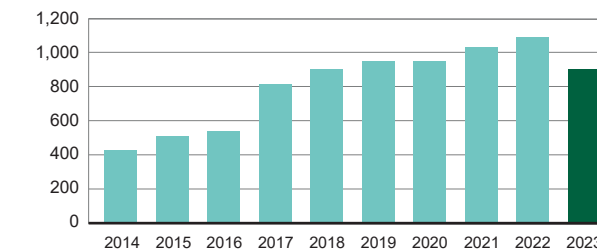
Property value, SEKm



Rental value by type of premises, %

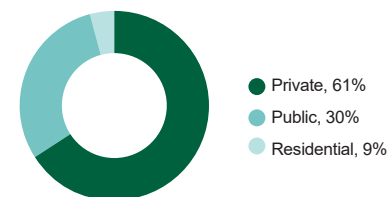


Property management income¹, SEKm

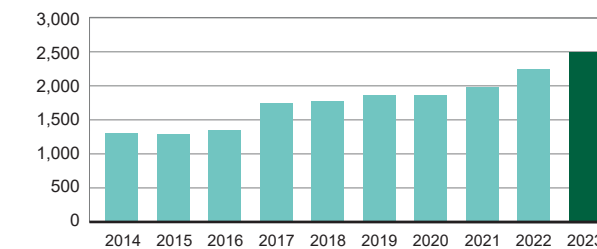


¹ The 2022 comparative period was restated due to capitalised interest expenses; see accounting policies on page 27.

Contract value by category, %



Rental income, SEKm



Krister Bergström, Property Technician, and Roger Kennergren, Technical Manager, at the tenant HouseBe in Åre.

Current projects

**City:** Luleå**Property:** Biet 4, Västra Stranden**Type of project:** Offices**Leasable area:** 4,920 sq.m.**Completed:** Q2 2024**Tenant:** Swedish Social Insurance Agency**Investment:****SEK
206m****City:** Borlänge**Property:** Mimer 1**Type of project:** Education/training**Leasable area:** 13,332 sq.m.**Completed:** Q2 2024**Tenant:** Dalarna University**Investment:****SEK
570m**

” The modern office is the hub of the development of an attractive city.

**City:** Umeå**Property:** Vale 17, The Vale block**Type of project:** Offices and premises for urban service**Leasable area:** 5,030 sq.m.**Completed:** Q1 2025**Tenant:** Swedish Social Insurance Agency**Investment:****SEK
206m****City:** Umeå**Property:** Vale 17, The Vale block**Type of project:** Residential**Leasable area:** 2,800 sq.m.**Completed:** Q1 2026**Investment:****SEK
132m**

All illustrations of current projects are vision depictions.

Sustainability

Through clear sustainability goals, we run the business in a responsible way and create long-term business.

Climate targets

Our goal is to reduce emissions in scope 1 and 2 by at least 50 per cent by 2030 compared with the base year of 2018, in order to reach net zero by 2045. The emissions in scope 2 and category 3.3 depend on actual energy use. Despite an equivalent portfolio and energy savings in like-for-like, emissions increased compared with the previous year due to the fact that 2023 was a colder year than 2022, making the heating requirements in our properties higher.

Energy

Energy and power requirements in properties are largely affected by external factors such as temperature, wind and sun, but also by the comfort requirements inside the properties. Both external and internal factors are constantly changing and require us to actively work with optimisation to keep both costs and emissions down. For the year, energy consumption in comparable stocks decreased by 2.1 per cent. Signing green leases with our tenants is engaging and creates incentives for both parties to reach common energy solutions.

Projects and investments

New production and renovation entail direct and indirect emissions and extensive resource utilisation. We work actively with life cycle analyses in the early stages of major projects to understand what measures and choices we need to make to reduce our climate impact from the projects. In our work on life cycle assessments, we strive for comparability in the projects, an increased level of knowledge and a better exchange of experiences.

Employees

We actively work with well-being and skills development for our employees. Within the scope of our Diös Academy training programme, we introduced a digital training platform in 2023 that enables more courses aimed at the entire organisation. Skills development is an important part of inspiring drive and commitment among our employees. The annual survey showed a willingness to recommend the company equivalent to an eNPS of 47 points, which is high compared to the industry average

of 21 points. Extensive confidence in managers and colleagues is expressed in the employee surveys.

EU taxonomy

We choose to voluntarily report in accordance with the EU taxonomy for increased transparency and comparability in the industry. Preliminary and simplified reporting is made quarterly. Our entire business will be subject to the taxonomy as it primarily

consists of the acquisition and ownership of properties, activity 7.7. The economic activities are exposed to environmental objective 1 to limit our climate impact.

The ongoing efforts to improve the energy performance and resilience of the property portfolio will be increased during the year through, among other things, our environmentally certified properties. With all business units now having local and property-specific climate analyses in place, the proportion of aligned properties is increasing.



99%

non-fossil energy

We purchase source-guaranteed electricity. Our energy mix is calculated without climate offset.

COMPANY TARGETS		Unit	2023	2022	2018 ¹	Comments
Emissions scope 1 and 2	tonnes CO ₂ e	5,613	5,351 ²	7,022		Target: -50 per cent by 2030. Reviewed and approved by the Science Based Target initiative, SBTi The current figure is -19 per cent. The year's increase is due to a greater need for heating in 2023 than in the previous year.
Emissions scope 3	tonnes CO ₂ e	800	744 ²	844		Fuel-related emissions and business travel
Green properties	% of MV	25	16	-		
Environmentally certified properties	% of MV	33	22	-		To rating level BREEAM In-Use, <i>very good</i> or equivalent
Energy-efficient properties	% of MV	52	42	-		Properties with a maximum of 85 kWh/sq.m. of Atemp in primary energy
Climate risk-analysed properties	% of MV	51	26	-		We have carried out local climate risk and vulnerability analyses in all of our cities
Employee willingness to recommend the company, eNPS ³	points	47	48	-		Target: eNPS > 45 points
KPIs FOR THE YEAR			2023 12 mos Jan-Dec	2022 12 mos Jan-Dec	2018 12 mos Jan-Dec	
Energy consumption for comparable portfolio (LfL)	kWh/Atemp	114.8	117.2	-		Electricity and climate-corrected district heating
Energy use from district cooling (LfL)	kWh/Atemp	12.7	12.9	-		Not included in the energy savings target
Energy saving (LfL)	%	-2.1	-3.3	-		Target: -3 per cent
Actual energy consumption, rolling 12 months (Abs)	kWh/leasable area	152.2	147.8	-		District heat not adjusted to a normal year
Share of non-fossil energy	%	99	98	98		Emissions data from Swedenergy for 2022
Produced solar electricity	MWh	1,379	1,466	<1		
Green lease	%	18	11	4		More than 60 per cent of newly signed leases are green
TAXONOMY REPORTING, indicative						
Compliant turnover	% / SEKm	25 / 558	12 / 238	-		
Compliant capital expenditure	% / SEKm	10 / 158	3 / 34	-		
Compliant operating expenses	% / SEKm	25 / 520	12 / 219	-		

¹ Base year. Historical data was restated in 2022.
² Emissions within scope 2 and category 3.3 were restated during the third quarter when new emission factors were published for district heating. This means that the comparison with the previous annual report is not consistent.
³ Employee Net Promoter Score measures employees' willingness to recommend their workplace on a scale of -100 to 100 points.
⁴ Share of commercial leases with green annexes of annual contract value.
⁵ Compatible sales and operating expenses were restated to align with updated disclosure principles. Full taxonomy reporting can be found in the upcoming annual report.

Income statement

Condensed consolidated income statement and statement of comprehensive income, SEKm

	Note	2023 3 mos Oct-Dec	2022 3 mos Oct-Dec	2023 12 mos Jan-Dec	2022 12 mos Jan-Dec
INCOME STATEMENT					
Rental income ¹		582	519	2,296	2,029
Service income ¹		64	48	208	179
Total income	1	646	568	2,504	2,209
Property costs	2	-206	-203	-793	-740
Operating surplus	3	439	365	1,711	1,469
Central administration	4	-26	-37	-89	-90
Net financial items ²	5	-185	-104	-720	-273
Property management income	6	229	224	903	1,106
Change in value, properties ²	7	-495	-358	-1,385	-165
Change in value, interest rate derivatives	8	-505	-13	-481	104
Profit/loss before tax	9	-770	-147	-963	1,045
Current tax	10	0	50	-28	-16
Deferred tax	10	83	-16	141	-199
Profit/loss for the period		-687	-113	-850	830
Profit/loss attributable to shareholders of the parent company		-687	-113	-850	830
Total		-687	-113	-850	830
STATEMENT OF COMPREHENSIVE INCOME					
Profit/loss for the period		-687	-113	-850	830
Comprehensive income for the period		-687	-113	-850	830
Comprehensive income attributable to shareholders of the parent company		-687	-113	-850	830
Total		-687	-113	-850	830
Earnings per share, SEK		-4.86	-0.80	-6.01	5.87
Number of shares outstanding at end of period		141,430,947	141,430,947	141,430,947	141,430,947
Average number of shares		141,430,947	141,430,947	141,430,947	141,427,602
Number of treasury shares at the end of the period		354,218	354,218	354,218	354,218
Average number of treasury shares		354,218	354,218	354,218	357,563

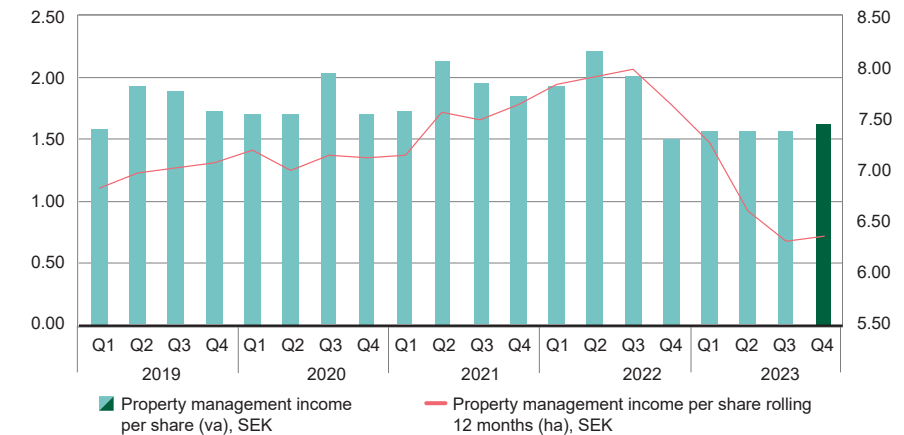
¹ The comparative periods are restated due to a reclassification between rental income and service income; see accounting policies on page 27.

² The comparative periods are restated due to capitalised interest expenses; see accounting policies on page 27.

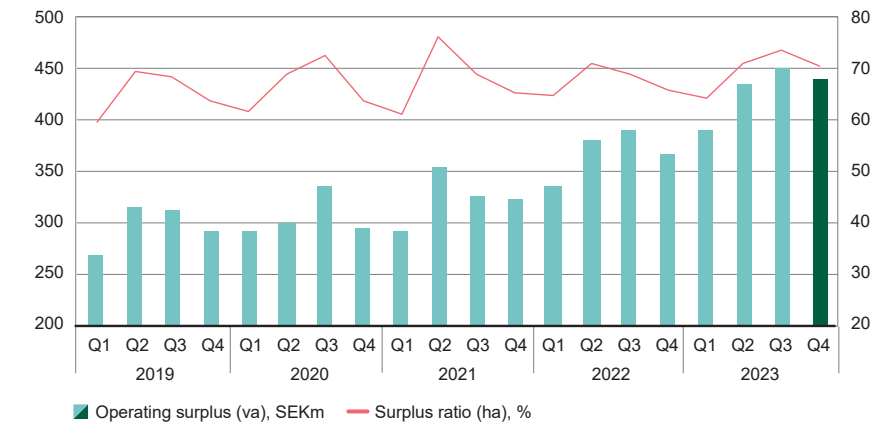
There is no dilutive effect, as no potential shares (such as convertibles) exist.

Columns/rows may not add up due to rounding.

Property management income per share¹



Operating surplus and surplus ratio



Earnings analysis October-December 2023

Note 1 Revenue

Revenue for the quarter was SEK 646m (568) and the economic occupancy rate was 93 per cent (91). In a comparable portfolio, contracted rental income increased by 10.6 per cent in the quarter compared with the previous year. Other property management income totalled SEK 23m (11) and consisted of the costs of work on leased premises that are passed on to tenants and received electricity support of SEK 12m. Of our commercial leases, 96 per cent have upward index adjustments, where 93 per cent have a CPI adjustment and 3 per cent a fixed upwards adjustment.

	2023 Oct-Dec	2022 Oct-Dec	Change %
REVENUE GROWTH			
Comparable properties	584	524	10.6
Projects in progress	13	9	
Completed projects	26	19	
Acquired properties	-	-	
Sold properties	-	3	
Property tax assessment 2022	-	2	
Contracted rental income	623	557	
Other property management income	23	11	
Revenue	646	568	

Note 2 Property costs

The property costs for the quarter were SEK 206m (203). Of the total property costs, SEK 7m (6) refers to work on leased premises where the costs are passed on to tenants.

Note 3 Operating surplus

The operating surplus was SEK 439m (365) and the surplus ratio was 70 per cent (66). For comparable properties, operating surplus increased by 19,7 per cent compared with the fourth quarter of the previous year.

Note 4 Central administration

The central administration expense was SEK 26m (37). In the previous year, the item included a non-recurring cost of SEK 10m for a feasibility study for a project that was not carried out.

Note 5 Net financial items¹

Net financial items for the quarter were SEK -185m (-104). The higher cost over the previous year is mainly related to higher market interest rates and a larger net debt. The net financial items for the quarter are positively affected by derivatives and interest received from liquid investments and financing agreements.

The interest costs for the quarter, including costs for interest rate derivatives and loan commitments, represent borrowings at an average annual interest rate of 4.6 per cent (2.7).

Note 6 Property management income¹

Property management income for the quarter, i.e. income excluding changes in value and tax, was SEK 229m (224). This is an increase of 2 per cent compared with the previous year. For comparable properties, property management income decreased by 10.1 per cent compared with the fourth quarter of the previous year.

¹ The comparative periods are restated due to capitalised interest expenses; see accounting policies on page 27.



Emma Widgren, Commercial Property Manager, at our tenant Bontouch in Östersund.



Earnings analysis October-December 2023, continued

Note 7 Changes in value, properties

The average direct yield requirement in the valuation at the end of the quarter was 6.11 per cent (5.74), an increase of 0.10 per cent since the previous quarter. The unrealised change in value for the quarter¹ was SEK -496m (-367), the realised change in value was SEK 1m (9). The unrealised change in value is attributable to a higher direct yield requirement. For more information, see Note 11. The market value was SEK 31,215m (31,136) at 31 December.

During the quarter, 0 properties (2) were acquired while 0 properties (1) were divested.

	2023 3 mos. Oct-Dec	2022 3 mos. Oct-Dec
UNREALISED CHANGES IN VALUE, PROPERTIES, SEKM		
Investment properties	-477	-303
Project properties	-19	-52
Development rights	0	-12
Unrealised change in value	-496	-367

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 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 quarter, unrealised changes in value on derivatives totalled SEK -505m (-13), which have been fully recognised in the income statement. The change in value is attributable to rising market interest rates.

Note 9 Profit/loss before tax

The loss before tax amounted to SEK 770m (147). The change in earnings is mainly attributable to unrealised changes in the value of properties and derivatives.

Note 10 Tax

The nominal corporate tax rate in Sweden is 20.6 per cent. There are no tax loss carry-forwards in the Group and there are untaxed reserves of SEK 482m (467). The fair value of the properties exceeds their tax value by SEK 15,865m (16,195). Deferred tax has been calculated at 10,718 (10,956). The difference is attributable to deferred tax on asset acquisitions. Diös has no ongoing tax disputes.

	2023 3 mos Oct-Dec	2022 3 mos Oct-Dec
TAX CALCULATION, SEKM		
Profit/loss before tax	-770	-147
Nominal tax rate 20.6%	159	31
Non-deductible interest	-79	-1
Other tax adjustments	3	4
Reported tax expense	83	34
<i>Of which current tax</i>	<i>0</i>	<i>50</i>
<i>Of which deferred tax</i>	<i>83</i>	<i>-16</i>

Current tax was SEK 0m (50) and deferred tax was SEK 83m (-16). The change in deferred tax is attributable to the unrealised changes in value.

¹ The comparative periods are restated due to capitalised interest expenses; see accounting policies on page 27.

Our tenants

Tenants

Our tenant base is well diversified geographically and in terms of industry. There were 3,177 premises leases (3,219) and there were 2,305 residential leases (2,232). The ten largest tenants represent 18 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. The share of commercial green leases is 18 per cent of the annual contract value.

Net leasing

Net leasing for the quarter was SEK 1m (18) and the total for the year was SEK 19m (77). Major lettings during the quarter were to the Swedish Social Insurance Agency in Biet 4,Luleå, and Forenom AB in Biet 7, Luleå, while major terminations were from Östersund Municipality in Nejonögat 3, Östersund, and Nordea AB in Skönsmon 2:97, Sundsvall.

Lease term

At 31 December, the average contract term for commercial premises was 4.0 years (4.3).

Vacancies

At 31 December, the economic vacancy rate was 7 per cent (9) while the vacant area was 12 per cent (12). Adjusted for project-related and non-leasable vacancies¹, the physical vacancy rate was 11 per cent. Economic vacancies are highest in office and retail premises while physical vacancies are highest in office and industrial premises.

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

Our largest tenants at 31 December 2023

	No. of contracts	Annual contract value ¹ , SEK '000	Average lease term ¹ , years
🇸🇪 Swedish Transport Administration	24	100,011	6.2
🇸🇪 Swedish Police Authority	42	63,723	6.0
Nordic Choice Hotels	4	58,828	14.4
🇸🇪 Swedish Social Insurance Agency	18	43,322	3.0
🇸🇪 Municipality of Falun	12	35,007	6.5
🇸🇪 Östersund Local Authority	76	34,783	2.0
🇸🇪 Swedish Public Employment Service	24	32,213	2.5
Swedbank AB	12	25,581	3.6
🇸🇪 Swedish Migration Board	7	25,012	2.1
Telia Sverige AB	22	24,134	6.4
Total	241	442,613	6.0

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

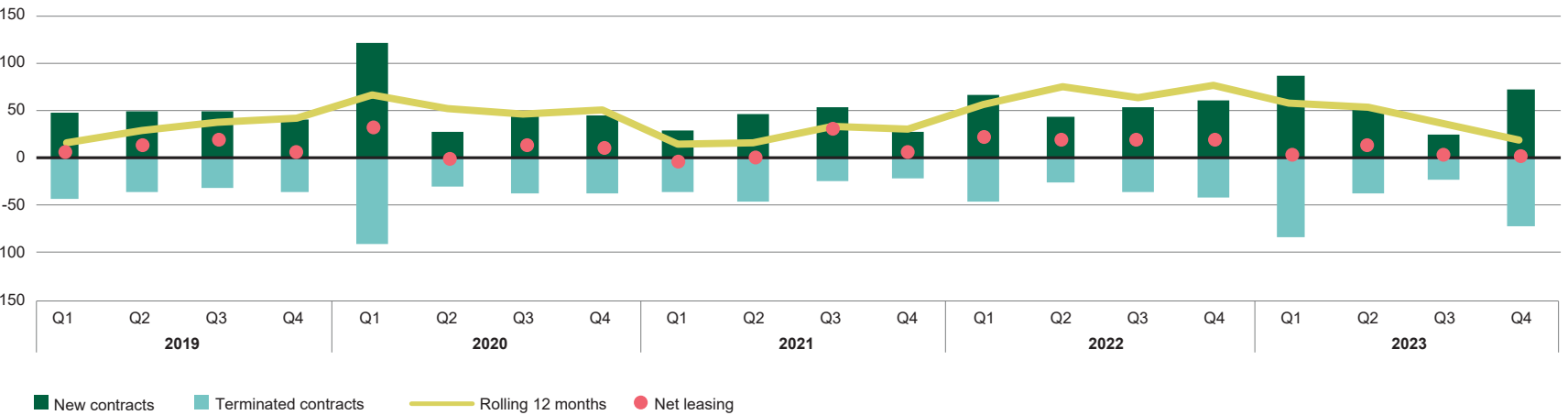
¹ Includes contracts with completion dates in the future.

Leases and maturities

	Number contracts	Contract value, SEKm	Share of value, %
Leases for premises, maturity year			
2024	1,018	322	13
2025	815	473	19
2026	661	426	17
2027	434	304	12
2028+	249	676	27
Total	3,177	2,199	89
Residential	2,305	204	8
Other leases ¹	2,148	63	3
Total	7,630	2,467	100

¹ Other leases refer mainly to garage and parking spaces.

Net leasing, SEKm



Balance sheet and equity

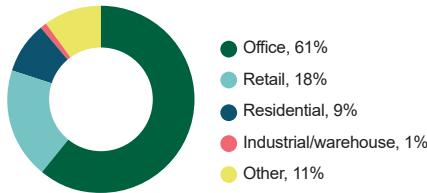
Condensed consolidated balance sheet, SEKm

ASSETS	Note	2023 31 Dec	2022 31 Dec
Property, plant and equipment and intangible assets			
Investment properties	11	31,215	31,136
Other non-current assets		88	65
Total property, plant and equipment and intangible assets		31,302	31,201
Non-current financial assets		12	12
Total non-current assets		31,314	31,213
Current assets			
Current receivables		259	290
Derivatives		43	143
Cash and cash equivalents	14	98	88
Total current assets		400	520
Total assets		31,714	31,733
EQUITY AND LIABILITIES			
Equity	12	10,968	12,102
Non-current liabilities			
Deferred tax liability		2,242	2,383
Other provisions		10	10
Liabilities to credit institutions	13	10,510	10,781
Non-current lease liability		74	52
Other non-current liabilities		51	17
Total non-current liabilities		12,887	13,243
Current liabilities			
Current portion of liabilities to credit institutions	13	6,573	5,478
Current portion of lease liabilities		9	7
Overdraft facilities	14	-	-
Derivatives		381	-
Current liabilities		897	903
Total current liabilities		7,859	6,388
Total equity and liabilities		31,714	31,733

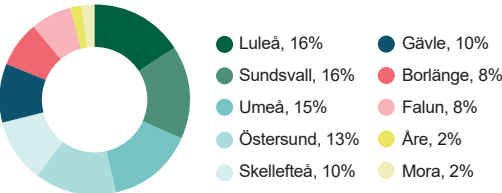
Condensed statement of changes in equity, SEKm

	Equity	Of which attributable to share- holders of the parent company	Of which attributable to non- controlling interests
Equity, 31 Dec 2021	11,823	11,749	74
Profit/loss for the period after tax	830	830	0
Comprehensive income for the period	830	830	0
Sale of own shares	9	9	-
Acquisition of minority interests	-65	8	-74
Dividend	-496	-496	-
Equity, 31 December 2022	12,102	12,102	0
Profit/loss for the period after tax	-850	-850	0
Comprehensive income for the period	-850	-850	0
Dividend	-283	-283	-
Equity, 31 Dec 2023	10,968	10,968	0

Property value per category



Property value per city



Comments on the balance sheet¹

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 and primarily consists of office properties, premises for urban service and residential properties.

	31 Dec 2023	31 Dec 2022
PROPERTY PORTFOLIO	SEKm	SEKm
Management portfolio	27,674	28,246
Project properties	3,400	2,757
Development rights	141	133
Investment properties	31,215	31,136

Property value

All properties are valued at each quarterly closing with the aim of determining the individual value of the properties in the event of a sale. Any portfolio effects are thus not taken into account. At 31 December, 88 per cent of the property value was externally valued by CBRE. The valuations are based on a cash flow model with an individual assessment for each property of both future earning capacity and market return requirements. In assessing a property's future earning capacity, a long-term inflation assumption of 2 per cent, the estimated market rents at contract maturity, occupancy rate and property costs were taken into account. The market's return requirements are determined by an analysis of completed property transactions for properties with a similar standard and location. Projects and project properties have been valued according to the same principle but with deductions for remaining investment and the risk premium. Development rights have been valued on the basis of an estimated market value in SEK/sq.m. of gross floor space for established building rights. The average value of the development rights in the valuation is approximately SEK 1,300/sq.m. gross floor space. The valuations are in accordance with IFRS 13 level 3.

¹The comparative figures in the comments on the balance sheet correspond to the previous year's adopted annual report.

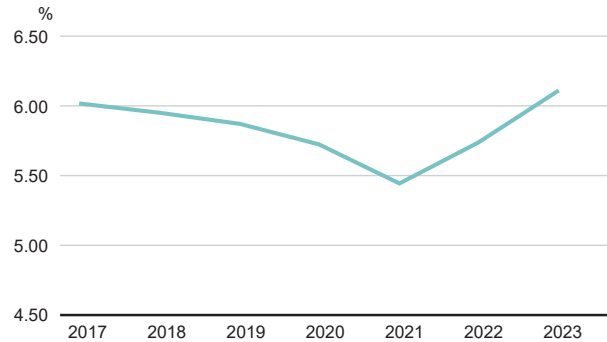
Change in property value

	31 Dec 2023		31 Dec 2022	
	SEKm	Number	SEKm	Number
Value of property portfolio, 1 Jan	31,136	363	27,993	340
Acquisitions	-	-	2,004	28
Investments in new builds, extensions and conversions¹	1,631	-	1,332	-
Sales	-160	-4	-18	-10
Unrealised changes in value¹	-1,393	-	-175	-
Value of property portfolio at year-end	31,215	359	31,136	363²

¹ The comparative periods are restated due to capitalised interest expenses; see accounting policies on page 27.

² Property realloiment has affected the number of properties.

Yield for assessing residual value, %



Valuation assumptions per property category

	31 Dec 2023					31 Dec 2022				
	Offices	Retail	Residential	Industrial/warehouse	Other	Office	Retail	Residential	Industrial/warehouse	Other
Rental value, SEK per sq.m	1,827	1,933	1,464	805	1,569	1,745	1,868	1,422	789	1,502
Operations & maintenance, SEK per sq.m.	386	512	479	243	353	368	477	459	237	345
Yield for assessing residual value, %	6.1	6.5	4.9	6.3	6.1	5.8	6.1	4.4	5.8	5.8
Cost of capital for discounting to present value, %	8.6	9.0	7.4	8.8	8.5	8.2	8.6	6.9	8.3	8.2
Long-term vacancy, %	6.6	6.8	3.2	9.7	6.0	6.3	6.6	3.5	10.1	5.6

The valuation model is usually based on a calculation period of 10 years or longer if actual leases with a duration of more than 10 years exist. The figures not in comparable property stocks.

Sensitivity analysis per property category, SEK '000s

	Offices		Retail		Residential		Industrial		Other business		Total	
Rental value, +/- SEK 50 per sq.m.	645,192	-645,192	303,947	-303,947	133,592	-133,592	59,663	-59,663	145,207	-145,207	1,287,601	-1,287,601
Operations & maintenance, +/- SEK 25 per sq.m.	-322,596	322,596	-144,169	144,169	-66,796	66,796	-29,831	29,831	-72,604	72,604	-635,997	635,997
Yield, +/- 0.5%	-729,546	862,508	-283,419	331,047	-143,956	177,536	-30,393	36,661	-130,223	153,852	-1,317,536	1,561,603
Cost of capital, +/- 0.5%	-598,935	627,956	-252,759	265,211	-90,757	95,243	-29,197	30,839	-127,565	134,746	-1,099,213	1,153,995
Long-term vacancy rate, +/- 1%	-209,681	209,685	-97,184	97,184	-19,469	19,225	-8,666	8,666	-35,604	32,834	-370,604	367,594

Comments on the balance sheet, continued

Investments

During the quarter, SEK 486m (394) was invested, of which SEK 1m (25) was related to property disposal.

Ongoing projects and investments are continuing according to plan. Demand for tenant adaptations remains good, while current market conditions have led us to postpone some project starts, especially for residential production.

INVESTMENTS	31 Dec 2023	31 Dec 2022
Investments in new builds	234	288
Investments in improvement properties	468	351
Investments in tenant adaptations	928	693
Total	1,631	1,332

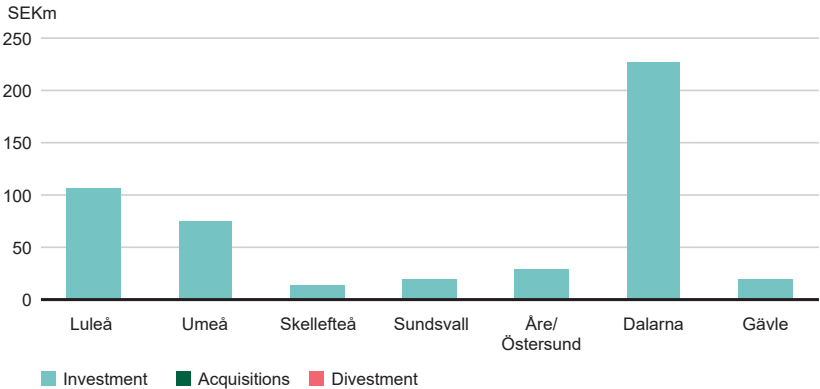
Acquisitions

No property acquisitions were made during the quarter.

Divestments

During the quarter, part of one plot was divested.

Investments, acquisitions and divestments in the quarter per business unit



Project portfolio

We have an ongoing project portfolio of SEK 3,615m, of which SEK 2,699m was earned at 31 December. We are continuously investing in the portfolio to improve, adapt and enhance the efficiency of our premises for our tenants. Our investments, excluding project profits, contributed to an increase in the property portfolio’s value by SEK 1,631m for the year. Investments in our existing portfolio comprise new builds, conversions and extensions as well as energy-saving measures. The return on concluded investments during the year was 6.8 per cent on the investment amount.

Project properties

There are 9 project properties with a market value of SEK 3,350m. No new project properties were created during the quarter. As at 31 December, the occupancy rate for the project properties was 100 per cent. The total estimated investment is SEK 2,592m, where the produced investment at 31 December was SEK 2,292m.

Major projects completed

No major projects were completed during the quarter.

Development rights

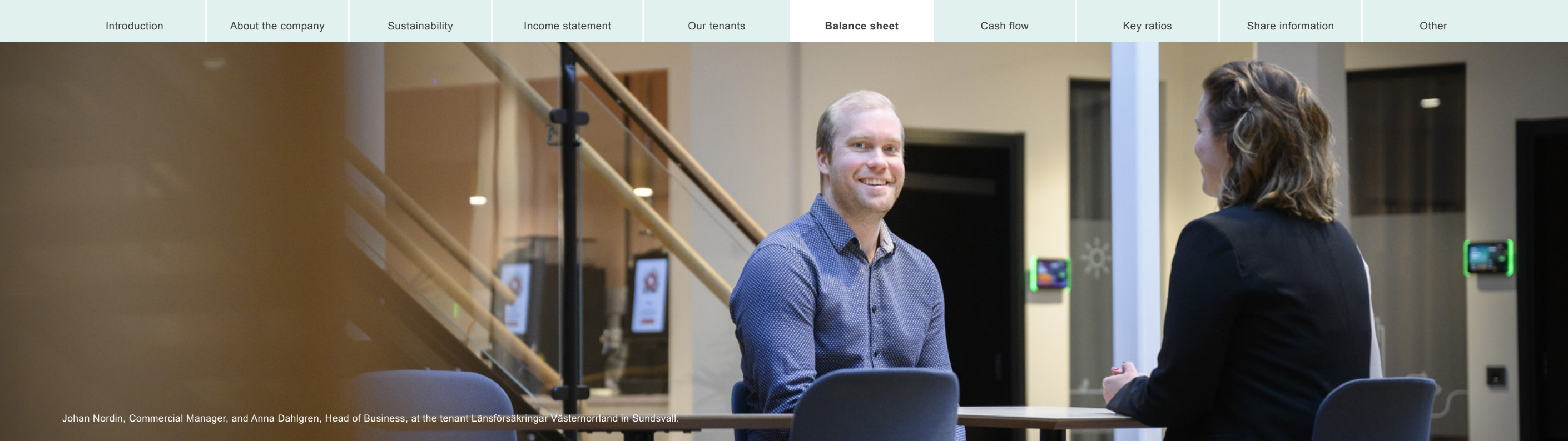
We have an identified development rights volume of approximately 200,000 sq.m. gross floor space. This volume includes both established and potential development rights for both residential and commercial premises. Approximately 50 per cent of the development rights volume is attributable to commercial premises. Our ambition is to continuously create new development rights for either our own production or for sales.

Property transactions January-December 2023

SOLD AND COMPLETED ON				
Property	Quarter	City Area, sq.m.	Price ¹ , SEKm	
Plots Arvesund	1	Åre	-	0.4
Plot Arvesund	2	Åre	-	0.2
Ingeborg 1	2	Borlänge	14,117	200.0
Apollo 3, 7, 8 (part of)	4	Sundsvall	-	1.4
Total			14,117	202.0

¹ Underlying property value.

” Ongoing projects and investments are continuing according to plan.



Johan Nordin, Commercial Manager, and Anna Dahlgren, Head of Business, at the tenant Länsförsäkringar Västernorrland in Sundsvall.

Project properties

Type	City	Property	Property type	Leasable area, sq.m.	Occupancy rate, %	Investment, SEKm	Produced investment, SEKm	Rental value, SEKm	Completed	Environmental certification
PROJECTS IN PROGRESS										
Improvement	Borlänge	Mimer 1	Education/training	13,332	100	570	505	36.1	Q2 2024	BREEAM-SE, planned 2023
New build	Luleå	Biet 4	Office	4,920	100	206	158	14.1	Q2 2024	BREEAM-SE, planned 2024
New build	Umeå	Vale 17	Housing (tenant-owners association)	2,800	-	132	49	-	Q1 2026	Nordic Swan Ecolabel
Improvement	Umeå	Vale 17	Offices	5,030	100	206	122	14.6	Q1 2025	BREEAM-SE, very good
COMPLETED OR PARTIALLY OCCUPIED PROJECTS										
New build	Umeå	Magne 5	Hotel	14,500	100	395	385	26.2	Q3 2022	BREEAM-SE, very good
Improvement	Borlänge	Intagan 1	Office	31,000	100	555	553	52.9	Q4 2022	BREEAM In-Use, very good
New build	Umeå	Stigbygeln 2	Office	9,646	100	251	251	19.9	Q4 2022	BREEAM-SE, very good
Improvement	Sundsvall	Aeolus 5	Residential	2,597	-	55	55	3.8	Q1 2023	-
Improvement	Sundsvall	Glädjen 4	Offices	1,870	100	52	48	5.2	Q2 2023	BREEAM In-Use, planned 2023
New build	Luleå	Porsön 1:446	Office	5,452	100	170	164	13.7	Q2 2023	BREEAM-SE, planned 2023
Total				91,147		2,592	2,292			

Tenants in the central, regional or local government sectors.

Comments on the balance sheet, continued

Note 12 Equity

Equity at 31 December was SEK 10,968m (12,102). The equity ratio was 34.6 per cent (38.1). Three of the four payments were made of the dividend approved at the Annual General Meeting in 2023, comprising SEK 283m. The remainder will be paid in the first quarter of 2024.

Note 13 Interest-bearing liabilities

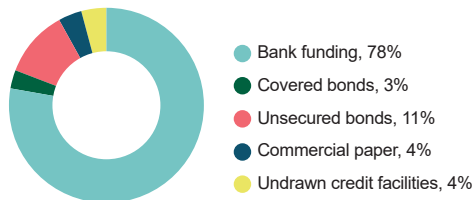
During the quarter, we issued new unsecured bonds of SEK 100m. The commercial paper market has been stable with increased volumes. Short-term loan maturity consists primarily of bank loans. We have ongoing dialogues with our banks and are very likely to refinance the loans due at the same volumes.

Nominal interest-bearing liabilities in the Group were SEK 17,102m (15,776). The change is mainly due to project investments. Of total interest-bearing liabilities, SEK 13,911m (13,010) refers to bank financing, SEK 556m (790) to covered bonds, SEK 660m (570) to commercial paper and SEK 1,975m (1,900) of unsecured bonds. Amortised cost of the commercial paper was SEK 656m (568). Future refinancing will normally be completed 3-9 months before the maturity date. At the end of the year, the loan-to-value ratio in the Group was 54.4 per cent (51.9). The secured loan-to-value ratio amounted to 46.0 percent (44.0). The average annual interest rate, including the cost of derivatives and loan commitments, was 4.5 per cent (3.2) at year-end and the interest coverage ratio for the year was 2.2 times (5.0).

Fixed-rate terms and loan maturities

The average fixed-rate term of the loans, including derivatives, was 2.7 years (0.8) and the average loan maturity 2.3 years (2.4). Of the Group's outstanding loans, SEK 1,720m (570) is subject to fixed interest rates, of which SEK 660m (570) refers to commercial paper.

Breakdown of interest-bearing financing



Interest rate and debt maturity structure at 31 December 2023

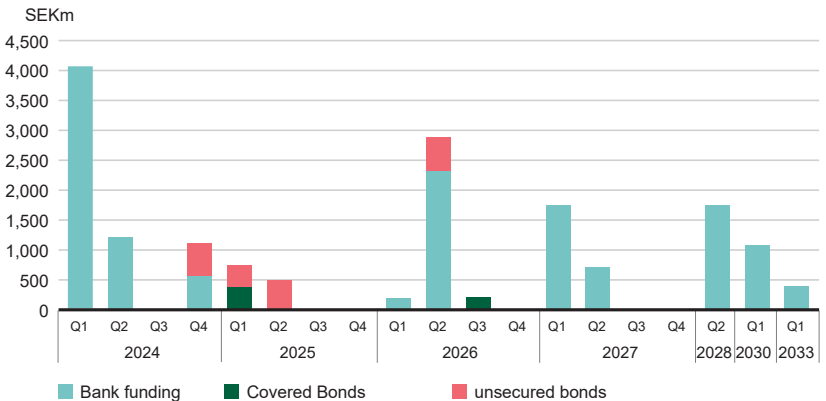
Maturity year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm ¹	Average annual interest rate ² , %	Credit agreements, SEKm	Drawn, SEKm
2024	9,286	5.3	6,723	6,573
2025	1,635	6.2	1,235	1,235
2026	5,102	5.9	4,325	3,684
2027	1,080	5.2	2,414	2,414
2027+	-	-	3,196	3,196
Drawn credit facilities	17,102	5.6	17,893	17,102
Undrawn credit facilities ³	791	0.0		
Financial instruments	11,250	-1.1		
Total		4.5		

¹ Nominal amount.

² Average annual interest rate refers to the average interest rate based on interest rate terms and the outstanding liability as at 31 December 2023.

³ The cost of undrawn credit facilities affects the average annual interest rate by 0.02 percentage points.

Maturity profile, interest-bearing liabilities



Q1 2024: After the end of the period

After the end of the period, SEK 4,000m of the bank debt that matures in the first quarter of 2024 was refinanced with maturities of 2-4 years.



Nina Uiho, Property Technician, Östersund.

Comments on the balance sheet, continued

Derivatives

New derivatives were restructured and subscribed for during the quarter. This meant that the remaining maturity increased to 3.7 years compared with 2.4 years at the end of the year. These changes were made to limit the impact of further rising market interest rates.

Out of the Group's total interest-bearing liabilities, SEK 11,250m (4,500) has been hedged through derivatives. At 31 December, the market value of the derivative portfolio was SEK -338m (143). 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 23 in the Annual Report 2022). Changes in value are recognised through profit or loss.

Note 14 Cash and cash equivalents and overdraft facilities

Consolidated cash and cash equivalents at the end of the year were SEK 98m (88) and drawn overdraft facilities were SEK 0m (0). The approved credit limit on the overdraft facility was SEK 600m (600) and the total liquidity reserve less outstanding commercial paper was SEK 829m (1,100).

Derivatives at 31 December 2023

Type	Nominal value, SEKm	Remaining maturity, years	Swap rate, %	Market value, SEKm
Interest rate swaps	1,500	4.2	2.66	-71.6
Interest rate swaps	1,000	2.2	2.77	-28.1
Interest rate swaps	1,000	4.4	1.94	6.7
Interest rate swaps	1,250	2.5	2.93	-81.5
Interest rate swaps	500	1.1	0.05	21.4
Interest rate swaps	500	0.6	0.00	14.7
Interest rate swaps	500	4.2	2.45	-6.4
Interest rate swaps	1,000	6.5	2.45	-29.6
Interest rate swaps	500	6.5	2.44	-28.0
Interest rate swaps	1,500	4.5	2.75	-70.1
Interest rate swaps	2,000	2.9	2.76	-65.4
TOTAL	11,250	3.7	2.39	-338.0

Sensitivity analysis as at 31 December 2023¹

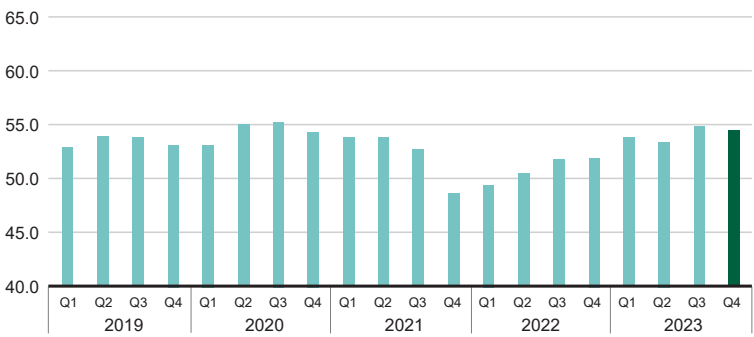
	Change in annual average interest rate, %	Change in annual average interest expense, SEKm	Change in market value, SEKm
Loan portfolio excl. derivatives	0.9	+154	
Derivatives portfolio	-0.3	-29	+626
Loan portfolio incl. derivatives	0.7	+125	+626

¹If market interest rates increase by 1 percentage point.

Net debt / EBITDA, SEKm



Loan-to-value ratio, %



Cash flow

Condensed consolidated cash flow statement, SEKm

	2023 3 mos Oct-Dec	2022 3 mos Oct-Dec	2023 12 mos Jan-Dec	2022 12 mos Jan-Dec
OPERATING ACTIVITIES				
Operating surplus	440	365	1,711	1,469
Central administration	-24	-37	-80	-90
Reversal of depreciation, amortisation and impairment	-	-	-	-
Interest received	4	3	9	4
Interest paid ¹	-153	-105	-693	-277
Tax paid	-	50	-28	-16
Cash flow from operating activities before changes in working capital	267	276	919	1,090
Changes in working capital				
Decrease (+)/increase (-) in receivables	117	51	24	-106
Decrease (-)/increase (+) in liabilities	127	131	41	178
Total changes in working capital	244	182	65	72
Cash flow from operating activities	511	458	984	1,162
INVESTING ACTIVITIES				
Investments in new builds, conversions and extensions ¹	-486	-394	-1631	-1,332
Acquisition of properties	-	-20	-	-2,004
Sale of properties	-	27	178	28
Cash flow from investing activities	-486	-387	-1,453	-3,308

FINANCING ACTIVITIES

	2023 3 mos Oct-Dec	2022 3 mos Oct-Dec	2023 12 mos Jan-Dec	2022 12 mos Jan-Dec
Dividends paid	-71	-121	-337	-371
Sale of own shares	-	-	-	9
Acquisition of minority interests	-	3	-	-65
New borrowing, interest-bearing liabilities	333	-196	965	1,599
Repayment and redemption of interest-bearing liabilities	-31	-22	-149	-88
Change in overdraft facility	-158	-	-	-
Cash flow from financing activities	73	-336	479	1,084
Cash flow for the period	98	-265	10	-1,062
Cash and cash equivalents at beginning of period	0	353	88	1,150
Cash and cash equivalents at end of period	98	88	98	88

¹ The comparative periods are restated due to capitalised interest expenses; see accounting policies on page 27.

Reporting per business unit at 31 Dec

Figures refer to SEKm unless otherwise indicated.

	Dalarna		Gävle		Sundsvall		Östersund/Åre		Umeå		Skellefteå		Luleå		Group	
By business unit	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec
Rental income ¹	401	343	231	209	346	309	393	369	332	272	230	197	362	329	2,296	2,029
Service income ¹	45	34	26	20	26	24	30	30	25	20	20	20	35	31	208	179
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repair and maintenance	-15	-15	-7	-6	-11	-11	-13	-15	-10	-10	-6	-9	-10	-10	-72	-77
Tariff-based costs	-51	-49	-22	-22	-34	-37	-52	-51	-29	-27	-32	-29	-33	-31	-253	-246
Property tax	-19	-14	-13	-13	-20	-19	-20	-20	-21	-20	-13	-12	-25	-24	-132	-123
Other property costs	-40	-32	-26	-24	-38	-33	-56	-49	-39	-30	-24	-18	-36	-33	-259	-220
Property management	-13	-13	-8	-8	-9	-10	-17	-16	-10	-9	-7	-6	-12	-11	-77	-74
Operating surplus	308	252	180	155	260	222	265	246	249	195	167	140	282	249	1,711	1,469
Central administration and net financial items ¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-809	-363
Property management income ¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	903	1,106
Property, realised	7	-	-	-	1	-	-	1	-	-	-	9	-	-	8	10
Property, unrealised	-240	75	-149	62	-301	8	-301	-60	-210	-113	-135	-25	-157	-123	-1,393	-175
Interest rate derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-481	104
Profit/loss before tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-963	1,045
Leasable area, sq.m.	298,098	318,939	173,805	159,565	217,688	218,127	320,194	315,099	219,173	220,835	181,248	179,033	210,845	211,009	1,621,051	1,622,607
Rental value	466	408	271	246	403	365	463	427	375	320	280	240	407	370	2,666	2,376
Economic occupancy rate, %	93	92	92	91	91	89	90	90	94	90	89	90	96	96	92	91
Surplus ratio, %	71	68	72	69	71	69	63	65	71	68	67	66	72	71	70	68

	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec
Property portfolio, 1 January	5,316	4,301	3,148	2,916	4,873	4,545	4,976	4,690	4,747	4,721	3,271	2,256	4,804	4,563	31,136	27,993
Acquisitions	-	545	-	68	-	172	-	154	-	-	-	948	-	118	-	2,004
Investments in new builds, extensions and conversions ²	540	396	176	102	130	148	159	192	248	139	78	108	299	246	1,631	1,332
Sales	-160	-	-	-	-	-	-1	-1	-	-	-	-17	-	-	-160	-18
Unrealised changes in value ²	-239	75	-149	62	-201	8	-301	-60	-210	-113	-135	-25	-157	-123	-1,393	-175
Property portfolio at year-end	5,458	5,316	3,175	3,148	4,801	4,873	4,835	4,976	4,785	4,747	3,215	3,271	4,947	4,804	31,215	31,136

¹ The comparative periods are restated due to a reclassification between rental income and service income; see accounting policies on page 27.

²The comparative periods are restated due to capitalised interest expenses; see accounting policies on page 27.

Columns/rows may not add up due to rounding.

Financial key ratios

The interim reports use non-IFRS KPIs. We consider that these measures provide valuable additional information for investors, analysts and the company's management, as they enable the evaluation of relevant trends and the company's performance. As not all companies calculate financial measures in the same way, these are not always comparable with the measures used by other companies. These financial measures should therefore not be viewed as substitutes for IFRS-defined measures. The following table presents non-IFRS measures unless otherwise stated. Definitions of these measures are provided on page 29 and in the descriptions of the purpose of the various KPIs in the annual report for 2022. The financial targets for 2023 adopted by the Board are presented on page 2 of this report.

Figures refer to SEKm unless otherwise indicated.

SHARE INFORMATION	2023 3 mos Oct-Dec	2022 3 mos Oct-Dec	2023 12 mos Jan-Dec	2022 12 mos Jan-Dec
Number of shares outstanding at end of period (thousands)	141,431	141,431	141,431	141,431
Average number of shares ('000)	141,431	141,431	141,431	141,428

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

PROPERTY MANAGEMENT INCOME

Profit/loss before tax	-770	-147	-963	1,045
Reversal				
Change in value, properties ¹	495	358	1,385	165
Change in value, derivatives	505	13	481	-104
Property management income¹	229	224	903	1,106

EPRA EARNINGS (PROPERTY MANAGEMENT INCOME AFTER TAX)

Property management income ¹	229	224	903	1,106
Current tax attributable to property management income	0	50	-28	-16
EPRA Earnings¹	229	273	875	1,089
EPRA Earnings per share, SEK¹	1.62	1.93	6.19	7.70

LOAN-TO-VALUE RATIO

Interest-bearing liabilities			17,083	16,259
Reversal				
Cash and cash equivalents			-98	-88
Drawn overdraft facilities			-	-
Net debt			16,984	16,171
Investment properties			31,215	31,136
Loan-to-value ratio, %			54.4	51.9

¹ The comparative periods are restated due to capitalised interest expenses; see accounting policies on page 27.

SECURED LOAN-TO-VALUE RATIO

	2023 3 mos Oct-Dec	2022 3 mos Oct-Dec	2023 12 mos Jan-Dec	2022 12 mos Jan-Dec
Net debt			16,984	16,171
Unsecured liabilities			-2,627	-2,470
Secured liabilities			14,357	13,701
Investment properties			31,215	31,136
Secured loan-to-value ratio, %			46.0	44.0

INTEREST COVERAGE RATIO

Property management income ¹	229	224	903	1,106
Reversal				
Financial costs ¹	194	105	734	277
Total	423	328	1,637	1,382
Financial costs ¹	194	105	734	277
Interest coverage ratio, times¹	2.2	3.1	2.2	5.0

NET DEBT TO EBITDA

Interest-bearing liabilities			17,083	16,259
Cash and cash equivalents			-98	-88
Overdraft facilities			-	-
Net debt			16,984	16,171
Operating surplus, rolling 12 months			1,711	1,469
Central administration, rolling 12 months			-89	-90
Reversal				
Depreciation and amortisation, rolling 12 months			10	4
EBITDA			1,631	1,383
Net debt to EBITDA			10.4	11.7

EQUITY RATIO

Equity			10,968	12,102
Total assets			31,714	31,733
Equity ratio, %			34.6	38.1

	2023 3 mos Oct-Dec	2022 3 mos Oct-Dec	2023 12 mos Jan-Dec	2022 12 mos Jan-Dec
EPRA NRV/NTA				
Equity			10,968	12,102
Reversal				
Fair value of financial instruments			338	-143
Deferred tax on temporary differences			2,208	2,257
EPRA NRV			13,514	14,216
Average number of shares ('000)			141,431	141,428
EPRA NRV per share			95.6	100.5
DEDUCTIONS				
Fair value of financial instruments			-338	143
Estimated actual deferred tax on temporary differences, approx. 4% ¹			-411	-421
EPRA NTA			12,765	13,938
Average number of shares ('000)			141,431	141,428
EPRA NTA per share			90.3	98.6
EPRA NDV				
Equity			10,968	12,102
EPRA NDV			10,968	12,102
Average number of shares ('000)			141,431	141,428
EPRA NDV per share			77.6	85.6
OTHER KPIS				
Return on equity, rolling 12 months, %			-7.4	7.0
Equity per share, SEK			77.6	85.6
Earnings per share, SEK	-4.86	-0.80	-6.01	5.87
CASH FLOW PER SHARE				
Profit/loss before tax	-770	-147	-963	1,045
Reversal				
Unrealised change in value, properties ²	496	367	1,393	175
Unrealised change in value, derivatives	505	13	481	-104
Depreciation and amortisation	3	1	10	4
Current tax	0	50	-28	-16
Total²	234	284	894	1,103
Average number of shares ('000)	141,431	141,431	141,431	141,428
Cash flow per share, SEK²	1.65	2.01	6.32	7.80

	2023 3 mos Oct-Dec	2022 3 mos Oct-Dec	2023 12 mos Jan-Dec	2022 12 mos Jan-Dec
NET LEASING				
Newly signed contracts	73	61	234	227
Terminated contracts	-72	-43	-215	-150
Net leasing, SEKm	1	18	19	77

ECONOMIC OCCUPANCY RATE				
Contracted rental income	624	556	2,459	2,164
Rental value for the period	674	611	2,666	2,377
Economic occupancy rate, %	93	91	92	91

SURPLUS RATIO				
Operating surplus	439	365	1,711	1,469
Contracted rental income	624	556	2,459	2,164
Surplus ratio, %	70	66	70	68

DEBT/EQUITY RATIO				
Interest-bearing liabilities			17,083	16,259
Equity			10,968	12,102
Debt/equity ratio, times			1.6	1.3

EPRA VACANCY RATE				
Estimated market rent for vacant space			184	204
Annualised rental value, whole portfolio			2,632	2,391
EPRA vacancy rate, %			7.0	8.5

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 ten 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 six per cent.

² The comparative periods are restated due to capitalised interest expenses; see accounting policies on page 27.

Financial key ratios, continued

Summary of quarterly results

	31 Dec 2023 Q4	30 Sept 2023 Q3	30 June 2023 Q2	31 Mar 2023 Q1	31 Dec 2022 Q4	30 Sept 2022 Q3	30 June 2022 Q2	31 Mar 2022 Q1
Revenue, SEKm	646	621	620	617	568	559	543	539
Operating surplus, SEKm	439	449	433	389	365	388	380	336
Property management income, SEKm ¹	229	221	227	226	224	290	317	274
Profit/loss for the period, SEKm	-687	88	83	-333	-113	-120	356	708
Surplus ratio, %	70	73	71	64	66	70	71	65
Economic occupancy rate, %	93	92	92	92	91	92	91	90
Equity ratio, %	34.6	36.6	36.4	37.4	38.1	38.1	39.1	40.8
Property loan-to-value ratio, %	54.4	54.2	53.3	53.7	51.9	51.8	50.4	49.3
Average interest rate at end of period, % ²	4.5	4.8	4.6	4.1	3.2	2.5	1.8	1.1
Interest coverage ratio, times ¹	2.2	2.1	2.2	2.6	3.1	4.6	7.7	7.3
Property management income per share, SEK ¹	1.62	1.56	1.60	1.59	1.58	2.08	2.24	1.94
Earnings per share after tax, SEK	-4.86	0.62	0.58	-2.36	-0.80	-0.84	2.52	5.00
Equity per share, SEK	77.6	82.4	81.8	83.2	85.6	86.3	87.2	88.2
Market price per share, SEK	86.6	62.4	68.9	68.9	75.5	70.5	71.1	102.4

¹ The comparative periods are restated due to capitalised interest expenses; see accounting policies on page 27.

² Includes expenses relating to commitment commission and derivatives.



Jörgen Johansson, Property Manager, Umeå.

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 206m (189) and the loss after tax was SEK 16m (profit: 242). Income referred chiefly to services sold to the Group’s subsidiaries.

Condensed parent company income statement and statement of comprehensive income, SEKm

	2023 12 mos Jan-Dec	2022 12 mos Jan-Dec
INCOME STATEMENT		
Revenue	206	189
Gross profit/loss	206	189
Central administration	-248	-232
Operating profit/loss	-42	-43
Income from interests in Group companies	100	124
Financial income	1,227	647
Financial costs	-1,414	-501
Profit/loss after financial items	-129	227
Appropriations	39	15
Profit/loss after appropriations	-90	242
Current tax	0	0
Deferred tax	74	-
Profit/loss after tax	-16	242
STATEMENT OF COMPREHENSIVE INCOME		
Profit/loss after tax	-16	242
Comprehensive income for the year	-16	242

Cash and cash equivalents at 31 December 2023 were SEK 48m (36) and drawn overdraft facilities were SEK 0m (0). External interest-bearing liabilities, excluding overdraft facilities, totalled SEK 6,653m (5,813), of which SEK 656m (568) referred to outstanding commercial paper. The average annual interest rate based on the situation at 31 December 2023 amounted to 5.8 per cent (3.8).

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

Condensed parent company balance sheet, SEKm

	2023 31 Dec	2022 31 Dec
ASSETS		
Non-current assets		
Investments in Group companies	2,552	2,362
Receivables from Group companies	16,133	16,167
Deferred tax asset	74	-
Total non-current assets	18,759	18,529
Current assets		
Receivables from Group companies	2,976	2,750
Other assets	78	24
Cash and cash equivalents	48	36
Total current assets	3,102	2,810
Total assets	21,861	21,339
EQUITY AND LIABILITIES		
Equity	2,929	3,228
Untaxed reserves	1	1
Non-current liabilities		
Interest-bearing liabilities	6,653	5,813
Liabilities to Group companies	7,071	7,139
Total non-current liabilities	13,724	12,952
Current liabilities		
Overdraft facilities	-	-
Liabilities to Group companies	5,062	4,976
Other liabilities	145	182
Total current liabilities	5,207	5,158
Total equity and liabilities	21,861	21,339

Four reasons to invest in Diös



Unique position in an attractive market



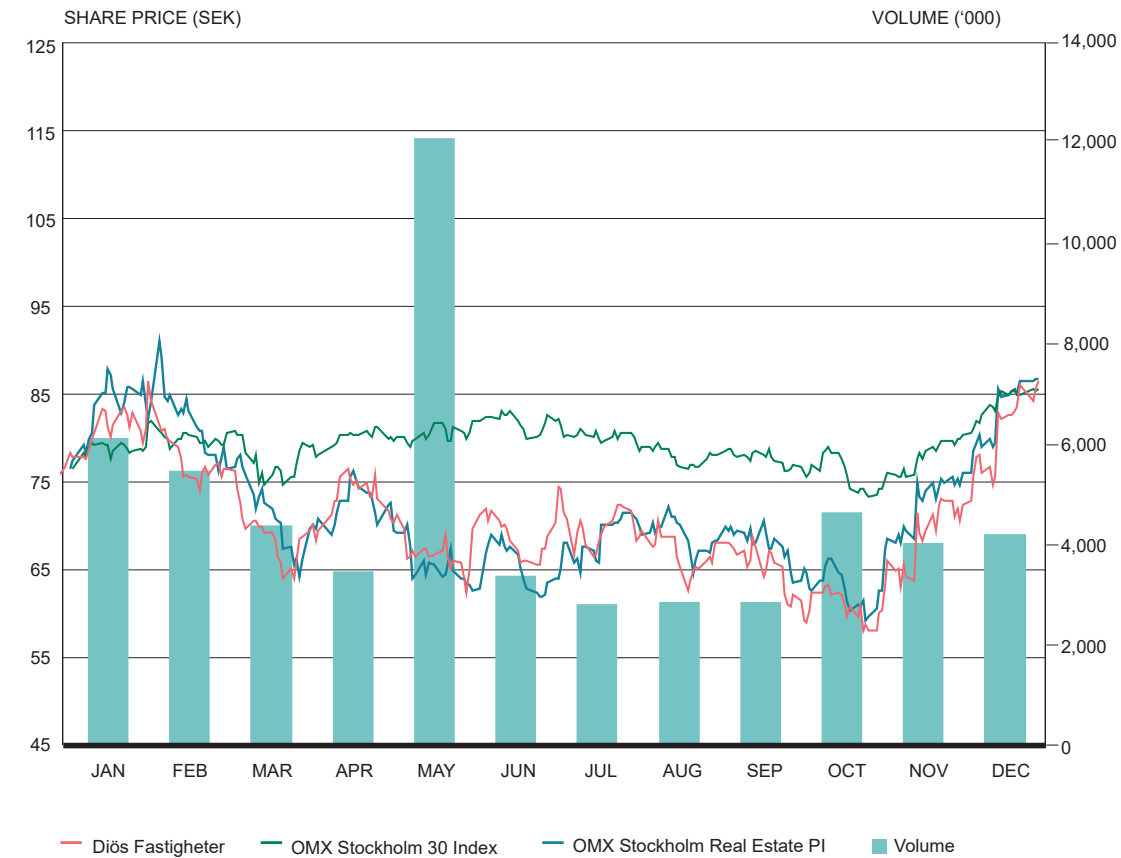
Long-term sustainable business model



Value creation through three revenue streams



Strong and stable cash flows



Share information

Share performance

Diös’ share price at the end of the year was SEK 86.6 (75.5), which represents a market capitalisation of SEK 12,279m (10,698), and the return for the past 12 months was 14.8 per cent (-36.5). If the dividend is included, the total return on the shares for the year was 18.6 per cent (-34.3). The return on the OMX Stockholm 30 Index was 17.3 per cent (-15.6) and the return on the OMX Stockholm Real Estate PI index was 17.0 per cent (-44.7).

At 31 December, Diös Fastigheter AB had 17,636 shareholders (19,057). The share of foreign-owned shares was 24.9 per cent (21.1) while the total number of shares during the year remained unchanged at 141,785,165 (141,785,165). The single largest shareholder was AB Persson Invest, with 15.6 per cent (15.6) of the shares.

The ten largest shareholders accounted for 55.1 per cent (56.1) of the total number of shares and voting rights.

The Annual General Meeting 2023 resolved to authorise the company to buy back ten per cent of the total number of outstanding shares of the company.

Diös Fastigheter AB is a publicly traded company listed on the Nasdaq OMX Nordic Exchange Stockholm, Large Cap list. The ticker symbol is DIOS and the ISIN code SE0001634262.

During the fourth quarter of 2023, no flagging notices were issued.

Return and net asset value

Our goal is to generate a return on equity, in average over a five-year period, in excess of 12 per cent. The return for the year was -7.4 per cent (7.0). Equity at the end of the year was SEK 10,968m (12,102) and the long-term net asset value, EPRA NAV, was SEK 13,514m (14,216). On a per share basis, EPRA NAV was SEK 95.6 (100.5), which means that the share price at 31 December represented 91 per cent (75) of the long-term net asset value. The net asset value per share for the year, expressed as EPRA NTA, was SEK 90.3 (98.6).

Earnings

Earnings per share for the year were SEK -6.01 (5.87) while long-term earnings per share, expressed as EPRA EPS, were SEK 6.19 (7.70). 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

Diös Fastigheter AB at 31 December 2023

SHAREHOLDER	No. of shares	Capital and votes, %
AB Persson Invest	22,074,488	15.6
Backahill Inter AB	14,857,452	10.5
Länsförsäkringar Fonder	10,800,513	7.6
Pensionskassan SHB Försäkringsförening	8,096,827	5.7
Nordea Fonder	6,344,526	4.5
Karl Hedin	3,562,547	2.5
Vanguard	3,551,223	2.5
Avanza Pension	3,452,999	2.4
BlackRock	3,119,703	2.2
Tredje AP-fonden	2,273,016	1.6
Total, largest shareholders	78,133,294	55.1
Treasury shares	354,218	0.2
Other shareholders	63,297,653	44.7
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.

Other information

Employees and organisation

The number of employees at 31 December 2023 was 149 (157), of whom 61 were women (66). The average number of employees for the year was 164 (156). The majority of our employees, 96 people (102), work in our business units and the rest at our head office in Östersund.

Risks and uncertainties

Effect of military conflicts

The war in Ukraine as well as the conflict in Gaza and the resulting humanitarian disasters are a major setback for the world. The effects of the Gaza conflict are too early to see, while sanctions against Russia and changed world trade affect global flows of goods and capital as well as energy prices. The most obvious effect is rising inflation, higher interest rates and increased risk premiums on the capital market, resulting in higher financing costs.

In addition, there are clear risks for economic growth and that the supply of goods and products where the conflict countries had large production contributions is restricted. For our part, this can lead to higher costs for production materials, supply shortages and longer lead times in the project business, in particular.

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 inflation and 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 performance measures. Any significant negative impact is managed through a diversified portfolio of centrally located properties in growth cities.

	Change in property value, %		
PROPERTY VALUE SENSITIVITY ANALYSIS	-7.5	0.0	+7.5
Property value, SEKm	28,874	31,215	33,556
Equity ratio, %	29.4	34.6	39.1
Loan-to-value ratio, %	58.8	54.4	50.6

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%	+/- 24
Economic occupancy rate	+/- 1 percentage point	+/- 26
Property costs	-/+ 1%	+/- 8
Interest rate on interest-bearing liabilities	-/+ 1 percentage point	+/- 125

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, good diversification, access to the capital market, and strong finances and KPIs.

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

For more information on risks and risk management, see Diös’ annual report for 2022, pages 62-64, 78, 82 and 126-127.

Related-party transactions

There were no significant related party transactions during the year. 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

We comply 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. In addition to the financial statements and their associated notes, disclosures in accordance with IAS 34 p.16A are also made in the other parts of the interim report. The report for the parent company is prepared in accordance with RFR 2 Financial Reporting for Legal Entities and the Swedish Annual Accounts Act.

Revised accounting policies

During the 2023 financial year, with the first reporting in the third quarter, we capitalised interest expenses in accordance with IAS 23 on project properties to create a more accurate picture of total investment costs. Interest expenses were calculated on an accrued investment at the end of the quarter and the interest rate used is the Group’s average interest rate for the quarter. The change affects only income statement items net of financial assets and changes in value of properties. The change is not due to the application of new IFRSs.

For the 2023 financial year, the classification of rental income and service income changed compared with the previous year. The change means that a higher proportion of the company’s total income is deemed to be rental income. The comparative year in the report is restated according to the new classification.

The amendment to IAS 1 relating to accounting policies will have an impact on disclosures and accounting policies in the Annual Report for 2023. 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.

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 2022, Note 1.



Report signatures

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 year-end report has not been subject to review by the company’s auditor.

Financial reports can be viewed in full on Diös’ website, www.dios.se.

Östersund, 16 February 2024

Bob Persson
Chairman

Peter Strand
Board member

Erika Olsén
Board member

Ragnhild Backman
Board member

Tobias Lönnevall
Board member

P-G Persson
Board member

Mathias Tallbom
Board member
Employee representative

Knut Rost
Chief Executive Officer

Financial calendar

Annual Report 2023	Week 12 2024
Annual General Meeting 2023	16 April 2024
Q1, Interim Report January-March 2024	26 April 2024
Q2, Interim Report January-June 2024	5 July 2024
Q3, Interim Report January-September 2024	25 October 2024
Q4, Year-end report 2024	14 February 2025

Significant events after the reporting period

Diös announced that CEO Knut Rost will be leaving Diös. He will remain in office during 2024 or until a new CEO has been recruited.

Diös divested 22 residential properties for SEK 385m. Completion will take place in March 2024.

Dividend

The Board of Directors proposes to the 2024 Annual General Meeting that no dividend be paid for the 2023 financial year.

For further information, please contact

Knut Rost, CEO

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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 (EU no 596/2014). The information was submitted for publication through the above contact person on 16 February 2024, at 7:00 A.M. CET.

Definitions

■ Financial

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.

Interest coverage ratio

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

Loan-to-value ratio, properties

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

Net debt

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

Number of shares at end of period

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

Return on equity

Profit/loss for the period attributable to parent company shareholders divided by average equity attributable to parent company shareholders. Average equity is calculated as the sum of the opening and closing balance divided by two.

Return on total assets

Profit/loss before tax plus financial costs divided by average assets. Average assets are calculated by adding the opening and closing balances and dividing by two.

Secured loan-to-value ratio

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

Service income

Income relating to tariff-based services and income from the care and upkeep of properties.

■ Share-related

Average number of outstanding shares

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

Cash flow per share

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

Dividend per share

Approved or proposed dividend divided by the number of shares outstanding 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.

Earnings per share

The profit/loss for the period after taxation, attributable to shareholders, divided by the average number of outstanding shares.

EPRA earnings

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

EPRA Net Reinstatement Value (NRV)

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.

EPRA Net Tangible Asset (NTA)

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.

EPRA Net Disposal Value (NDV)

Equity at the end of the period as per balance sheet adjusted for the non-controlling interests' share of the equity.

Equity per share

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

Net debt to EBITDA

Net debt is calculated as interest-bearing liabilities less cash and cash equivalents plus overdraft facilities. Net debt is then divided by EBITDA.

■ Property-related / other

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 vacancy rate

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

Carbon dioxide equivalents, CO₂e

Indicates the greenhouse effect of an emission of a gas compared to emissions of the corresponding amount of carbon dioxide (CO₂).

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, 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.

Green lease

A green annex, produced by Fastighetsägarna, which is added to the ordinary lease agreement and sets forth the framework for joint efforts that contribute to reduced environmental impact and energy use.

Market value of properties

Estimated market value from the most recent valuation.

Net leasing

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

Operating costs

Costs of electricity, heating, water, care and upkeep of properties, cleaning, insurance and regular maintenance.

Operating surplus

The rental income less building operating and maintenance costs, ground rent fees, property taxes and property management.

Physical occupancy rate

Rented area in relation to total leasable area.

Project property

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 an investment property no earlier than 12 months after completion

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 category

The main use of the properties is based on the distribution of their areas. Properties are defined according to the purpose and use of the largest proportion of the property's total area.

Property management income

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

Rental value

Rent invoiced for the period plus estimated market rent for unoccupied floor space.

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.

Yield-on-Cost (YoC)

Operating surplus relative to investment

Diös Fastigheter AB (publ)

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Postal address: Box 188, SE-831 22 Östersund

Telephone: +46 (0)770-33 22 00

Corporate ID number: 556501-1771

Registered office of the company: Östersund

www.dios.se



Presentation of the year-end report

We will present the 2023 year-end report to investors, analysts, the media and other interested parties **on 16 February 2024 at 9:00 AM**. 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 our website](#).

The presentation can be viewed after the event.