



Diös

Q1

INTERIM REPORT JANUARY-MARCH 2019

HIGHLIGHTS OF Q1

- **RENTAL INCOME** increased by 2 per cent to SEK 457 million (450)
- **PROPERTY MANAGEMENT INCOME** increased by 13 per cent to SEK 212 million (187)
- **UNREALISED CHANGES IN VALUE** of properties were SEK 60 million (109) and unrealised changes in value of derivatives were SEK 0 million (6)
- **THE PROFIT AFTER TAX** was SEK 230 million (229)
- **EARNINGS PER SHARE** were SEK 1.71 (1.70)



36.9%

equity ratio



6.2

interest coverage ratio



52.8%

loan-to-value ratio

NET PROFIT FOR THE PERIOD, SEKm	2019 3 months Jan-Mar	2018 3 months Jan-Mar	2018 12 mths Jan-Dec
Income	457	450	1,810
Operating surplus	268	250	1,140
Property management income	214	187	894
Profit before tax	277	299	1,597
Profit after tax	230	229	1,341
Surplus ratio, %	60	56	64
Occupancy rate, %	91	92	91
Equity ratio, %	36.9	35.3	37.2
Property loan-to-value ratio, %	52.8	56.7	53.4
Equity per share, SEK		52.9	58.3
EPRA NAV per share, SEK		61.6	67.6

For definitions of key ratios, see 27.

➤ SIGNIFICANT EVENTS Q1

- Diös acquires three centrally located properties in Gävle, Borlänge and Mora with a completion date of 15 February.
- Diös acquires a centrally located property in Östersund with a completion date of 4 March.
- Diös divest and leave four industrial properties in Östersund and one property in Falun.
- The Östersund City Council grants Diös sole negotiating rights in respect of the exploitation of Gustav III:s torg, a square in the centre of town.

Knut Rost, CEO

A UNIQUE POSITION

We continue to deliver. Revenue is up and both operating and financial costs are under control. With our strong cash flow, we are investing for continued growth in our cities.

Property management income increased by 13 per cent. Rental income per square metre has increased by 7 per cent in one year as a result of a refined property portfolio, rising rental levels and a reduced proportion of industrial properties in favour of centrally located office and social-use properties. The costs for the first quarter are lower and more normal compared to the same quarter last year.

We are seeing an ever clearer polarisation emerge, which means that our property managers and letting agents really need to be active. Strong demand for the right locations is driving rents and the right mix of tenants is absolutely crucial. Thanks to our unique position, we have exactly what it takes to create growth, for our tenants and for the city. The let of our head office to Webhelp, a fast expanding company, is a prime example. We enable a business to establish a presence that will create new jobs while investing in a new office for ourselves in vacant premises. The end result is increased flows of people and increased growth – completely in line with our urban development strategy.

We have a clearer profile as a company and our position in our cities is becoming ever stronger. During the period, we acquired four properties in the most central locations, in four cities. We see a big potential to develop these premises in a way that will further increase the attractiveness of the city centre.

The SEK 316 million investment volume is a new record for an individual quarter. That testifies to a high level of activity and shows that demand for adaptations from our tenants remains good. During the period, we also initiated one of our major new build projects, the hotel in Sundsvall. The first sod was turned on 1 March and the building is expected to take about two years to complete. A total of SEK 385 million will be invested.



The development of Gustav III's square in central Östersund has taken a step forward after the local authority decided to grant us sole negotiating rights in respect of a 25,000 sq.m plot. That is a big responsibility but it is also a huge and unique opportunity. It involves creating a place, in a responsible and long-term manner, that will encourage an increased flow of people and increased quality. The square is there for everyone and needs to enable growth and make the city more attractive.

The loans which matured at the end of March have been refinanced at maturities of 2–4 years with continued good terms. We also took advantage of the strong demand to issue new commercial paper during the period. Access to capital remains good and pricing has remained stable since last year. Stronger key financial ratios have attracted increased interest from banks and the capital market.

Business is done between people, and it is my conviction that better relations lead to increased and profitable business. A genuine interest in our tenants' businesses and success is a mantra that I repeat every day to our staff.

Our urban development strategy is about growth. We want to make life in the city better for everyone. To succeed, we need to know what is being demanded across the whole range of stakeholders, from residents to visitors to the city. We have the will to push things forward together with our tenants, the local authority, other property owners and other stakeholders. Growth drives profitability and value – for our tenants, our shareholders and ourselves.

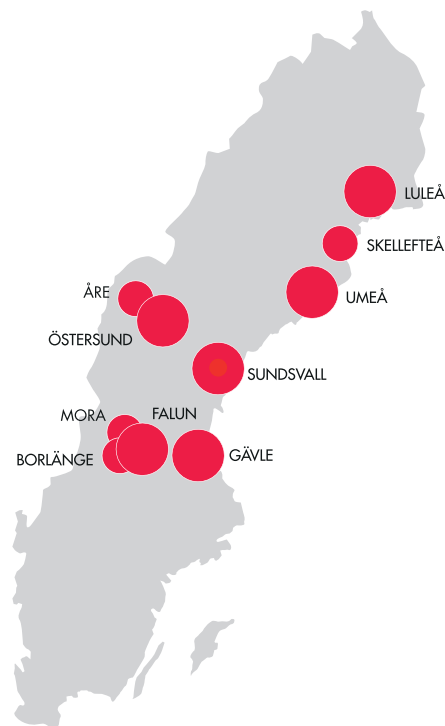


Knut Rost, CEO

WELCOME TO DIÖS

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

OUR STRATEGY IS URBAN DEVELOPMENT. Through strong relationships, a local presence and a responsible approach, we develop commercial and residential properties in our cities. That enables us to create Sweden's most attractive places and build long-term value for our tenants, our owners and ourselves.



330

number of properties



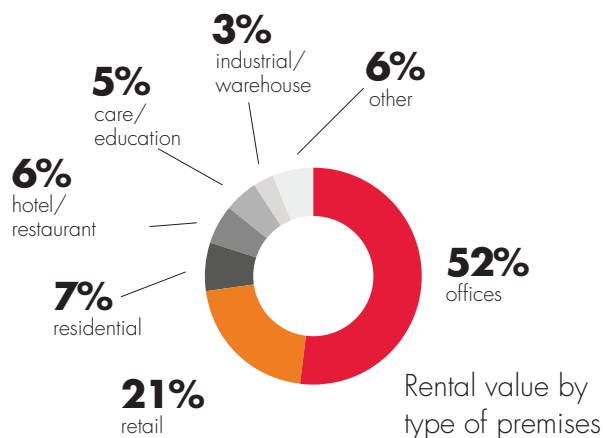
21.5

property value, SEKbn



1,473

leasable area, '000 sq.m



RELATIONS AND BUSINESS



Through **GOOD RELATIONSHIPS**, we build a profitable long-term business. With satisfied employees, we build good relationships. Our success is in the hands of **OUR EMPLOYEES**. That's why we have a strong focus on building a company where people are happy, can grow and develop, and show commitment.

Our core values **SIMPLE, CLOSE AND ACTIVE** are the basis for everything we do. Everyone at Diös is different, but equal in terms of our core values. In a world that is changing faster than ever, it is essential to be dynamic.

We are convinced that **EVERYTHING IS POSSIBLE!** That is the starting-point for all our business dealings and all our relations.

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

WELCOME TO OUR CITIES!

> **PROMISE AND CORE VALUES**

Our promise is that everything is possible. We strive to be perceived as simple, close and active. Simple by being open and honest. Close by having a local presence, being available and taking an interest. Active by developing, growing and taking advantage of opportunities.

> **RESPONSIBLE BUSINESS**

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



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

INCOME STATEMENT

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

INCOME STATEMENT	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	2018 12 mths Jan-Dec
Rental income	341	325	1,436
Service income	116	125	374
Total income	457	450	1,810
Property costs	-189	-200	-670
Operating surplus	268	250	1,140
Central administration	-17	-17	-71
Net financial items	-39	-46	-175
Property management income	212	187	894
Change in value, properties	65	106	687
Change in value, interest rate derivatives	0	6	16
Profit before tax	277	299	1,597
Current tax	-23	-17	-90
Deferred tax	-24	-53	-166
Profit after tax	230	229	1,341
Profit attributable to shareholders of the parent company	229	229	1,338
Profit attributable to non-controlling interests	1	0	3
Total	230	229	1,341
STATEMENT OF COMPREHENSIVE INCOME			
Profit after tax	230	229	1,341
Comprehensive income for the period	230	229	1,341
Comprehensive income attributable to shareholders of the parent company	229	229	1,338
Comprehensive income attributable to non-controlling interests	1	0	3
Total	230	229	1,341
Earnings per share, SEK	1.71	1.70	9.94
Number of shares at end of period ('000)	134,512	134,512	134,512
Average number of shares ('000)	134,512	134,512	134,512
Number of treasury shares at end of period	0	0	0
Average number of treasury shares	0	0	0

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

Accounting policies are presented on page 21.

EARNINGS

January – March 2019

PROPERTY MANAGEMENT INCOME

Property management income for the period, i.e. income excluding changes in value and tax, was SEK 212 million (187). This is an increase of 13 per cent compared with the previous year. For comparable properties, our property management income increased by 13 per cent year on year.

INCOME

Income for the reporting period was SEK 457 million (450), representing a 91 per cent (92) economic occupancy rate. For comparable properties, contracted rental income increased by 2.3 per cent year on year. Other property management income totalled SEK 7 million (5) and consisted mainly of costs for work in leased premises that are passed on to tenants.

REVENUE GROWTH

	2019 Jan-Mar	2018 Jan-Mar	Change %
Comparable properties	438	428	2.3
Acquired properties	12	1	
Sold properties	1	17	
Contracted rental income	451	446	
Other property management income	6	4	
Income	457	450	

PROPERTY COSTS

Total property costs were SEK 189 million (200). Winterrelated costs decreased compared with the same period last year, which is due to a milder winter. Of total property costs, SEK 4 million (3) refers to work in leased premises for which the costs are passed on to tenants.

OPERATING SURPLUS

The operating surplus was SEK 268 million (250), representing a surplus ratio of 60 per cent (56). For comparable properties, our operating surplus increased by 7.4 per cent compared with the previous year.

CENTRAL ADMINISTRATION

The central administration expense was SEK 17 million (17). Central administration includes costs for Group-wide functions such as senior management, IT, annual reports, auditors' fees, legal advice and so on.

NET FINANCIAL ITEMS

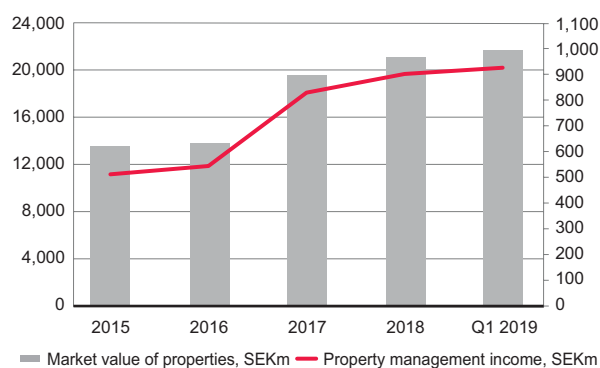
Net financial items for the period were SEK -39 million (-46). The interest costs for the period, including costs for interest rate derivatives and loan commitments, represent borrowings at an average annual interest rate of 1.3 per cent (1.5).

CHANGES IN VALUE, PROPERTIES

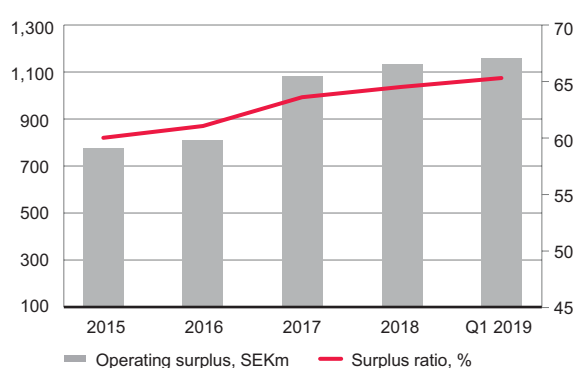
The average valuation yield at the end of the period was 5.92 per cent (6.04). At portfolio level, this represents a change of -0.05 percentage points since year-end. The positive value change of SEK 60 million (109) is mainly attributable to a higher net operating income. The change in value represented 0.3 per cent (0.6) of market value. At 31 March, the market value was SEK 21,479 million (19,739).

During the period, 5 properties (4) were sold, resulting in a realised change in value of SEK 5 million (-3), and 5 properties (2) were acquired.

MARKET VALUE AND PROPERTY MANAGEMENT INCOME



OPERATING SURPLUS AND SURPLUS RATIO



¹The figures for property management income, operating surplus and surplus ratio in Q1 2019 are on a rolling 12-month basis.

CHANGES IN VALUE, DERIVATIVES

The portfolio of interest rate derivatives has been measured at fair value. If the contracted interest rate deviates from the market rate, a theoretical fair value gain or loss arises on the interest rate derivatives. The change in value is of an accounting nature and does not affect cash flow.

During the period, unrealised changes in value on derivatives totalled SEK 0 million (6), which have been fully recognised in the income statement.

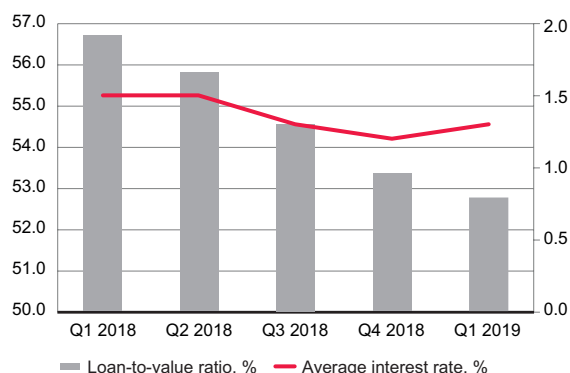
PROFIT BEFORE TAX

The profit before tax was SEK 277 million (299). The improvement in earnings is mainly due to higher property values and increased revenue.

PROFIT AFTER TAX

The profit after tax was SEK 230 million (229). The current tax expense is SEK -23 million (-17) and is mainly attributable to tax in subsidiaries which are not permitted to offset losses against Group profits, and to tax arising from property transactions in trading partnerships and limited partnerships. Deferred tax was SEK -24 million (-53) after a positive effect from restatement of deferred tax after the corporate tax rate was changed from 22 per cent to 20.6 per cent.

»» AVERAGE INTEREST RATE AND LOAN-TO-VALUE RATIO



»» TAX

The nominal corporate tax rate in Sweden is 21,4 per cent. Thanks to the option of using tax depreciation allowances, recognising the full amount of expenses for certain types of conversion projects in the first year and using tax loss carry-forwards, tax paid was low.

The remaining tax loss carry-forwards are estimated at SEK 0 million (15). The Group also has untaxed reserves of SEK 245 million (148). The fair value of the properties exceeds their tax base by SEK 6,438 million (5,495), less SEK 3,760 million (3,502). The tax liability has been calculated based on the tax rate applying at the time when the tax consequence is expected to arise.

While the reporting of taxes complies with the applicable accounting rules it should be noted that the amount of tax paid over the period generally differs from the reported amount. In addition, tax regulations are complex and hard to interpret. The application of the regulations may also change over time. Diös has no ongoing tax disputes.

TAX CALCULATION FOR THE PERIOD

SEKm	Effective tax
Property management income	212
Tax adjustments	37
Taxable property management income	249
Sale of properties	-47
Change in value, properties	60
Taxable profit	262
Tax for the period	55
Restatement of deferred tax ¹	-8
Tax for the period as per income statement	47

¹ The deferred tax liability has been restated as follows: Deferred tax liability on untaxed reserves has been calculated using a tax rate of 20.6 per cent.

NEW TAX RULES

On 14 June 2018, the Swedish parliament adopted a new law on limitation of interest deductibility for businesses, which became effective on 1 January 2019. The law means that the possibility of deducting interest expense declines, and the income tax will gradually be reduced. With our strong cash flow combined with historically low interest rates will have small effects on paid tax under the new law, provided that an effective group equalization of net interest income can occur. If interest rates were to rise it would have a negative impact (assuming cash flow remains unchanged).



OUR TENANTS

TENANTS

Our tenant base is well diversified geographically and in terms of industry. The number of commercial leases was 2,973 (3,044). The number of residential leases was 1,704 (1,632). The ten largest tenants represent 15.8 per cent (15.6) of Diös' total contracted rental income. At 31 March, 26 per cent of contracted rental income came from tenants engaged in activities on behalf of the central government, county councils or local authorities.

NET LEASING

Net leasing for the period was SEK 6 million (-1). Net leasing increased during the period as a result of a number of major lets. Noteworthy lets during the period included those to the Swedish Transport Administration, Östermalm 6:16, Luleå, Webhelp AB, Kommunalman-
nen 4, Östersund and Falun Local Authority, Holmen 8, Falun.

LEASE TERM

The average lease term for commercial premises at 31 March was 3.3 years (3.1).

VACANCIES

Vacancies remained unchanged during the period, with economic vacancies standing at 9 per cent (8) and physical vacancies at 14 per cent (14) at 31 March. Economic vacancies are highest in office and retail premises while physical vacancies are highest in office and industrial premises. The economic vacancy rate for the period, excluding discounts, was 10 per cent (8).

OUR LARGEST TENANTS

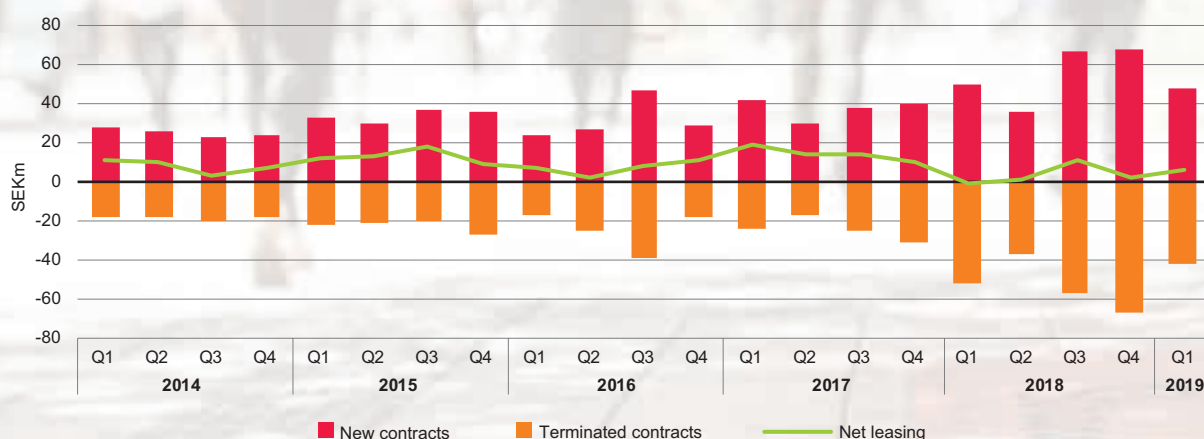
TENANTS AT 31 MARCH 2019	No. of contracts	Annual contract value, SEK '000	Average lease term, years
Swedish Transport Administration	27	62,163	1.6
Östersund Local Authority	119	36,995	2.7
Swedish Public Employment Service	31	29,349	2.2
Swedish Police Authority	31	23,942	4.8
Swedish Social Insurance Agency	24	23,064	3.1
Swedbank	11	22,921	3.4
Swedish Migration Board	12	22,375	2.3
Ähléns AB	5	22,123	5.3
Folksam ömsesidig sakförsäkring	46	21,899	5.3
Telia Sverige AB	24	21,024	9.8
Total, largest tenants	330	285,855	3.6

LEASES AND MATURITIES

	No. of contracts	Contract value SEKm	Share of value, %
Leases for premises, maturity year			
2019	553	122	7
2020	910	360	20
2021	675	361	20
2022	529	284	16
2023+	306	482	27
Total	2,973	1,609	89
Residential	1,704	132	8
Other leases ¹	4,215	63	3
TOTAL	8,892	1,804	100

¹ Other leases refer mainly to garage and parking spaces.

NET LEASING



BALANCE SHEET AND EQUITY

»»» CONDENSED CONSOLIDATED BALANCE SHEET, SEKM

ASSETS	2019 31 Mar	2018 31 Mar	2018 31 Dec
Investment properties	21,479	19,739	20,802
Other non-current assets	32	60	54
Finance right-of-use asset	43	-	-
Current portion of finance right-of-use asset	4	-	-
Current receivables	300	266	201
Cash and cash equivalents	-	123	-
TOTAL ASSETS	21,858	20,188	21,057
EQUITY AND LIABILITIES			
Equity	8,069	7,116	7,839
Deferred tax liability	1,377	1,238	1,353
Provisions	9	9	9
Interest-bearing liabilities	11,349	11,186	11,099
Overdraft facilities	336	-	198
Non-current lease liability	43	-	-
Current lease liability	4	-	-
Current liabilities	671	639	559
TOTAL EQUITY AND LIABILITIES	21,858	20,188	21,057

»»» CONDENSED STATEMENT OF CHANGES IN EQUITY, SEKM

	Equity	Attributable to shareholders of the parent company	Attributable to non- controlling interests
Equity, 31 Dec 2017	6,887	6,841	45
<i>Profit for the period after tax</i>	229	229	0
Comprehensive income for the period	229	229	0
Equity at 31 March 2018	7,116	7,070	45
<i>Profit for the period after tax</i>	1,112	1,109	3
Comprehensive income for the period	1,112	1,109	3
<i>Dividend</i>	-390	-390	-
Equity, 31 Dec 2018	7,839	7,790	49
<i>Profit for the period after tax</i>	230	229	1
Comprehensive income for the period	230	229	1
Equity, 31 Mar 2019	8,069	8,019	50



OUR PROPERTIES

PROPERTY PORTFOLIO

The property portfolio is concentrated to central locations in ten priority cities in northern Sweden. The portfolio is well diversified, consisting mainly of residential, office and retail properties. At the end of the period, the portfolio comprised 93 per cent (93) commercial properties and 7 per cent (7) residential properties based on rental value by type of premises.

PROPERTY VALUATION

At each closing date, all properties are measured at fair value. The aim is to determine the properties' individual values in a sale executed through a structured transaction between market players. Any portfolio effects are thus not taken into account. Diös' property portfolio is divided into a main portfolio and a subsidiary portfolio. The main portfolio comprises around 75 per cent of the property value, or SEK 15,745 million, and 115 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 within a three-year period. In addition to the regular inspections, physical visits are also made after major changes. Properties in the secondary portfolio are valued internally with assistance from Savills. All property valuations are based on a number of assumptions about the future and the market. Savills' calculations thus have an uncertainty range of +/-7.5 per cent. For Diös, this translates into a value range of SEK 19,868-23,090 million. No changes in terms of valuation methodology or approach were made during the period. The valuations were made in accordance with IFRS 13 level 3.

CHANGE IN PROPERTY VALUE

	31 Mar 2019		31 Mar 2018	
	SEKm	Number	SEKm	Number
Property portfolio, 1 January	20,802	330	19,457	339
Acquisitions	421	5	68	2
Investments in new builds, extensions and conversions	316		164	
Sales	-120	-5	-69	-4
Unrealised changes in value	60		109	
Reclassifications	-		10	
Value of property portfolio 31 March	21,479	330	19,739	337

CHANGES IN VALUE

Unrealised changes in value for the period totalled SEK 60 million (109) and were due to mainly higher net operating income.

UNREALISED CHANGES IN VALUE

	31 Mar 2019	
	SEKm	%
Change in net operating income, etc.	33	55
Change in required rate of return	27	45
Total	60	100

CHANGES IN THE PORTFOLIO

One part of our strategy is to continuously strive to concentrate our property portfolio to central locations in our priority cities. In the first quarter, Diös completed on the sale of five properties and on the acquisition of five properties.

LIST OF PROPERTY TRANSACTIONS JAN-MAR 2019

Sold and completed on

Property	Quarter	City	Area, sq.m	Price ¹ , SEKm
Nedre Gruvriset 33:156	1	Falun	5,325	80
Portfolio of 4 properties	1	Östersund	15,410	49
Total			20,735	129

Acquired and completed on

Property	Quarter	City	Area, sq.m	Price ¹ , SEKm
Norr 37:4	1	Gävle	7,633	134
Tyr 23	1	Borlänge	9,194	109
Stranden 18:4	1	Mora	3,914	40
Staben 10	1	Östersund	2,375	28
Näringen 18:11	1	Gävle	6,448	114
Total			29,564	424

¹ Underlying property values

VALUATION ASSUMPTIONS

	31 Mar 2019					31 Mar 2018				
	Office	Retail	Residential	Industrial/warehouse	Other	Office	Retail	Residential	Industrial/warehouse	Other
Yield for assessing residual value ¹ , %	6.8-5.5	6.7-5.8	5.3-4.7	9.1-6.9	7.0-6.2	7.0-5.6	6.7-5.9	5.3-4.7	7.9-7.0	7.0-6.5
Cost of capital for discounting to present value, %	8.1	8.2	7.2	10.7	8.8	8.1	8.2	7.3	9.8	8.3
Long-term vacancy, %	4.9	3.8	1.8	14.4	6.1	5.1	3.7	1.8	11.9	4.8

¹ From lower to upper quartiles in the portfolio.

The valuation model is based on a five-year analysis period and a long-term inflation rate of 2 per cent.



➤ Barbro Wärell, Luleå Science Park service centre, with the tenant Gunilla Enquist, Aulis Konsult & Utveckling, Project Manager, Porsön 1:423, Luleå.

➤➤➤ INVESTMENTS

We are continuously investing in our portfolio to improve, adapt and improve the efficiency of our premises for our tenants. Our investments added SEK 316 million (164) to the value of the property portfolio in the first quarter.

IMPROVEMENTS

Our investments in our existing portfolio comprise conversions and extensions as well as energy-saving measures. The investments must result in a higher occupancy rate, increased customer satisfaction, lower costs and a reduced impact on the environment. During the period, SEK 316 million (164) was invested in 550 projects (476). At the end of the period, 43 major¹ improvement projects were ongoing, with a remaining investment volume of SEK 370 million and a total investment volume of SEK 754 million. In the quarter, decisions were taken on 74 new investments. The return on completed investments for the period was 8.9 per cent on the invested amount while the return on our ongoing projects was 8.3 per cent.

¹Initial investment volume > SEK 4 million.

NEW BUILDS

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

The Falan 20 residential property project is ongoing and is expected to be completed in spring 2019. The Riverside hotel project in Sundsvall has been initiated, with preparatory work underway on the underground car park on which the hotel will stand. Construction is scheduled to begin in March 2019. Construction of the hotel project on the Magne 4 property in Umeå commenced in the first quarter of 2019.

➤➤➤ ENERGY USE AND CARBON DIOXIDE EMISSIONS

	Unit	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar
Heating ¹	kWh/sq.m	38.0	40.0
District cooling ²	kWh/sq.m	6.0	2.7
Electricity ³	kWh/sq.m	14.5	15.5
Carbon dioxide, total ⁴	g CO ₂ /kWh	23.6	31.4
Water	m ³ /sq.m	0.1	0.1

¹ Heating has been adjusted to a normal year.

² District cooling does not include self-produced cooling.

³ Electricity from energy use and tenants where electricity is included in the lease.

⁴ Carbon dioxide from electricity and heating.

All values have been provided by the suppliers. Floor area refers to tempered area. The comparative figures have been updated for the current portfolio and thus show changes for comparable properties.

The target for 2019 is to reduce energy consumption by 3 per cent. The optimisation efforts that were stepped up in the second quarter of 2018, with a clearer focus and technology strategies, have continued to yield fruit. Overall energy use in the first quarter was down by 5 per cent.

To lower the environmental impact, we only purchase origin-labelled electricity and we can now see that 98 per cent of our energy use comes from renewable sources.

➤➤➤ CERTIFICATIONS

Eight BREEAM In-Use certification processes were initiated during the period. Our target for the year is to certify 16 properties under the BREEAM In-Use environmental certification standard. The goal for 2019 is to obtain environmental certification for 17 per cent of the portfolio by surface area. We now have 23 properties certified under the Miljöbyggnad, BREEAM In-Use and GreenBuilding standards, which represents 11 per cent of the total area of the property portfolio.

➤➤➤ PROJECTS AND PROPERTY DEVELOPMENT

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

Type	City	Property	Property type	Leasable area, sq.m	Occupancy rate, %	Planned investment, SEKm	Start of construction	Estimated completion	Environmental certification
New build	Sundsvall	Noten	Hotel	14,350	100	385	Q1 2019	Q2 2021	BREEAM SE Very good
New build	Umeå	Magne 4	Hotel	14,500	100	400	Q1 2019	Q3 2022	BREEAM SE Very good

Projects with an initial investment volume >SEK 150 million.

> FINANCING

CAPITAL STRUCTURE

At 31 March 2019, 37 per cent (35) of Diös' total assets of SEK 21,858 million was funded through equity, 53 per cent (55) through debt securities and 10 per cent (10) through other capital.

EQUITY

At 31 March, equity was SEK 8,069 million (7,116). The equity ratio was 36.9 per cent (35.3), which exceeds the target of 35 per cent.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities in the Group were SEK 11,349 million (11,186). Of total interest-bearing liabilities, SEK 8,859 million (9,180) refers to bank financing, SEK 1,240 million (1,206) to covered bonds and SEK 1,250 million (800) to commercial paper. The loan-to-value ratio in the Group was 52.8 per cent (56.7) at the end of the period. The average annual interest rate at 31 March, including the cost of derivatives and loan commitments, was 1.3 per cent (1.5) and the interest coverage ratio 6.2 times (4.9).

FINANCIAL INSTRUMENTS

Out of the Group's total interest-bearing liabilities, SEK 4,000 million (4,600) has been hedged through derivatives. At 31 March 2019, the market value of the derivative portfolio was SEK 0 million (-10). The financial instruments limit the impact of changes in interest rates on our average borrowing cost. The value of derivatives is always zero at maturity. All financial instruments are measured at fair value and are classified in Level 2 in accordance with IFRS 13, which means that the

measurement is based on observable market data (see Note 21 in the Annual Report 2018). Changes in value are recognised through profit or loss.

SENSITIVITY ANALYSIS

If market interest rates increase by 1 percentage point

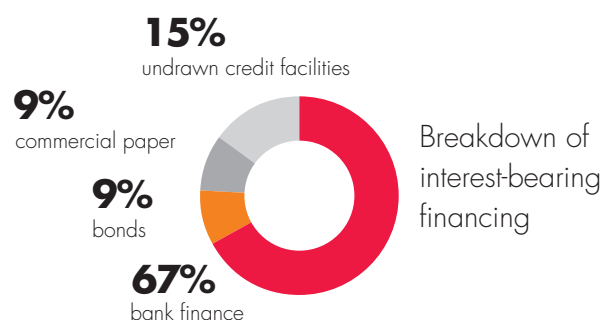
AT 31 MARCH 2019	Change in average annual interest rate, %	Change in average annual interest rate, SEKm	Change in market value, SEKm
Loan portfolio excl. derivatives	0.4	+48	
Derivatives portfolio	0.0	0	+1
Loan portfolio incl. derivatives	0.4	+48	+1

FIXED-RATE TERMS AND LOAN MATURITIES

The average fixed-rate term, including derivatives, was 1.1 years (2.2) and the average loan maturity 2.3 years (2.2). Of the Group's outstanding loans, SEK 6,510 million (8,163) is subject to fixed interest rates.

CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents at the end of the period were SEK 0 million (123) and drawn overdraft facilities were SEK 336 million (0). The agreed limit on the overdraft facility was SEK 600 million (600).



>>> INTEREST RATE AND DEBT MATURITY STRUCTURE AT 31 MARCH 2019

Maturity year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average annual interest rate ¹ , %	Credit agreements, SEKm	Drawn, SEKm
2019	1,834	0.5	584	584
2020	7,685	1.3	6,167	5,667
2021	1,831	1.2	1,111	1,111
2022	-	-	3,222	2,171
2023	-	-	1,120	1,120
2027	-	-	697	697
Drawn credit facilities	11,349	1.2	13,301	11,349
Undrawn credit facilities ²	1,952	0.1		
Financial instruments	4,000	0.0		
TOTAL		1.3		

¹ Average annual interest rate refers to the average interest rate based on interest rate terms and the outstanding liability as at 31 March 2019.

² The cost of unused credit facilities affects the average annual interest rate by 0.06 percentage points.

CASH FLOW

»»» CONDENSED CONSOLIDATED CASH FLOW STATEMENT, SEKM

	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	2018 12 mths Jan-Dec
OPERATING ACTIVITIES			
Operating surplus	268	250	1,140
Central administration	-17	-17	-71
Reversal of depreciation, amortisation and impairment	0	0	2
Interest received	1	1	8
Interest paid	-31	-29	-185
Tax paid	-23	-17	-90
Cash flow from operating activities before changes in working capital	198	188	804
Changes in working capital			
Decrease (+)/increase (-) in receivables	-105	-101	-35
Decrease (-)/increase (+) in current liabilities	9	59	31
Total changes in working capital	-95	-42	-4
Cash flow from operating activities	102	146	800
INVESTING ACTIVITIES			
Investments in new builds, conversions and extensions	-209	-125	-557
Acquisition of properties	-312	-42	-371
Sale of properties	146	55	443
Other non-current financial assets	-	-	-10
Cash flow from investing activities	-375	-112	-495
FINANCING ACTIVITIES			
Dividends paid	-	-	-390
New borrowing, interest-bearing liabilities	222	175	312
Repayment and redemption of interest-bearing liabilities	-87	-118	-457
Change in overdraft facility	138	-	198
Cash flow from financing activities	273	57	-337
Cash flow for the period	0	91	-32
Cash and cash equivalents at beginning of period	0	32	32
Cash and cash equivalents at end of period	0	123	0

REPORTING BY BUSINESS UNIT AT 31 MARCH 2019 *Amounts in SEKm unless otherwise indicated.*

2019

By business unit	Dalarna	Gävle	Sundsvall	Åre/Östersund	Skelefteå	Umeå	Luleå	Group
Rental income	52	35	54	59	28	49	64	341
Service income								
Tariff-based services	14	6	12	17	6	10	11	75
Care and upkeep	6	3	8	9	1	6	7	41
Repair and maintenance	-2	-1	-2	-3	-2	-3	-2	-16
Tariff-based costs	-13	-6	-11	-16	-6	-9	-11	-72
Property tax	-3	-2	-4	-4	-1	-4	-5	-22
Other property costs	-8	-5	-11	-11	-3	-8	-12	-58
Property management	-3	-2	-3	-4	-1	-3	-3	-20
Operating surplus	43	27	42	46	22	38	50	268
Central administration/net financial items	-	-	-	-	-	-	-	-56
Property management income	-	-	-	-	-	-	-	212
Property, realised	0	-	-	5	-	-	-	5
Property, unrealised	3	3	21	14	1	1	17	60
Interest rate derivatives	-	-	-	-	-	-	-	0
Profit before tax	-	-	-	-	-	-	-	277
Leasable area, sq.m	271,684	160,604	233,490	291,478	109,126	200,829	205,440	1,472,651
Rental value	79	50	83	91	36	72	85	496
Economic occupancy rate, %	90	86	88	92	97	89	95	91
Surplus ratio, %	60	64	58	56	63	59	61	60
Property portfolio, 1 January	2,805	1,971	3,424	3,556	1,430	3,562	4,054	20,802
Acquisitions	149	245	-	28	-	-	-	421
Investments in new builds, extensions and conversions	72	62	29	33	28	58	34	316
Sales	-49	-	-	-71	-	-	-	-120
Reclassifications	-	-	-	-	-	-	-	-
Unrealised changes in value	3	3	20	14	1	1	17	60
Property portfolio 31 March	2,979	2,281	3,475	3,560	1,457	3,622	4,105	21,479

Columns/rows may not add up due to rounding.





2018

By business unit	Dalarna	Gävle	Sundsvall	Åre/Östersund	Skellefteå	Umeå	Luleå	Group
Rental income	50	37	48	55	25	48	57	320
Service income								
Tariff-based services	13	8	12	16	5	9	11	74
Care and upkeep	7	5	11	11	2	6	9	51
Repair and maintenance	-3	-1	-2	-2	-2	-3	-2	-15
Tariff-based costs	-12	-8	-11	-16	-5	-9	-10	-72
Property tax	-3	-3	-4	-4	-2	-4	-4	-22
Other property costs	-9	-8	-14	-14	-3	-8	-14	-70
Property management	-3	-2	-4	-4	-1	-2	-3	-20
Operating surplus	41	28	36	44	19	37	45	250
Central administration/Net financial items	-	-	-	-	-	-	-	-63
Property management income	-	-	-	-	-	-	-	187
Property, realised	-	-3	-	-	-	-	-	-3
Property, unrealised	-9	9	-	24	17	60	8	109
Interest rate derivatives	-	-	-	-	-	-	-	6
Profit before tax	-	-	-	-	-	-	-	299
Leasable area, sq.m	266,682	216,692	233,490	304,511	109,126	197,942	205,440	1,533,883
Rental value	76	56	80	90	33	70	82	486
Economic occupancy rate, %	92	90	88	91	97	90	95	92
Surplus ratio, %	58	57	51	54	60	59	58	56
Property portfolio, 1 January	2,649	2,045	3,234	3,257	1,222	3,272	3,778	19,457
Acquisitions	-	-	-	-	68	-	-	68
Investments in new builds, extensions and conversions	38	14	33	33	4	3	39	164
Sales	-	-69	-	-	-	-	-	-69
Reclassifications	2	0	3	1	2		1	10
Unrealised changes in value	-9	9	0	24	17	60	8	109
Property portfolio 31 March	2,680	1,999	3,270	3,315	1,311	3,337	3,826	19,739

Columns/rows may not add up due to rounding.



➤ Diös tenant Stadium, Micke Jonsson Store Manager, with Emelie Kjellner, City Centre Manager, Katten 14, Luleå.

»»» KEY FINANCIAL 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 34 and in the descriptions of the purpose of the various measures in the annual report for 2018. The financial targets for 2019 adopted by the Board are presented on page 23 of this report.

Figures refer to SEK million unless otherwise indicated.

	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	2018 12 mths Jan-Dec
Number of shares at end of period, thousands (<i>balance sheet KPIs</i>)	134,512	134,512	134,512
Average number of shares, thousands (<i>income statement KPIs</i>)	134,512	134,512	134,512

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

	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	2018 12 mths Jan-Dec
Property management income			
Profit before tax	277	299	1,597
Reversal			
Change in value, properties	-65	-106	-687
Change in value, derivatives	0	-6	-16
Property management income	212	187	894
EPRA earnings (property management income after tax)			
Property management income	212	187	894
Reversal, current tax property management income	-23	-17	-77
Minority share of earnings	-1	0	-3
EPRA earnings	188	170	814
EPRA earnings per share, SEK	1.40	1.26	6.05

	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	2018 12 mths Jan-Dec
Loan-to-value ratio			
Interest-bearing liabilities	11,349	11,186	11,099
Investment properties	21,479	19,739	20,802
Loan-to-value ratio, %	52.8	56.7	53.4

Equity ratio			
Equity	8,069	7,116	7,839
Total assets	21,858	20,188	21,057
Equity ratio, %	36.9	35.3	37.2

Interest coverage ratio			
Property management income	212	187	894
Reversal			
Financial costs	40	48	183
Total	252	235	1,077
Financial costs	40	48	183
Interest coverage ratio, times	6.2	4.9	5.9

Net debt to EBITDA			
Interest-bearing liabilities as per balance sheet	11,349	11,186	11,099
Cash and cash equivalents	0	-123	0
Overdraft facilities	336	0	198
Net debt	11,685	11,063	11,297
Operating surplus as per income statement	1,158	1,089	1,140
Central administration as per income statement	-71	-67	-71
Reversal			
Depreciation and amortisation	2	2	2
EBITDA	1,089	1,024	1,071
Net debt to EBITDA	10.7	10.8	10.5



	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	2018 12 mths Jan-Dec
Net asset value			
Equity as per balance sheet	8,069	7,116	7,839
Minority share of equity	-50	-45	-49
Reversal as per balance sheet			
Fair value of financial instruments	-1	10	-1
Deferred tax on temporary differences	1,326	1,209	1,299
EPRA NAV (long-term net asset value)	9,343	8,290	9,088
EPRA NAV (long-term net asset value) per share, SEK	69.5	61.6	67.6
Deductions			
Fair value of financial instruments	1	-10	1
Estimated actual deferred tax on temporary differences, approx. 4% ¹	-247	-215	-242
EPRA NNAV (short-term net asset value)	9,097	8,065	8,847
EPRA NNAV (short-term net asset value) per share, SEK	67.6	59.9	65.8

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.

	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	2018 12 mths Jan-Dec
OTHER KEY RATIOS			
Return on equity, %	2.9	3.3	18.2
Equity per share, SEK	60.0	52.9	58.3

Cash flow per share, SEK

Profit before tax	277	299	1,597
Reversal			
Unrealised change in value, properties	-60	-109	-678
Unrealised change in value, derivatives	0	-6	-16
Depreciation and amortisation	1	1	2
Current tax	-23	-17	-90
Total	195	168	815
Average number of shares ('000)	134,512	134,512	134,512
Cash flow per share, SEK	1.45	1.25	6.05
Earnings per share, SEK	1.71	1.70	9.94
Debt/equity ratio, times	1.4	1.6	1.4

	2019 3 mths Jan-Mar	2018 3 mths Jan-Mar	2018 12 mths Jan-Dec
OTHER INFORMATION			
Contracted rental income, SEKm	450	445	1,771
Economic occupancy rate, %	91	92	91
Surplus ratio, %	60	56	64

EPRA vacancy rate

Estimated market rent for vacant space	178	154	154
Annualised rental value for the whole portfolio	1,975	1,904	1,904
EPRA vacancy rate, %	9.0	8.1	8.1



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. Income totalled SEK 41 million (41) and the profit after tax was SEK 9 million (1). Net sales referred chiefly to services sold to the Group's subsidiaries. Cash and cash equivalents were SEK 0 million (120) at 31 March 2019 and drawn overdraft facilities were SEK 327 million (0). External interest-bearing liabilities, excluding overdraft facilities,

totalled SEK 2,209 million (3,309), of which SEK 1,250 million (800) referred to outstanding commercial paper. The average annual interest rate based on the situation at 31 March 2019 amounted to 0.9 per cent (1.0). The parent company prepares its financial reports in compliance with RFR 2 Financial Reporting for Legal Entities.

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

	2019 3 months Jan-Mar	2018 3 months Jan-Mar	2018 12 mths Jan-Dec
INCOME STATEMENT			
Income	41	41	164
Gross profit	41	41	164
Central administration	-49	-49	-204
Operating profit	-8	-8	-40
Income from investments in Group companies	0	0	611
Financial income	74	58	253
Financial costs	-57	-49	-222
Profit after financial items	9	1	602
Current tax	-	0	-
Profit after tax	9	1	602
STATEMENT OF COMPREHENSIVE INCOME			
Profit after tax	9	1	602
Comprehensive income for the year	9	1	602

»»» CONDENSED PARENT COMPANY BALANCE SHEET, SEKM

	2019 31 Mar	2018 31 Mar	2018 31 Dec
ASSETS			
Investments in Group companies	2,124	2,124	2,124
Receivables from Group companies	12,798	11,581	11,214
Other assets	22	28	21
Cash and cash equivalents	-	120	-
TOTAL ASSETS	14,944	13,853	13,359
EQUITY AND LIABILITIES			
Equity	3,315	3,096	3,307
Interest-bearing liabilities	2,209	3,309	2,238
Liabilities to Group companies	9,068	7,417	7,579
Overdraft facilities	327	-	201
Other liabilities	25	31	34
TOTAL EQUITY AND LIABILITIES	14,944	13,853	13,359



» Emma Widegren, Property Manager.

> OTHER INFORMATION

>>> EMPLOYEES AND ORGANISATION

The number of employees on 31 March 2019 was 157 (157), of whom 63 were women (63). The majority of our employees, 105 people (105), work in our business units and the rest at our head office in Östersund. As of January 2019, Skellefteå has been a separate business unit, which means that Diös now has seven business units.

>>> RISKS AND UNCERTAINTIES

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 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 performance measures. 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	19,868	21,479	23,090
Equity ratio, %	31.9	36.9	41.2
Loan-to-value ratio, %	57.1	52.8	49.2

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%	+/- 18
Economic occupancy rate	+/- 1 percentage point	+/- 20
Property costs	-/+ 1%	+/- 7
Interest rate on interest-bearing liabilities	-/+ 1 percentage point	+/- 48

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 made after the publication of the annual report for 2018. For more information on risks and risk management, see Diös' annual report for 2018, pages 60–64.

>>> RELATED-PARTY TRANSACTIONS

There were no significant related party transactions in the period. Those related-party transactions which did occur are deemed to have been concluded on market terms.

>>> SEASONAL VARIATIONS

Costs for operations and maintenance are subject to seasonal variations. Cold weather and snow affect the costs for heating, snow clearance and roof snow removal. The costs are normally higher in the first and fourth quarters.

>>> ACCOUNTING POLICIES

Diös complies with EU-adopted IFRS standards and the interpretations of these (IFRIC). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The report for the parent company is prepared in accordance with RFR 2 Financial Reporting for Legal Entities and the Swedish Annual Accounts Act. Disclosures under IAS 34 are provided elsewhere in the interim report than in a note. All property-related transactions have been recognised based on calculations of the preliminary consideration. The calculation of the final consideration will be completed in the second quarter of 2019. 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 2018¹, Note 1.

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

IFRS 16 LEASES

IFRS 16 has been applied for the financial year that began on 1 January 2019. Diös does not apply the standard retrospectively. The accounting treatment for lessors is essentially unchanged. For lessees, the standard has the effect that most leases will be recognised in the balance sheet. For Diös, the main impact is in respect of the recognition of leasehold contracts and car leases, which from 1 January 2019 will be recognised in the balance sheet and will thus have an impact on total assets. The lease payment is accounted for as depreciation of the right-of-use asset and finance charge, and is no longer included in net operating income. The recognised right-of-use assets have been assigned the same value as the lease liability recognised at 1 January 2019. As Diös has a limited number of contracts, the impact on the financial statements is limited. In preparation for the change, Diös reviewed and assessed the Group's leases in its capacity as lessee, identifying leasehold contracts and car leases as being the most material. In addition to these, only minor leases have been identified, such as leases for office equipment and similar items. As at 1 January 2019, the Group recognised a lease liability of SEK 35 million for leasehold contracts along with a corresponding right-of-use asset. After that date, Diös has recognised the right-of-use asset at fair value, as it

ACCOUNTING POLICIES CONTINUE ON THE NEXT PAGE >>>



is considered to be an investment property. As a result of the transition to IFRS 16, all ground rent costs have been treated as financial cost, which differs from the previous principle, under which these costs were treated as an operating expense that reduced the operating surplus. Property management income remains unchanged, however. The recognised expense for ground rent in 2018 was SEK 3 million. As at 1 January 2019, the Group recognised a lease liability of SEK 14 million for car leases along with a corresponding right-of-use asset. These are recognised at the value of the right-of-use asset at the beginning of the period less depreciation and a finance charge, which

differs from the previous principle, under which this was treated as an operating expense that reduced the operating surplus. The recognised expense for leased vehicles in 2018 was SEK 4 million. As Diös has a limited number of contracts, the impact on the financial statements is limited. A table showing the change and the impact on key ratios as at 1 January 2019 is presented below.

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

¹ The Annual Report 2018 is available at www.dios.se.

▶▶▶ BALANCE SHEET AT 1 JANUARY 2019 AFTER ADOPTION OF IFRS 16 LEASES

	Balance sheet items at 1 January 2019	Restatement under IFRS 16	Restated balance sheet items 1 January 2019
Assets			
Investment properties	20,802		20,802
Finance right-of-use asset	-	44 ¹	44
Other non-current assets	54		54
Current receivables	201		201
Current portion of finance right-of-use asset	-	5 ¹	5
Cash and cash equivalents	0		0
Total assets	21,057	49	21,106
Equity			
Equity	7,839		7,839
Retained earnings	0	0	0
Deferred tax liability	1,353		1,353
Provisions	9		9
Interest-bearing liabilities	11,099		11,099
Non-current lease liability	-	44 ²	44
Overdraft facilities	198		198
Current liabilities	559		559
Current lease liability	-	5 ²	5
Total equity and liabilities	21,057	49	21,106
Impact on key ratios			
Property management income, SEKm	1,597		1,597
Loan-to-value ratio, %	53.4		53.5
Equity ratio, %	37.2		37.1
Interest coverage ratio, %	5.9		5.8
Surplus ratio, %	64.0		64.8

¹ Refers to the recognition of ground rent of SEK 35 million and car lease liabilities of SEK 14 million.

² Refers to the recognition of ground rent of SEK 35 million, all of which is classified as long-term liability, and to car-related liabilities, of which the current portion refers to the estimated portion maturing within 1 year.

TRANSITION FROM OPERATING LEASES IAS 17 TO IFRS 16 LEASES AS AT 1 JANUARY 2019

Operating lease commitments at 31 Dec 2018	49
Finance lease liabilities at 31 December 2018	0
Short-term leases	0
Low-value leases	0
<i>Impact of reclassification to finance leases under IFRS 16:</i>	
Ground rent	35
Leased cars	14
Recognised lease liability opening balance sheet 1 January 2019	49

In the opening balance sheet as at 1 January 2019, Diös has used a weighted average marginal borrowing rate of 5.9 per cent in determining the lease liability for grounds rents and a rate of 7.9 per cent in determining the lease liability for cars.

»»» SUMMARY OF QUARTERLY RESULTS

	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018	31 Dec 2017	30 Sep 2017	30 Jun 2017
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Income, SEKm	457	447	467	446	450	443	436	435
Operating surplus, SEKm	268	283	312	295	250	266	287	286
Property management income, SEKm	212	225	248	234	187	197	222	224
Profit for the period, SEKm	229	451	303	358	229	256	192	255
Surplus ratio, %	60	64	70	67	61	61	67	66
Economic occupancy rate, %	91	91	91	91	92	91	91	91
Return on equity, %	2.9	5.9	4.2	5.0	3.3	3.8	2.9	3.9
Equity ratio, %	36.9	37.2	36.1	34.8	35.3	34.9	33.9	33.3
Property loan-to-value ratio, %	52.8	53.4	54.6	55.8	56.7	57.1	57.8	58.3
Average interest rate at end of period, % ¹	1.3	1.2	1.3	1.5	1.5	1.5	1.6	1.6
Interest coverage ratio, times	6.2	6.3	6.0	6.3	4.9	4.8	5.5	5.8
Property management income per share, SEK	1.57	1.67	1.84	1.74	1.38	1.46	1.65	1.67
Earnings per share after tax, SEK	1.71	3.35	2.25	2.64	1.70	1.91	1.43	1.88
Equity per share, SEK	60.0	58.3	54.9	52.7	52.9	51.2	49.3	47.9
Market price per share, SEK	76.3	56.4	56.9	53.8	56.4	55.8	52.0	46.6

¹ Includes expenses relating to commitment fees and derivatives.

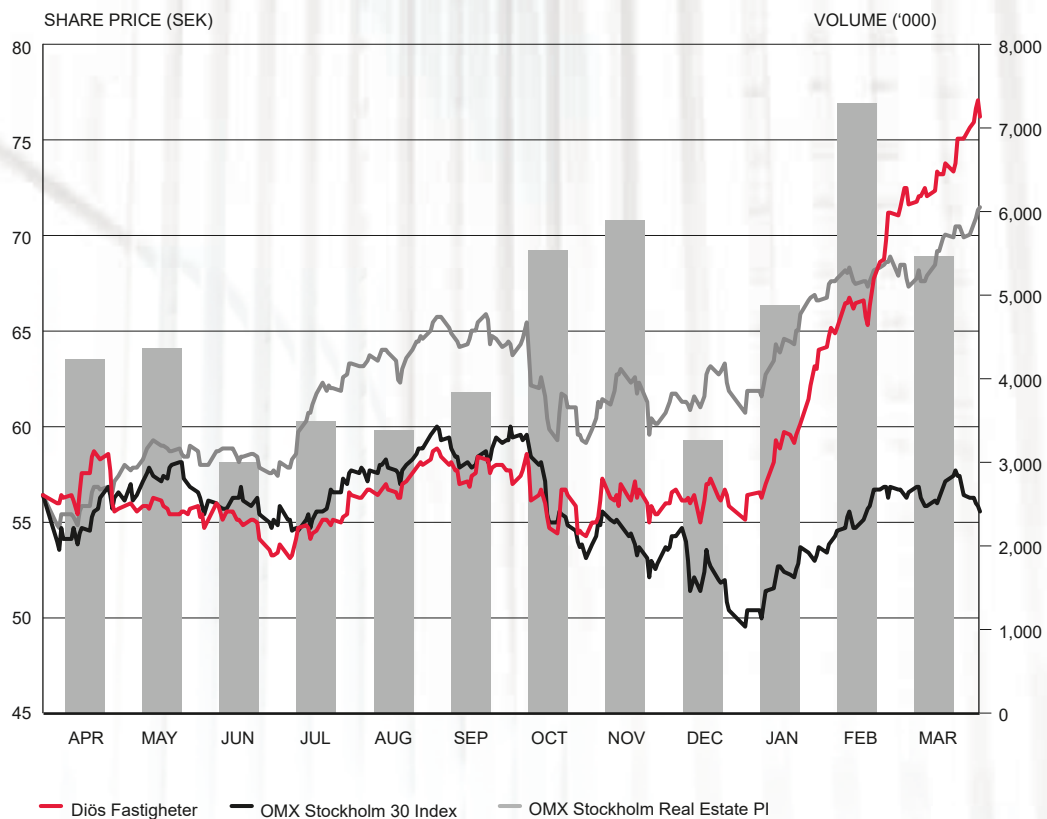
»»» TARGETS

OPERATIONAL AND FINANCIAL TARGETS	Outcome Jan-Mar 2019	Target 2019
Growth in property management income per share, %	8 ¹	>5
Surplus ratio, %	60	65
Energy use, %	-5	-3
Environmentally certified properties, % of total	11	17
Employee satisfaction index	-	76
Customer satisfaction index	-	67
Return on equity, %	17.5 ¹	>12
Distribution of profit for the year ² , %	-	~50
Loan-to-value ratio, %	52.8	<55
Equity ratio, %	36.9	>35

¹ Rolling twelve months

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

> SHARE PRICE PERFORMANCE



> THREE REASONS TO INVEST IN DIÖS



DIVERSIFIED PROPERTY PORTFOLIO

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



AN ATTRACTIVE YIELD

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



VALUE GROWTH THROUGH INCREASED CASH FLOW

Since 2013, the cash flow per share has increased by 71 per cent. This is the result of effective management, energy-saving measures, profitable investments and a tenant-focused organisation.

SHARE INFORMATION

SHARE PERFORMANCE

Diös' share price at the end of the period was SEK 76.3 (56.4), which represents a market capitalisation of SEK 10,263 million (7,580), and the return for the past 12 months was 35.4 per cent (28.1). If the dividend is included, the total return on the shares for the period was 42.7 per cent (33.9). The diagram shows share prices for the past 12 months for both Diös and the indexes. The return on the OMX Stockholm 30 Index was -1.5 per cent (-3.3) and the return on the OMX Stockholm Real Estate PI index 26.8 per cent (5.7).

At 31 March, Diös Fastigheter AB had 13,975 shareholders (14,648). The share of foreign-owned shares was 24.6 per cent (21.3) while the total number of shares during the period remained unchanged at 134,512,438 (134,512,438). The single largest shareholder was AB Persson Invest, with 15.4 per cent (15.4) of the shares. The ten largest shareholders accounted for 53.7 per cent (57.4) of the total number of shares and votes.

The Annual General Meeting 2018 resolved to authorise the company to buy back ten per cent of the total number of outstanding shares of the company. No repurchases were made during the period.

No new changes of ownership were flagged during the period. The ten largest shareholders of Diös Fastigheter AB according to Euroclear Sweden AB are shown above.

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

RETURN AND NET ASSET VALUE

Our goal is to generate a return on equity in excess of the risk-free rate plus 12 per cent. On an annualised basis, the return for the period was

12 per cent (13). Equity at the end of the year was SEK 8,069 million (7,116) and the long-term net asset value, EPRA NAV, was SEK 9,343 million (8,289). On a per share basis, EPRA NAV was SEK 69.5 (61.6), which means that the share price at 31 March represented 110 per cent (92) of long-term NAV. The net asset value per share for the period, expressed as EPRA NNNAV, was SEK 69.5 (59.9).

EARNINGS

Earnings per share for the period were SEK 1.71 (1.70) while long-term earnings per share, expressed as EPRA EPS, were SEK 1.40 (1.26). EPRA EPS, which is designed to show an entity's long-term earnings per share, is calculated as property management income after deducting 21.4 per cent corporation tax attributable to property management income less minority share of earnings.

LARGEST SHAREHOLDERS

of Diös Fastigheter AB at 31 March 2019

SHAREHOLDERS	No. of shares	Capital and voting rights, %
AB Persson Invest	20,699,443	15.4
Backahill Inter AB	14,095,354	10.5
Pensionskassan SHB Försäkringsförening	8,096,827	6.0
Nordstjärnan AB	6,787,374	5.0
Bengtssons Tidnings AB	6,787,374	5.0
Handelsbankens Fonder	5,150,000	3.8
SEB Fonder	3,433,978	2.6
Avanza Pension	3,330,040	2.5
Thompson, Siegel & Walmsley LLC	2,079,079	1.5
Sten Dybeck, including company and family	1,920,000	1.4
Total, largest shareholders	72,379,469	53.7
Other shareholders	62,132,969	46.3
TOTAL	134,512,438	100.0



»»» 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, 23 April 2019

Bob Persson
Chairman

Ragnhild Backman
Board member

Anders Bengtsson
Board member

Eva Nygren
Board member

Anders Nelson
Board member

Tomas Mellberg
Board member
Employee representative

Knut Rost
Chief Executive Officer

»»» FINANCIAL CALENDAR

Q2 Interim Report January-June 2019

5 July 2019

Q3 Interim Report January-September 2019

25 October 2019

»»» EVENTS AFTER THE REPORTING DATE

No events to report after the reporting date.

» FOR FURTHER INFORMATION, PLEASE CONTACT:

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*This constitutes information which Diös Fastigheter AB is required to publish under the EU's Market Abuse Regulation.
The information was submitted for publication through the above contact person on 23 April 2019, at 12 p.m. CEST.*

DEFINITIONS

AVERAGE NUMBER OF SHARES

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

CASH FLOW PER SHARE

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

COMPARABLE PROPERTIES

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

CONTRACTED RENTAL INCOME

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

DEBT/EQUITY RATIO

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

EARNINGS PER SHARE

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

EBITDA

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

ECONOMIC OCCUPANCY RATE

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

ECONOMIC VACANCY RATE

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

EPRA EARNINGS

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

EPRA NAV/LONG-TERM NET ASSET VALUE PER SHARE

Equity at the end of the period after reversal of interest rate derivatives and deferred tax attributable to temporary differences in properties and minority share of equity, divided by the number of outstanding shares at the end of the period.

EPRA NNAV/CURRENT NET ASSET VALUE PER SHARE

Equity at the end of the period adjusted for actual deferred tax instead of nominal deferred tax and minority share of equity, divided by the number of shares outstanding at the end of the period.

EPRA VACANCY RATE

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

EQUITY PER SHARE

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

EQUITY RATIO

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

INTEREST COVERAGE RATIO

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

LOAN-TO-VALUE RATIO, PROPERTIES

Interest-bearing and other liabilities relating to properties, divided by the carrying amount of the properties 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.

NET LEASING

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

NUMBER OF SHARES AT END OF PERIOD

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

PROJECT PROPERTY

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

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

Improvement property – properties with ongoing or planned conversion or extension work that materially affects the property's operating surplus or standard or changes the use of the premises.

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

PROPERTY MANAGEMENT INCOME

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

RENTAL VALUE

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

RETURN ON EQUITY

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

SERVICE INCOME

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

SURPLUS RATIO

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

YIELD

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



Diös

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