

Q1

INTERIM REPORT JANUARY-MARCH 2020

Q1 in brief

January–March 2020

- **Revenue** increased by 5 per cent to SEK 478 million (457)
- **Property management income** increased by 8 per cent to SEK 229 million (212)
- **Unrealised changes in value** of properties were SEK 10 million (60) and unrealised changes in value of derivatives were SEK 1 million (0)
- **The profit after tax** was SEK 189 million (230)
- **Earnings per share** were SEK 1.42 (1.71)

36.5%

Equity ratio

6,1

Interest coverage ratio

54.9%

Loan-to-value ratio

Profit for the period, SEKm

	2020 3 months Jan-Mar	2019 3 months Jan-Mar	2019 12 months Jan-Dec
Income	478	457	1,854
Operating surplus	290	268	1,187
Property management income	229	212	952
Profit before tax	240	277	1,302
Profit after tax	189	230	1,050
Surplus ratio, %	62	60	65
Occupancy rate, %	91	91	90
Equity ratio, %	36.5	36.9	36.6
Property loan-to-value ratio, %	54.9	52.8	53.1
Equity per share, SEK	64.5	60.0	63.1
EPRA NRV per share, SEK	75.1	69.5	73.4

For definitions of KPIs, see page 27.

Significant events Q1

- Diös concluded a contract with Dalarna University to develop a campus on Diös' Mimer 1 property in central Borlänge.
- Diös has acquired two office and residential properties in central Skellefteå. The properties have a value of SEK 38 million and the total leasable area is around 3,000 square metres.
- Diös has bought back 441,418 treasury shares over the quarter.
- Covid-19 enters into force in Sweden during the latter part of the quarter and affects both human health and economic development.

Chief executive's review

A strong quarter in turbulent times

We report our results for the first quarter of the year and I can say that it has been very strong. We are now facing the greatest test of our time with the current pandemic and its consequences. We take responsibility for minimizing the spread of infection and have a close dialogue with our tenants about their business. How this will affect us, I do not know at present, but we are acting with respect and humility at a troubled time.

Growth during the first quarter was very strong. The increase in our property management income amounted to 8 per cent and the surplus ratio was 62 per cent. Increased rental income and lower winter-related costs both made a positive contribution. Our leasing business continues to be strong and net leasing amounted to SEK 31 million as a result of a number of major leases where the cash flow is a few years away.

At a portfolio level, the value of properties has been relatively unchanged during the quarter. Our leases and investments, particularly in the office sector, have had a positive impact on property value, but the outlook, primarily in certain retail sectors, has had a negative impact on the value.

We invested SEK 334 million in projects during the quarter. Our assessment is that all our major projects, for example the residential apartments in Östersund, our two hotels in Umeå and Sundsvall and the university in Borlänge, will continue according to plan.

It is very good news that at the end of the first quarter we have already refinanced 85 per cent of the year's maturities. We had two bond maturities of around SEK 800 million in April and May where the April maturity already has been refinanced in bank, and regarding the May maturity, we have ongoing discussions. We have no further loan maturities in 2020. In addition to existing loans, we have cash and cash equivalents, undrawn overdraft facilities and undrawn credit facilities available of SEK 1.2 billion, which puts us in a strong financial position. Our average interest rate on 31 March was 1.3 per cent and our loan maturities were 3.2 years.

The impact of Covid-19 on our business is currently difficult to assess, but we are aware that this is an unprecedented situation. The measures



that have been taken and the resulting changes in behaviour have affected us and our entire environment. The duration of the crisis and the measures that may help to reduce its consequences are crucial in determining the extent of its impact on us. Many of our tenants are in a very difficult situation. As a result, our most important task is to have individual discussions with them and take the necessary measures. Businesses in the tourism and hospitality industry, such as restaurants, cafés and hotels, are more vulnerable during the current phase of the crisis. Around 6 per cent of our rental income comes from tenants with businesses in this industry. Stores selling consumer durables are generally being harder hit as a result of reductions in footfall and in turnover.

Our retail tenants are very diversified and range from supermarkets, pharmacies and Systembolaget (Sweden's state-owned chain of stores selling alcoholic beverages), which are continuing to do well, to stores selling consumer durables, which are having a more difficult time. As a support measure, we have offered tenants the option of more flexible opening hours and in some cases we are giving them the choice of paying rent monthly instead of quarterly. In addition, we have reached agreements with tenants on rent discounts. We can now state that about 91 percent of expected rent payments for April were received, which can be compared with about 97 percent previous years.

There is still some uncertainty about the rent support introduced by the government and aimed at stores selling consumer durables, restaurants and cafés, but we have opted to take a proactive approach because we believe that this will pay off in the future. Our cost based on agreements so far amounts to approximately SEK 8 million.

Finally I would like to express my warm thanks to all our employees partly for the strong first quarter, partly for the measures they are taking to reduce the spread of infection and at the same time put huge effort and energy into providing all our tenants with a professional service. By being active and taking action, we hope to help many of our tenants pass this ordeal. I have great respect for the current pandemic and am humbled for the future. At the same time I am certain that after we have overcome the challenges currently facing us, we will emerge strong and with more opportunities for value-added urban development.

Together we can get through this difficult time.

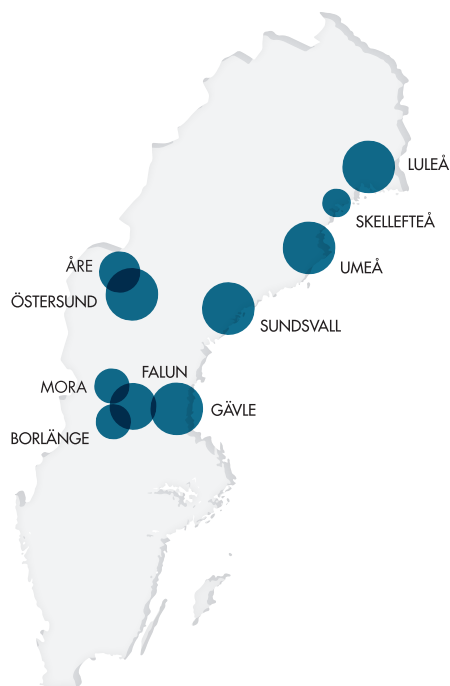


Knut Rost, CEO

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 help shape Sweden's most inspiring cities and generate long-term value for our tenants, our owners and ourselves.



333

No. of properties



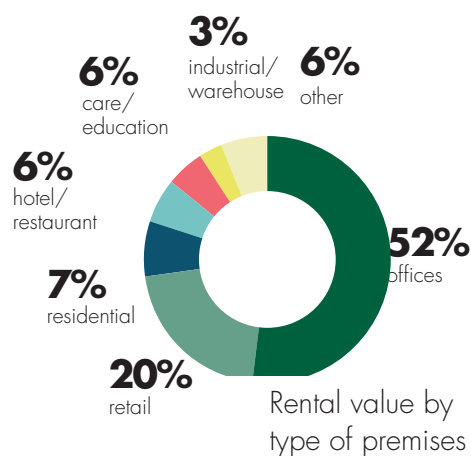
23.2

Property value, SEKbn



1,483

Leasable area, thousand sq.m



Relationships and business

As a result of **good relationships**, we have profitable, long-term business dealings. With satisfied employees, we develop 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.

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

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

Welcome to our cities!

Promise and core values

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

Corporate responsibility

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



We want to create Sweden's most inspiring cities.

Income statement

► CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME, SEK M

	2020 3 months Jan-Mar	2019 3 months Jan-Mar	2019 12 months Jan-Dec
INCOME STATEMENT			
Rental income	370	341	1,482
Service income	108	116	372
Total income	478	457	1,854
Property costs	-188	-189	-667
Operating surplus	290	268	1,187
Central administration	-17	-17	-73
Net financial items	-44	-39	-162
Property management income	229	212	952
Change in value, properties	10	65	350
Change in value, interest rate derivatives	1	0	0
Profit before tax	240	277	1,302
CURRENT TAX	-18	-23	-79
DEFERRED TAX	-33	-24	-173
Profit after tax	189	230	1,050
Profit attributable to shareholders of the parent company	190	229	1,041
Profit attributable to non-controlling interests	-1	1	9
Total	189	230	1,050
STATEMENT OF COMPREHENSIVE INCOME			
Profit after tax	189	230	1,050
Comprehensive income for the period	189	230	1,050
Comprehensive income attributable to shareholders of the parent company	190	229	1,041
Comprehensive income attributable to non-controlling interests	-1	1	9
Total	189	230	1,050
Earnings per share, SEK	1.42	1.71	7.74
Number of shares outstanding at end of period	134,071,020	134,512,438	134,512,438
Average number of shares	134,450,282	134,512,438	134,512,438
Number of treasury shares at end of period	441,418	0	0
Average number of treasury shares	62,156	0	0

There is no dilutive effect, as no potential shares (such as convertibles) exist.
The accounting policies are presented on page 22.
Columns/rows may not add up due to rounding.

Earnings

January–March 2020

PROPERTY MANAGEMENT INCOME

Property management income for the period, i.e. income excluding changes in value and tax, was SEK 229 million (212). This is an increase of 8 per cent compared with the previous year. For comparable properties, our property management income increased by 6 per cent year on year.

INCOME

The rental income for the reporting period was SEK 478 million (457), representing a 91 per cent (91) economic occupancy rate. For comparable properties, contracted rental income increased by 2.8 per cent year on year. Other property management income totalled SEK 7 million (6) and consisted mainly of the costs of work on leased premises that are passed on to tenants.

REVENUE GROWTH

	2020 Jan-Mar	2019 Jan-Mar	Change %
Comparable properties	462	450	2.8
Acquired properties	9	0	
Sold properties	0	1	
Contracted rental income	471	451	
Other property management income	7	6	
Income	478	457	

PROPERTY COSTS

The total property costs were SEK 188 million (189). Snow- and ice-related costs decreased compared with the same period in the previous year. Of the total property costs, SEK 4 million (4) refers to work on leased premises where the costs are passed on to tenants.

OPERATING SURPLUS

The operating surplus was SEK 290 million (268), representing a surplus ratio of 62 per cent (60). For comparable properties, our operating surplus increased by 7 per cent compared with the previous year.

CENTRAL ADMINISTRATION

The central administration costs amounted to 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

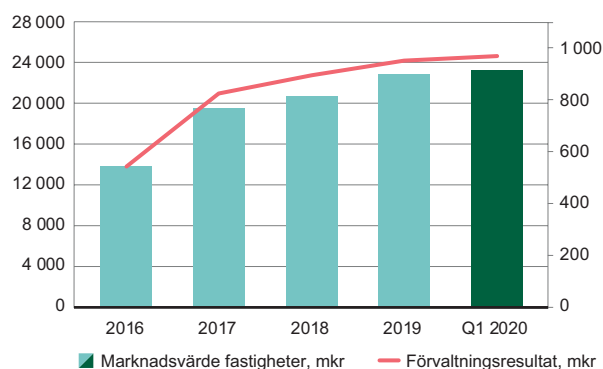
Net financial items for the period were SEK -44 million (-39). The interest costs for the period, including costs for interest rate derivatives and loan commitments, represent borrowings at an average annual interest rate of 1.3 per cent (1.3).

CHANGES IN VALUE, PROPERTIES

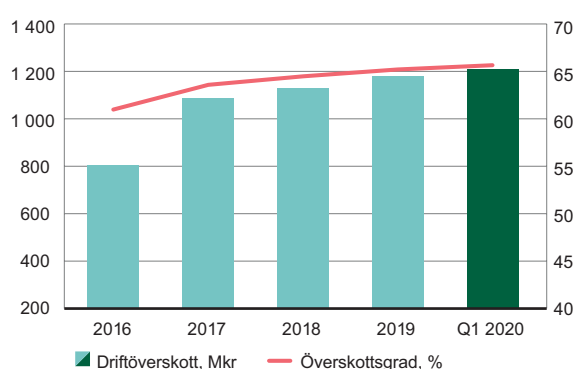
The average valuation yield at the end of the period was 5.86 per cent (5.92). At a portfolio level, this represents a change of -0.03 percentage points since year-end. The positive unrealised change in value amounts to SEK 10 million (60). The change in value is explained by improved net operating income in the offices and residential segments, which contribute positively. This is offset by lower market values for certain retail sectors as a result of increased uncertainty and risk of lower cash flows. The change in value represented 0.04 per cent (0.3) of market value. At 31 March, the market value was SEK 23,229 million (21,479).

During the period, 0 properties (5) were sold, resulting in a realised change in value of SEK 0 million (5), and 0 properties (5) were acquired.

MARKET VALUE AND PROPERTY MANAGEMENT INCOME



OPERATING SURPLUS AND SURPLUS RATIO



The figures for property management income, operating surplus and surplus ratio in Q1 2020 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 has not been realised and does not affect cash flow.

During the period, unrealised changes in value on derivatives totalled SEK 1 million (0). These have been fully reported in the income statement.

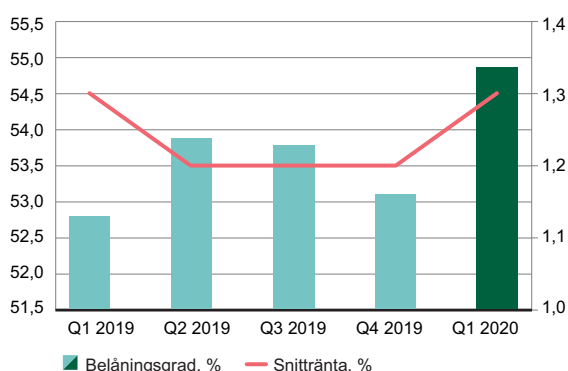
PROFIT BEFORE TAX

The profit before tax was SEK 240 million (277). The lower profit is mainly due to reduced unrealised property values compared with the previous year.

PROFIT AFTER TAX

The profit after tax was SEK 189 million (230). Current tax totalled SEK -18 million (-23). This is mainly attributable to tax in subsidiaries which do not have the right to offset losses against Group contributions. The deferred tax was SEK -33 million (-24).

AVERAGE INTEREST RATE AND LOAN-TO-VALUE RATIO



TAX

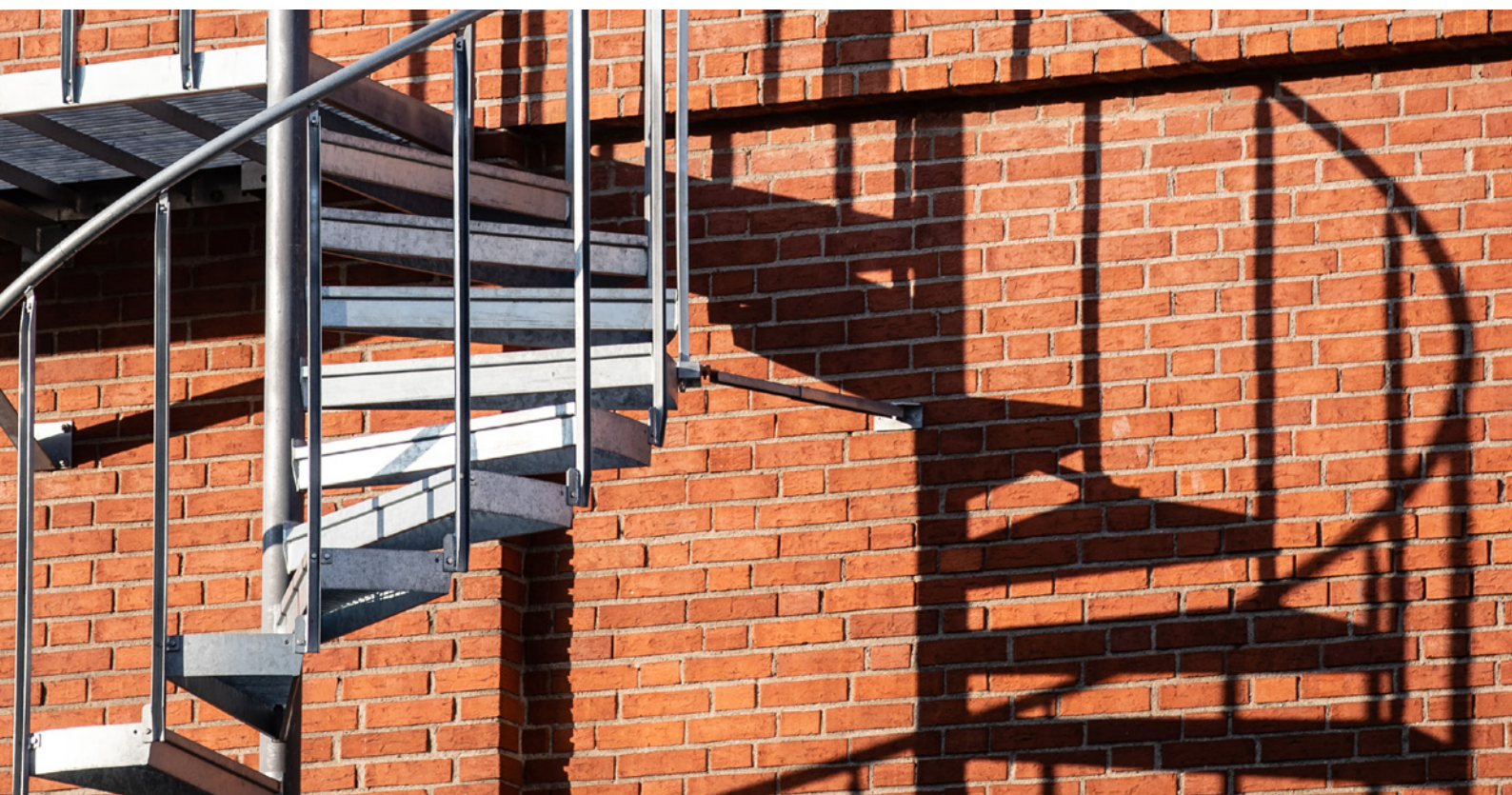
The nominal corporate tax rate in Sweden is 21,4 per cent. Thanks to the option of using tax depreciation allowances, recognising the full amount of expenses for certain types of conversion projects in the first year and using tax loss carry-forwards, tax paid is lower than nominal tax.

The remaining tax loss carry-forwards are estimated at SEK 0 million (0). The Group also has untaxed reserves of SEK 390 million (245). The fair value of the properties exceeds their tax base by SEK 7,171 million (6,438), less SEK 3,791 million (3,760) in deferred tax relating to asset acquisitions. The tax liability has been calculated using the new tax rate of 20.6 per cent, as no significant reversal of the tax liability is expected to be made in 2020.

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	
Profit before tax	240
Nominal tax rate 21.4%	-51
Tax effect of	
Realised changes in value, properties	0
Other tax adjustments	0
Reported tax expense	-51
Of which current tax	-18
Of which deferred tax	-33



Our tenants

TENANTS

Our tenant base is well diversified geographically and in terms of industry. The number of commercial leases was 2,900 (2,973). The number of residential leases was 1,724 (1,704). The ten largest tenants represent 16 per cent (16) 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 31 million (6). Noteworthy new leases during the period included contracts with the Swedish Transport Administration, Intagan 1, Borlänge and Dalarna University, Mimer 1, Borlänge.

LEASE TERM

The average lease term for commercial premises at 31 March was 3.9 years (3.3).

VACANCIES

Vacancies remained unchanged during the period, with economic vacancies standing at 9 per cent (9) and physical vacancies at 14 per cent (14) at 31 March. Adjusted for project-related and non-leasable vacancies, the physical vacancy rate was 11¹ per cent. Economic vacancies are highest in office and retail premises, while physical vacancies are highest in office and industrial/warehouse premises. The economic vacancy rate for the period, excluding discounts, was 9 per cent (10).

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

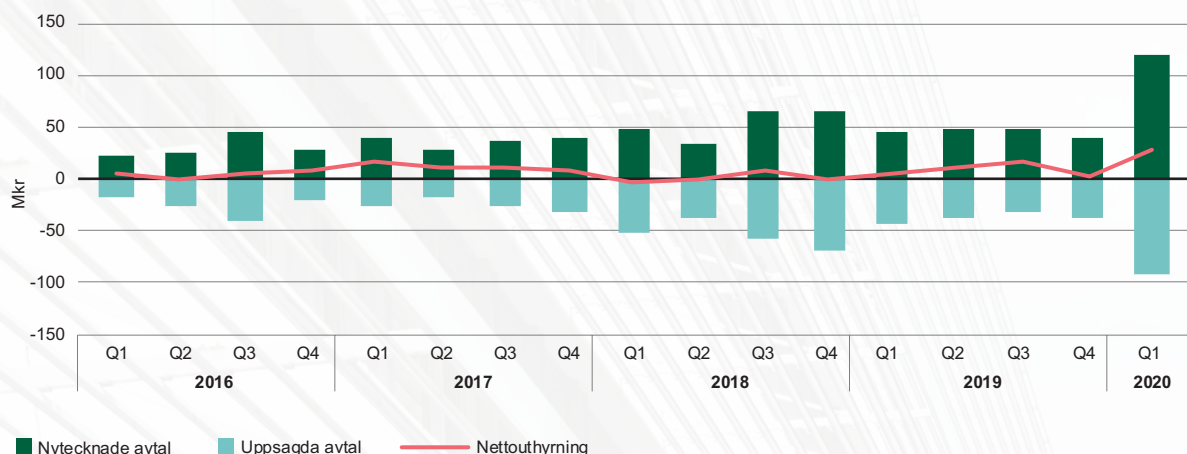
TENANTS AT 31 MARCH 2020	No. of contracts	Annual contract value, SEK '000	Average lease term, years
Swedish Transport Administration	25	70,299	9.6
Östersund Local Authority	117	37,564	2.7
Swedish Public Employment Service	33	29,688	2.0
Swedish Police Authority	32	27,362	7.5
Falun Local Authority	10	23,515	4.9
Swedish Social Insurance Agency	22	23,008	3.1
Ähléns AB	5	22,611	4.3
Folksam ömsesidig sakförsäkring	42	22,337	4.3
Telia Sverige AB	33	21,803	8.8
Swedish Migration Board	10	21,785	2.1
Total, largest tenants	329	299,973	5.6

LEASES AND MATURITIES

	No. of contracts	Contract value, SEKm	Share of value, %
Leases for premises, maturity year			
2020	541	109	6
2021	898	386	21
2022	587	285	15
2023	567	361	20
2024+	307	504	27
Total	2,900	1,645	89
Residential	1,724	139	8
Other leases ¹	3,789	63	3
Total	8,413	1,847	100

¹ Other leases refer mainly to garage and parking spaces.

NET LEASING



Balance sheet and equity

> CONDENSED CONSOLIDATED BALANCE SHEET, SEK M

ASSETS	2020 31 Mar	2019 31 Mar	2019 31 Dec
Investment properties	23,229	21,479	22,885
Other non-current assets	85	79	81
Current receivables	357	300	221
Cash and cash equivalents	40	-	-
TOTAL ASSETS	23,711	21,858	23,187
EQUITY AND LIABILITIES			
Equity	8,646	8,069	8,484
Deferred tax liability	1,567	1,386	1,533
Interest-bearing liabilities	12,760	11,349	12,145
Overdraft facilities	-	336	206
Non-current lease liability	57	43	53
Current liabilities	681	675	766
TOTAL EQUITY AND LIABILITIES	23,711	21,858	23,187

> CONDENSED STATEMENT OF CHANGES IN EQUITY, SEK M

	Equity	Of which attributable to share- holders of the parent company	Of which attributable to non- controlling interests
Equity, 31 Dec 2018	7,839	7,790	49
<i>Profit for the period after tax</i>	230	229	1
Comprehensive income for the period	230	229	1
Equity, 31 Mar 2019	8,069	8,019	50
<i>Profit for the period after tax</i>	820	812	8
Comprehensive income for the period	820	812	8
<i>Dividend</i>	-404	-404	-
Equity, 31 Dec 2019	8,484	8,426	58
<i>Profit for the period after tax</i>	189	190	-1
Comprehensive income for the period	189	190	-1
<i>Share buy-backs</i>	-29	-29	-
Equity, 31 Mar 2020	8,646	8,589	57

Columns/rows may not add up due to rounding.



Our properties

PROPERTY PORTFOLIO

The property portfolio is concentrated to central locations in ten priority cities in northern Sweden. The portfolio is well diversified, consisting mainly of residential, office and retail properties. At the end of the period, the portfolio comprised 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, a fair value assessment is made of all properties, as of that date. 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 72 per cent of the property value, or SEK 16,653 million, and 126 properties. The valuation method requires that an external valuation of the entire main portfolio be made each year. The external valuation is made by valuation consultants Savills, who assess 25 per cent of the main portfolio each quarter. The remaining portion is valued internally. All properties in the main portfolio are also physically inspected by Savills within a three-year period. In addition to the regular inspections, physical visits are also made after major changes. The properties in the subsidiary 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 21,487 million – SEK 24,971 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. For more information, see Note 11 in the Annual Report 2019.

CHANGE IN PROPERTY VALUE

	31 Mar 2020		31 Mar 2019	
	SEKm	Number	SEKm	Number
Value of property portfolio, 1 Jan	22,885	333	20,802	330
Acquisitions	-	-	421	5
Investments in new builds, extensions and conversions	334		316	
Sales	-	-	-120	-5
Unrealised changes in value	10		60	
Value of property portfolio 31 March	23,229	333	21,479	330

CHANGES IN VALUE

Unrealised changes in value for the period totalled SEK 10 million (60) and were due mainly to higher net operating income.

UNREALISED CHANGES IN VALUE

	31 Mar 2020		31 Mar 2019	
	SEKm	%	SEKm	%
Change in net operating income, etc.	8	77	33	55
Change in required rate of return	2	23	27	45
Total	10	100	60	100

CHANGES IN THE PORTFOLIO

No properties were bought or sold during the period January to March 2020.

INVESTMENTS

We invest continually in our properties to improve, adapt and increase the efficiency of our tenants' premises. During the period, our investments helped to increase the value of the portfolio by SEK 334 million (316).

IMPROVEMENT, NEW BUILDS AND TENANT ADAPTATIONS

Our investments in our existing portfolio comprise new builds, conversions and extensions as well as energy-saving measures. The investments result in a higher occupancy rate, increased customer satisfaction, lower costs and a reduced impact on the environment. During the period, SEK 334 million (316) was invested in a total of 646 projects (550). At the end of the period, 26 major¹ projects were ongoing, with a remaining investment volume of SEK 1,535 million and a total investment volume of SEK 2,434 million. During the period, decisions were taken on 119 new investments. The return on completed investments for the period was 7.6 per cent on the invested amount while the return on our ongoing projects, excluding new builds, was 6.7 per cent.

¹Initial investment volume > SEK 6 million.

	31 Mar 2020	31 Mar 2019
Investments in new builds	105	27
Investments in improvement properties	40	60
Investments in tenant adaptations	189	229
Total	334	316

VALUATION ASSUMPTIONS

	31 Mar 2020					31 Mar 2019				
	Office	Retail	Residential	Industrial/warehouse	Other	Office	Retail	Residential	Industrial/warehouse	Other
Yield for assessing residual value ¹ , %	6.7-5.5	6.5-5.8	5.1-4.5	9.6-6.8	6.8-6.1	6.8-5.5	6.7-5.8	5.3-4.7	9.1-6.9	7.0-6.2
Cost of capital for discounting to present value, %	7.8	8.2	7.1	10.6	8.6	8.1	8.2	7.2	10.7	8.8
Long-term vacancy, %	4.7	3.9	1.8	14.5	5.6	4.9	3.8	1.8	14.4	6.1

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.

PROJECTS IN PROGRESS AND DEVELOPMENT RIGHTS

Ongoing projects in premises with existing development rights cover a total floor area of around 100,000 sq.m. In addition to this, we have identified existing and potential development rights for a gross floor area of a further approximately 100,000 sq.m. The estimated investment volume for ongoing and identified projects is around SEK 5,000 million.

During the first quarter, work began on the Swedish Transport Administration's head office at Intagan 1 in Borlänge. During the second quarter of 2020, we will begin a new building for the Swedish Police Authority at Stigbygeln 2 in Umeå. The project for Dalarna University at Mimer 1 in Borlänge is expected to start in the second half of 2020.

PROJECTS AND PROPERTY DEVELOPMENT

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

Type	City	Property	Property type	Leasable area, sq.m	Occupancy rate, %	Planned investment, SEKm	Start of construction	Estimated completion	Environmental category
New build	Sundsvall	Noten 3	Hotel	14,350	100	444	Q1 2019	Q2 2021	BREEAM SE Very good
New build	Umeå	Magne 4	Hotel	14,500	100	410	Q1 2019	Q3 2022	BREEAM SE Very good
New build	Östersund	Kräftan 8	Residential	4,184	-	147	Q2 2019	Q4 2020	Nordic Swan Ecolabel
Improvement	Borlänge	Intagan 1	Office	31,000	100	500	Q1 2020	Q3 2022	BREEAM In-use Very good

Projects with an initial investment volume >SEK 100 million.

CERTIFICATIONS AND ENERGY

During the first quarter, one property was awarded environmental certification under the BREEAM In-Use scheme and another three certification processes began.

Our target for 2020 is to certify 12 new properties under the BREEAM In-Use environmental certification scheme. All Green-Building certifications were completed during the period. At the end of the period, we had 35 properties with environmental certification under the Miljöbyggnad and BREEAM In-Use schemes, which represents 17 per cent of the portfolio by floor space.

We have set ourselves the long-term objective of saving energy and we aim to have reduced our energy consumption by 15 per cent by the end of 2022. At the end of the first quarter of 2020, we reported a 4 per cent reduction which shows that we are on the right track. In order to achieve our long-term goal, we will increase the number of improvements we make and new systems we install during 2020 and 2021.

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

ENERGY USE AND CARBON DIOXIDE EMISSIONS

	Unit	2020 3 months Jan-Mar	2019 3 months Jan-Mar
Heating ¹	kWh/sq.m	33.2	34.6
District cooling ²	kWh/sq.m	2.7	3.0
Electricity ³	kWh/sq.m	13.0	13.7
Carbon dioxide, total ⁴	g CO ₂ /kWh	32.0	31.0
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, heating and air conditioning.

All values have been provided by the suppliers. Floor area with heating/air conditioning. The comparative figures have been updated for the current portfolio and thus show changes for comparable properties.



Financing

CAPITAL STRUCTURE

At 31 March 2020, 37 per cent (37) of Diös' total assets of SEK 23 711 million was funded through equity, 54 per cent (53) through debt securities and 9 per cent (10) through other items.

EQUITY

At 31 March, equity was SEK 8,646 million (8,069). During the period, Diös bought back its own shares at a cost of SEK 29 million (-). The equity ratio was 36.5 per cent (36.9), which exceeds the target of 35 per cent.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities in the Group were SEK 12,762 million (11,349). Of total interest-bearing liabilities, SEK 9,539 million (8,859) refers to bank financing, SEK 1,248 million (1,240) to covered bonds and SEK 1, 975 (1,250) to commercial paper. The accrued cost of the commercial paper is SEK 1,973 million (1,250). At the end of the period, the loan-to-value ratio in the Group was 54.9 per cent (52.8). The average annual interest rate, including costs related to derivative instruments, amounted to 1.3 per cent (1.3), including loan commitments, and the interest coverage ratio was 6.1 times (6.2).

FINANCIAL INSTRUMENTS

Out of the Group's total interest-bearing liabilities, SEK 4,000 million (4,000) has been hedged through derivatives. At 31 March 2020, the market value of the derivative portfolio was SEK 0 million (0). The financial instruments limit the impact of changes in interest rates on our

average borrowing cost. All financial instruments are measured at fair value and are classified in Level 2 in accordance with IFRS 13, which means that the measurement is based on observable market data (see Note 22 in the Annual Report 2019). Changes in value are recognised in the income statement.

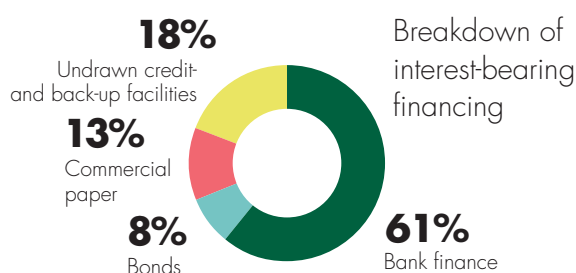
SENSITIVITY ANALYSIS	If market interest rates increase by 1 percentage point		
	Change in average annual interest rate, %	Change in average annual interest cost, SEKm	Change in market value, SEKm
AT 31 MARCH 2020			
Loan portfolio excl. derivatives	0.8	+100	
Derivatives portfolio	0.0	0	+0.2
Loan portfolio incl. derivatives	0.8	+100	+0.2

FIXED-RATE TERMS AND LOAN MATURITIES

The average fixed-rate term, including derivatives, was 0.4 years (1.1) and the average loan maturity 3.2 years (2.3). Of the Group's outstanding loans, SEK 2,804 million (6,510) is subject to fixed interest rates, of which SEK 1,975 million (1,250) refers to commercial paper.

CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents at the end of the period were SEK 40 million (0) and drawn overdraft facilities were SEK 0 million (336). The agreed limit on the overdraft facility was SEK 600 million (600).



INTEREST RATE AND DEBT MATURITY STRUCTURE AT 31 MARCH 2020

Maturity year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average annual interest rate ¹ , %	Credit agreements, SEKm	Drawn, SEKm
2020	5,311	1.0	829	829
2021	4,368	1.4	2,268	1,853
2022	2,399	1.4	6,856	4,522
2023	-	-	2,900	2,900
2024	684	1.4	894	894
>2026	-	-	1,764	1,764
Total	12,762	1.2	15,511	12,762
Undrawn credit facilities and back-up facilities ²	2,749	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 2020.

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

Cash flow

> CONDENSED CONSOLIDATED CASH FLOW STATEMENT, SEKM

	2020 3 months Jan-Mar	2019 3 months Jan-Mar	2019 12 months Jan-Dec
OPERATING ACTIVITIES			
Operating surplus	298	268	1,187
Central administration	-16	-17	-69
Reversal of depreciation, amortisation and impairment	0	0	2
Interest received	1	1	4
Interest paid	-42	-31	-170
Tax paid	-18	-23	-79
Cash flow from operating activities before changes in working capital	223	198	875
Changes in working capital			
Decrease (+)/increase (-) in receivables	-136	-105	-29
Decrease (-)/increase (+) in current liabilities	-189	9	62
Total changes in working capital	-325	-95	33
Cash flow from operating activities	-102	102	908
INVESTING ACTIVITIES			
Investments in new builds, conversions and extensions	-238	-209	-1,027
Acquisition of properties	-	-312	-450
Sale of properties	-	146	146
Cash flow from investing activities	-238	-375	-1,331
FINANCING ACTIVITIES			
Dividends paid	-	-	-404
Share buy-backs	-29	-	-
New borrowing, interest-bearing liabilities	622	222	1,071
Repayment and redemption of interest-bearing liabilities	-7	-87	-252
Change in overdraft facility	-206	138	8
Cash flow from financing activities	380	273	423
Cash flow for the period	40	0	0
Cash and cash equivalents at beginning of period	0	0	0
Cash and cash equivalents at end of period	40	0	0

Columns/rows may not add up due to rounding.

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

2020

By business unit	Dalarna	Gävle	Sundsvall	Åre/Östersund	Umeå	Skellefteå	Luleå	Group
Rental income	63	40	56	66	52	28	66	370
Service income								
Tariff-based operations	13	6	11	14	9	5	11	69
Care and upkeep	5	4	7	9	5	2	7	39
Repair and maintenance	-3	-1	-3	-2	-1	-2	-3	-15
Tariff-based costs	-13	-6	-11	-14	-9	-5	-10	-70
Property tax	-3	-3	-4	-4	-4	-2	-5	-25
Other property costs	-9	-6	-9	-11	-9	-3	-10	-57
Property management	-3	-2	-4	-4	-3	-1	-3	-21
Operating surplus	48	31	43	53	40	22	52	290
Central administration/net financial items	-	-	-	-	-	-	-	-61
Property management income	-	-	-	-	-	-	-	229
Property, realised	-	-	-	-	-	-	-	-
Property, unrealised	10	2	-4	20	-19	9	-8	10
Interest rate derivatives	-	-	-	-	-	-	-	1
Profit before tax	-	-	-	-	-	-	-	240
Leasable area, sq.m	277,782	160,604	233,490	291,478	200,829	113,157	205,440	1,482,780
Rental value	87	57	85	96	72	37	87	520
Economic occupancy rate, %	92	86	87	91	89	95	94	91
Surplus ratio, %	63	66	60	61	65	64	66	62
Property portfolio, 1 January	3,197	2,468	3,803	3,828	3,789	1,590	4,210	22,885
Acquisitions	-	-	-	-	-	-	-	-
Investments in new builds, extensions and conversions	37	46	97	49	65	8	32	334
Sales	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Unrealised changes in value	10	2	-4	20	-19	9	-8	10
Property portfolio 31 March	3,244	2,516	3,896	3,897	3,835	1,607	4,234	23,229

Columns/rows may not add up due to rounding.



2019

By business unit	Dalarna	Gävle	Sundsvall	Åre/Östersund	Umeå	Skellefteå	Luleå	Group
Rental income	52	35	54	59	49	28	64	341
Service income								
Tariff-based operations	14	6	12	17	10	6	11	75
Care and upkeep	6	3	8	9	6	1	7	41
Repair and maintenance	-2	-1	-2	-3	-3	-2	-2	-16
Tariff-based costs	-13	-6	-11	-16	-9	-6	-11	-72
Property tax	-3	-2	-4	-4	-4	-1	-5	-22
Other property costs	-8	-5	-11	-11	-8	-3	-12	-58
Property management	-3	-2	-3	-4	-3	-1	-3	-20
Operating surplus	43	27	42	46	38	22	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	200,829	109,126	205,440	1,472,651
Rental value	79	50	83	91	72	36	85	496
Economic occupancy rate, %	90	86	88	92	89	97	95	91
Surplus ratio, %	60	64	58	56	59	63	61	60
Property portfolio, 1 January	2,805	1,971	3,424	3,556	3,562	1,430	4,054	20,802
Acquisitions	149	245	-	28	-	-	-	421
Investments in new builds, extensions and conversions	72	62	29	33	58	28	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	3,622	1,457	4,105	21,479

Columns/rows may not add up due to rounding.



FINANCIAL KPIS

The interim reports uses non-IFRS KPIs. We consider that these measures provide valuable additional information for investors, analysts and the company's management, as they enable the evaluation of relevant trends and the company's performance. As not all companies calculate financial measures in the same way, these are not always comparable with the measures used by other companies. These financial measures should therefore not be viewed as substitutes for IFRS-defined measures. The following table presents non-IFRS measures unless otherwise stated. Definitions of these measures are provided on page 27 and in the descriptions of the purpose of the various KPIs in the annual report for 2019. The financial targets for 2020 adopted by the Board are presented on page 23 of this report.

Figures refer to SEK million unless otherwise indicated.

	2020 3 months Jan-Mar	2019 3 months Jan-Mar	2019 12 months Jan-Dec
Number of shares outstanding at end of period (thousands)	134,071	134,512	134,512
Average number of shares ('000)	134,450	134,512	134,512

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

	2020 3 months Jan-Mar	2019 3 months Jan-Mar	2019 12 months Jan-Dec
Property management income			
Profit before tax	240	277	1,302
Reversal			
Change in value, properties	-10	-65	-350
Change in value, derivatives	-1	0	0
Property management income	229	212	952

EPRA earnings (property management income after tax)

Property management income	229	212	952
Current tax attributable to property management income	-20	-23	-78
Profit attributable to non-controlling interests	-1	-1	-9
EPRA earnings	208	188	865
EPRA earnings per share, SEK	1.55	1.40	6.43

Loan-to-value ratio

Interest-bearing liabilities	12,760	11,349	12,145
Investment properties	23,229	21,479	22,885
Loan-to-value ratio, %	54.9	52.8	53.1

Equity ratio

Equity	8,646	8,069	8,484
Total assets	23,711	21,858	23,187
Equity ratio, %	36.5	36.9	36.6

Interest coverage ratio

Property management income	229	212	952
Reversal			
Financial costs	45	40	170
Total	274	252	1,122
Financial costs	45	40	170
Interest coverage ratio, times	6.1	6.2	6.6

Net debt to EBITDA

Interest-bearing liabilities	12,760	11,349	12,145
Cash and cash equivalents	-40	-	-
Overdraft facilities	-	336	206
Net debt	12,720	11,685	12,351
Operating surplus rolling 12 months	1,209	1,158	1,187
Central administration rolling 12 months	-73	-71	-73
Reversal			
Depreciation and amortisation rolling 12 months	5	2	5
EBITDA	1,141	1,089	1,119
Net debt to EBITDA	11.1	10.7	11.0

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

	2020 3 months Jan-Mar	2019 3 months Jan-Mar	2019 12 months Jan-Dec
Net asset value			
Equity	8,646	8,069	8,484
Equity relating to non-controlling interests	-57	-50	-58
Reversal as per balance sheet			
Fair value of financial instruments	-1	-1	0
Deferred tax on temporary differences	1,477	1,326	1,450
EPRA NAV (long-term net asset value)	10,065	9,343	9,876
EPRA NAV (long-term net asset value) per share	75.1	69.5	73.4
Deductions:			
Fair value of financial instruments	1	-1	0
Estimated actual deferred tax on temporary differences, approx. 4% ¹	-276	-247	-270
EPRA NNNAV (short-term net asset value)	9,790	9,097	9,606
EPRA NNNAV (short-term net asset value) per share, SEK	73.0	67.6	71.4

¹ Estimated actual deferred tax has been calculated at approx. 4 per cent based on a discount rate of 3 per cent. The calculation is based on the assumption that the property portfolio will be realised over a period of 50 years, with 10 per cent of the portfolio being sold directly subject to a nominal tax rate of 20.6 per cent, and the remaining 90 per cent being sold indirectly through companies subject to a nominal tax rate of 6 per cent.

	2020 3 months Jan-Mar	2019 3 months Jan-Mar	2019 12 months Jan-Dec
Equity	8,646	8,069	8,484
Equity relating to non-controlling interests	-57	-50	-58
Reversal			
Fair value of financial instruments	-1	-1	0
Deferred tax on temporary differences	1,477	1,326	1,450
EPRA NRV	10,065	9,343	9,876
EPRA NRV per share	75.1	69.5	73.4
Deductions:			
Fair value of financial instruments	0	0	0
Estimated actual deferred tax on temporary differences, approx. 4% ¹	-276	-247	-270
EPRA NTA	9,789	9,096	9,606
EPRA NTA per share	73.0	67.6	71.4

Equity as per balance sheet	8,646	8,069	8,484
Equity relating to non-controlling interests	-57	-50	-58
EPRA NDV	8,589	8,019	8,426
EPRA NDV per share	64.1	59.6	62.6

¹ Estimated actual deferred tax has been calculated at approx. 4 per cent based on a discount rate of 3 per cent. The calculation is based on the assumption that the property portfolio will be realised over a period of 50 years, with 10 per cent of the portfolio being sold directly subject to a nominal tax rate of 20.6 per cent, and the remaining 90 per cent being sold indirectly through companies subject to a nominal tax rate of 6 per cent.

> FINANCIAL KPIS, CONTINUED

OTHER KPIS	2020 3 months Jan-Mar	2019 3 months Jan-Mar	2019 12 months Jan-Dec
Return on equity, %	2.2	2.9	12.8
Equity per share, SEK	64.5	60.0	63.1
Earnings per share, SEK	1.42	1.71	7.74

Cash flow per share, SEK

Profit before tax	240	277	1,302
Reversal			
Unrealised change in value, properties	-10	-60	-331
Unrealised change in value, derivatives	-1	0	0
Depreciation and amortisation	1	1	5
Current tax	-18	-23	-79
Total	212	195	897
Average number of shares ('000)	134,450	134,512	134,512
Cash flow per share, SEK	1.58	1.45	6.67

OTHER INFORMATION	2020 3 months Jan-Mar	2019 3 months Jan-Mar	2019 12 months Jan-Dec
Contracted rental income, SEKm	471	450	1,821
Economic occupancy rate, %	91	91	90
Surplus ratio, %	62	60	65
Debt/equity ratio, times	1.5	1.4	1.4

EPRA vacancy rate

Estimated market rent for vacant space	183	178	182
Annualised rental value for the whole portfolio	2,018	1,975	2,018
EPRA vacancy rate, %	9.0	9.0	9.0



Parent company

The activities of the parent company consist of central Group functions as well as the ownership and operation of the Group's subsidiaries. Income totalled SEK 48 million (41) and the profit after tax was SEK 15 million (9). Income referred chiefly to services sold to the Group's subsidiaries. Cash and cash equivalents were SEK 13 million (0) at 31 March 2020 and drawn overdraft facilities were SEK 0 million (327). External interest-bearing liabilities, excluding overdraft facilities,

totalled SEK 2,791 million (2,209), of which SEK 1,973 million (1,250) referred to outstanding commercial paper. The average annual interest rate based on the situation at 31 March 2020 amounted to 1.3 per cent (0.9). During the period 441,418 shares in the company were bought back at an average price of SEK 64.6 per share. The parent company prepares its financial reports in compliance with RFR 2, Financial Reporting for Legal Entities.

CONDENSED PARENT COMPANY INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME, SEK M

	2020 3 months Jan-Mar	2019 3 months Jan-Mar	2019 12 months Jan-Dec
INCOME STATEMENT			
Income	48	41	171
Gross profit	48	41	171
Central administration	-53	-49	-215
Operating profit	-5	-8	-44
Income from interests in Group companies	0	0	92
Change in value, interest rate derivatives	1	0	0
Financial income	88	74	330
Financial costs	-69	-57	-254
Profit after financial items	15	9	124
Appropriations	-	-	-8
Profit after appropriations	15	9	116
Current tax	-	-	-5
Profit after tax	15	9	111
STATEMENT OF COMPREHENSIVE INCOME			
Profit after tax	15	9	111
Comprehensive income for the year	15	9	111

CONDENSED PARENT COMPANY BALANCE SHEET, SEK M

	2020 31 Mar	2019 31 Mar	2019 31 Dec
ASSETS			
Investments in Group companies	2,263	2,124	2,263
Receivables from Group companies	13,962	12,798	13,618
Other assets	23	22	23
Cash and cash equivalents	13	-	-
TOTAL ASSETS	16,261	14,944	15,904
EQUITY AND LIABILITIES			
Equity	3,000	3,315	3,013
Untaxed reserves	8	-	8
Interest-bearing liabilities	2,791	2,209	2,853
Liabilities to Group companies	10,421	9,068	9,761
Overdraft facilities	-	327	226
Other liabilities	41	25	43
TOTAL EQUITY AND LIABILITIES	16,261	14,944	15,904



Other information

► EMPLOYEES AND ORGANISATION

The number of employees on 31 March 2020 was 159 (157), of whom 67 were women (63). The majority of our employees, 104 people (105), work in our business units and the rest at our head office in Östersund. The vacancies that were filled during the period mainly consist of jobs in project management and building maintenance.

► RISKS AND UNCERTAINTIES

EFFECTS OF COVID-19

The business will be affected by Covid-19 in both the short and the long term. Because the duration of the pandemic and the circumstances are constantly changing, it is currently difficult to quantify the impact. Our assessment is that the risk of doubtful debts and customer losses has increased in the short term.

Tenants in particularly vulnerable sectors, such as hotels, cafés, restaurants and stores selling consumer durables, have a reduced turnover and a lower footfall, which affects their ability to make payments and their liquidity. This in turn increases the risk of them stopping or postponing their rent payments.

A shortage of workers because of illness or caring responsibilities and a lack of materials may have an impact on our projects and result in them being delayed and/or becoming more costly.

In the longer term, a reduction in economic activity and rising unemployment could affect the demand for commercial premises, which in turn could have a negative impact on rents and property values and also lead to an increase in long-term vacancies and a negative effect on financing covenants. New financing and refinancing may also become more difficult and/or more expensive.

Measures have been taken to manage certain effects of Covid-19 which could have the following impact on us:

- If tenants pay monthly instead of quarterly, this will affect our liquidity.
- Shorter opening times in certain sectors could have a negative effect on turnover and therefore on turnover-based rents. Leases with a turnover-based element almost always have a base rent. The proportion of leases with a turnover-based element is around 6 per cent of contracted rental income.
- Any payment deferrals will affect our liquidity in the short term.
- Any discounts will affect our liquidity and our profits in the short term.

GENERAL RISKS

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

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

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

PROPERTY VALUE SENSITIVITY ANALYSIS	Change in property value, %		
	-7.5	0.0	+7.5
Property value, SEKm	21,487	23,229	24,971
Equity ratio, %	31.4	36.5	40.8
Loan-to-value ratio, %	59.4	54.9	51.1

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	+/- 100

¹ Annualised.

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

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

No material changes in the assessment of risks have been occurred since the publication of the annual report for 2019, except the risks relating to Covid-19 which are described above. For more information on risks and risk management, see Diös' annual report for 2019, pages 60-62, 76 and 80.

► RELATED-PARTY TRANSACTIONS

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

► SEASONAL VARIATIONS

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

► ACCOUNTING POLICIES

Diös complies with the IFRS standards adopted by the EU and the interpretations of these standards (IFRIC). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The report for the parent company is prepared in accordance with RFR 2, Financial Reporting for Legal Entities, and the Swedish Annual Accounts Act. Disclosures under IAS 34 p 16a are provided elsewhere in the interim report and not in a note. The accounting policies applied in preparing the interim report are consistent with the accounting policies applied in preparing the consolidated financial statements and annual accounts for 2019¹, Note 1.

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

¹ The Annual Report 2019 is available at www.dios.se.

➤ SUMMARY OF QUARTERLY RESULTS

	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Income, SEKm	478	468	464	464	457	447	467	446
Operating surplus, SEKm	290	292	312	315	268	283	312	295
Property management income, SEKm	229	231	252	257	212	225	248	234
Profit for the period, SEKm	189	258	299	263	230	451	303	358
Surplus ratio, %	62	64	68	69	60	64	70	67
Economic occupancy rate, %	91	90	90	90	91	91	91	91
Return on equity, %	2.2	3.1	3.6	3.3	2.9	5.9	4.2	5.0
Equity ratio, %	36.5	36.6	36.4	35.8	36.9	37.2	36.1	34.8
Property loan-to-value ratio, %	54.9	53.1	53.8	53.9	52.8	53.4	54.6	55.8
Average interest rate at end of period, % ¹	1.3	1.2	1.2	1.2	1.3	1.2	1.3	1.5
Interest coverage ratio, times	6.1	6.5	6.6	7.1	6.2	6.3	6.0	6.3
Property management income per share, SEK	1.70	1.72	1.87	1.91	1.57	1.67	1.84	1.74
Earnings per share after tax, SEK	1.42	1.92	2.19	1.93	1.71	3.35	2.25	2.64
Equity per share, SEK	64.5	63.1	61.1	58.9	60.0	58.3	54.9	52.7
Market price per share, SEK	66.3	85.8	85.9	68.7	76.3	56.4	56.9	53.8

¹ Includes expenses relating to commitment fees and derivatives.

➤ TARGETS

OPERATIONAL AND FINANCIAL TARGETS	Outcome Jan-Mar 2020	Target 2020
Growth in property management income per share, %	5.4 ¹	10 ²
Surplus ratio, %	62	65
Energy use, %	-4	-3
Return on equity, annualised, %	9	>12
Distribution of profit for the year ³ , %	49.8 ⁴	~50
Loan-to-value ratio, %	54.9	<55
Equity ratio, %	36.5	>35

¹ Rolling 12 months

² The growth in property management income per share will be 10 per cent on average during the period 2020 to 2022.

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

⁴ The Board of Directors' proposal.

Three reasons to invest in Diös



A unique position

As the market-leading private property owner in our cities, we are in a strong position to influence things. Through close relations with decisions-makers and other players, we drive growth. This growth is reflected in higher rents, rising market values and reduced vacancies. A centrally located and diversified portfolio provides flexibility and the option of converting properties if demand changes.



Strong and stable cash flows

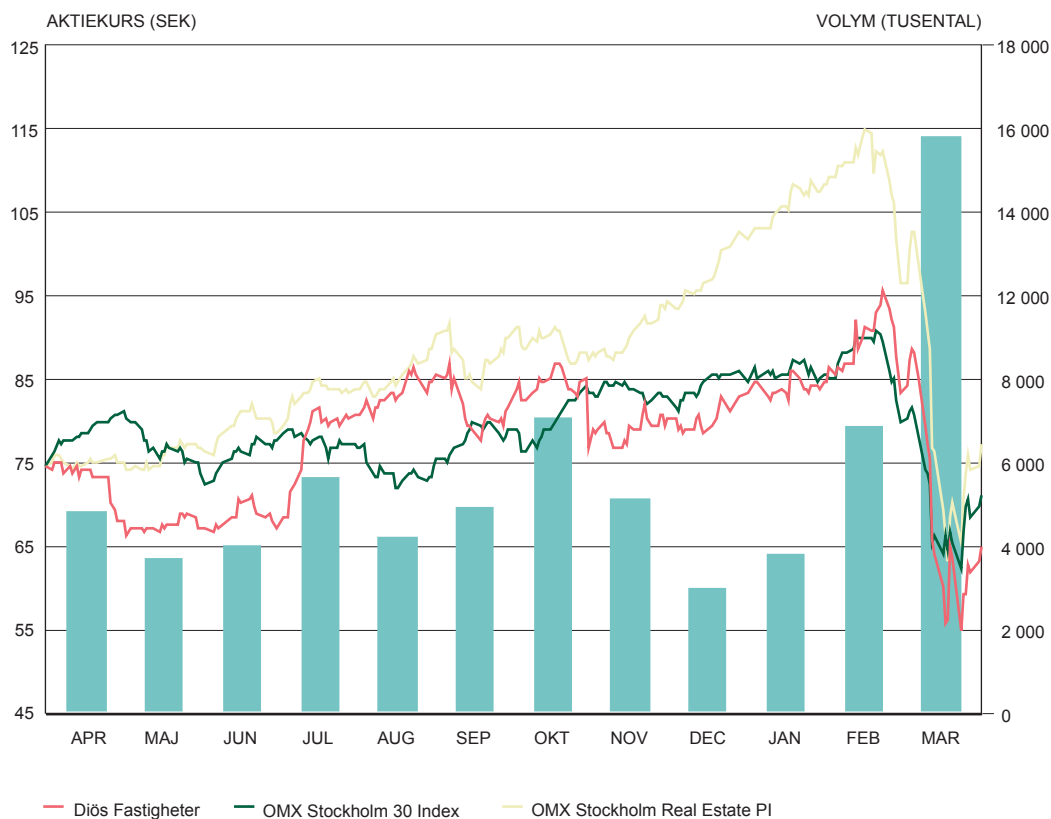
Since 2013, the cash flow per share has increased by 80 per cent. A well diversified portfolio and a good mix of tenants generate stable revenue streams. A total of 26 per cent of our revenue comes from the public sector.



An exciting project portfolio

By developing new and existing premises, we increase the value of our properties and boost our cash flow, but above all we create a greater flow of people in the city. This creates attractive spaces that have a positive impact on neighbouring businesses. We have 100,000 sq.m of gross floor space under construction and a further 100,000 sq.m in the early stages of development.

> DIÖS SHARE PRICE PERFORMANCE



Share information

SHARE PERFORMANCE

Diös' share price at the end of the period was SEK 66.3 (76.3), which represents a market capitalisation of SEK 8,918 million (10,263), and the return for the past 12 months was -13.1 per cent (35.4). If the dividend is included, the total return on the shares for the year was -9.8 per cent (42.7). The graph on the preceding page shows share prices for the past 12 months for both Diös and the indexes. The return on the OMX Stockholm 30 Index was -4.6 per cent (-1.5) and the return on the OMX Stockholm Real Estate PI index was 3.8 per cent (26.8).

At 31 March Diös had 15,987 shareholders (13,975). The proportion of foreign-owned shares was 24.1 per cent (24.6) while the total number of registered 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 54.4 per cent (53.7) of the total number of shares and voting rights.

The Annual General Meeting 2019 resolved to authorise the company to buy back ten per cent of the total number of outstanding shares of the company. During the period, 441,418 shares were bought back at an average price of SEK 64.6 per share, which is the equivalent of 0.3 per cent of the total number of registered shares. Shares that have been bought back cannot be represented at the General Meeting of Shareholders.

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 in the table on the right.

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

RETURN AND NET ASSET VALUE

Our goal is to generate a return on equity in excess of 12 per cent. On an annualised basis, the return for the period was 9 per cent (12). Equity at the end of the year was SEK 8,646 million (8,069) and the long-

term net asset value, EPRA NRV, was SEK 10,065 million (9,343). On a per share basis, EPRA NRV was SEK 75.1 (69.5), which means that the share price at 31 March represented 88 per cent (110) of long-term net asset value. The net asset value per share for the period, expressed as EPRA NTA, was SEK 73.0 (67.6).

EARNINGS

Earnings per share for the period were SEK 1.42 (1.71) while long-term earnings per share, expressed as EPRA EPS, were SEK 1.55 (1.40). 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 the minority share of earnings.

> LARGEST SHAREHOLDERS

of Diös Fastigheter AB at 31 March 2020

SHAREHOLDER	No. of shares	Capital and votes, %
AB Persson Invest	20,699,443	15.4
Backahill Inter AB	14,095,354	10.5
Nordstjernan AB	13,574,748	10.1
Pensionskassan SHB Försäkringsförening	8,096,827	6.0
Handelsbankens Fonder	4,859,827	3.6
Swedbank Robur Fonder	3,092,700	2.3
Avanza Pension	2,716,873	2.0
BlackRock	2,120,703	1.6
Sten Dybeck, including company and family	2,022,000	1.5
Karl Hedin	1,858,274	1.4
Total, largest shareholders	73,136,749	54.4
Acquisition of own shares	441,418	0.3
Other shareholders	60,934,271	45.3
TOTAL	134,512,438	100.0

Source: Modular Finance



➤ REVIEW OF THE REPORT

The Board of Directors and Chief Executive Officer declare that the interim report gives a true and fair view of the company's and Group's operations, financial position and income, and describes the principal risks and uncertainties faced by the company and the companies in the Group. This interim report has not been subject to review by the company's auditor.

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

Östersund, 23 April 2020

Bob Persson
Chairman

Eva Nygren
Board member

Ragnhild Backman
Board member

Anders Nelson
Board member

Peter Strand
Board member

Tomas Mellberg
Board member
Employee representative

Knut Rost
Chief Executive Officer

➤ FINANCIAL CALENDAR

Annual General Meeting 2020	16 June 2020
Q2 Interim report January–June 2020	3 July 2020
Q3 Interim report January–September 2020	23 October 2020

➤ EVENTS AFTER THE REPORTING DATE

In the light of the current situation and taking into consideration the risk of spreading infection and the economic consequences of the Covid-19 pandemic, the Board of Directors of Diös has decided to postpone the Annual General Meeting 2020, which should have taken place on 2 April, until 16 June.

The bond maturity of SEK 574 million in SFF on April 20 has been refinanced within banks.

➤ FOR FURTHER INFORMATION, PLEASE CONTACT

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Rolf Larsson, CFO, +46 (0)770-33 22 00, +46 (0)70-666 14 83, rolf.larsson@dios.se

This constitutes information which Diös Fastigheter AB is required to publish under the EU's Market Abuse Regulation. The information was submitted for publication through the above contact person on 23 April 2020, at 07:00 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 the average number of shares. Taxable property management income refers to property management income less tax-deductible depreciation and amortisation and redevelopments, among other things.

EPRA NAV/LONG-TERM NET ASSET VALUE PER SHARE

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

EPRA NDV/NET DISPOSAL VALUE PER SHARE

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

EPRA NNAV/CURRENT NET ASSET VALUE PER SHARE

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

EPRA NRV/NET REINSTATEMENT VALUE PER SHARE

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

EPRA NTA/NET TANGIBLE ASSETS PER SHARE

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

EPRA VACANCY RATE

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

EQUITY PER SHARE

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

EQUITY RATIO

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

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 and/or changes the use of the property.

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

PROPERTY MANAGEMENT INCOME

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

RENTAL VALUE

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

RETURN ON EQUITY

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

SERVICE INCOME

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

SURPLUS RATIO

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

YIELD

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

DIÖS FASTIGHETER AB (PUBL)

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