

Q2 2023

Diös Fastigheter Interim Report January-June 2023

” It’s an exciting time
in northern Sweden and
the future looks bright.

Knut Rost, CEO



Diös

Cover image: Diös employees Jesper Gabrielli, Jessica Frölin and Joel Sjöneby at the tenant Linda Angman at Ateljé Liva in Borlänge.

Highlights for the quarter

- Revenue increased by 14 per cent to SEK 620m (543).
- Net leasing was SEK 16m (17).
- Net operating income increased by 14 per cent to SEK 433m (380).
- Property management income decreased by 30 per cent to SEK 219m (313).
- Unrealised changes in value of properties were SEK -117m (106) and unrealised changes in value of derivatives were SEK 6m (27).
- The profit after tax was SEK 83m (356).
- Earnings per share were SEK 0.58 (2.52).

Significant events during the quarter

- Bond financing of SEK 900m was implemented with maturities of two and three years.
- Diös divested a hotel property for SEK 200m in Borlänge, above latest book value. Completion took place on 1 June 2023.
- Diös completed the new production project on the property Porsön 1:446, comprising 5,452 sq.m. with the Swedish Pensions Agency as the largest tenant.

Highlights for the period

- Revenue increased by 14 per cent to SEK 1 237m (1 082).
- Net leasing was SEK 19m (39).
- Net operating income increased by 15 per cent to SEK 822m (716).
- Property management income decreased by 25 per cent to SEK 439m (584).
- Unrealised changes in value of properties were SEK -680m (638) and unrealised changes in value of derivatives were SEK -73m (115).
- The profit after tax was SEK -251m (1 064).
- Earnings per share were SEK -1,78 (7,52).

Summary of earnings, SEKm

	2023 3 mos Apr-June	2022 3 mos Apr-June	2023 6 mos Jan-June	2022 6 mos Jan-June	2022 12 mos Jan-Dec
Revenue	620	543	1,237	1,082	2,209
Operating surplus	433	380	822	716	1,469
Property management income	219	313	439	584	1,081
Profit before tax	116	446	-307	1,338	1,045
Profit after tax	83	356	-251	1,064	830
Surplus ratio, %	71	71	67	68	68
Occupancy rate, %	92	91	92	91	91
Return on equity, % ¹			-4.1	22.1	7.0
Property management income per share, SEK ¹			6.6	7.9	7.6
Equity ratio, %			36.4	39.1	38.1
Property loan-to-value ratio, %			53.3	50.4	51.9
Interest coverage ratio, times			2.3	6.9	4.6
Equity per share, SEK			81.8	88.2	85.6
EPRA NRV per share, SEK			96.8	102.2	100.5

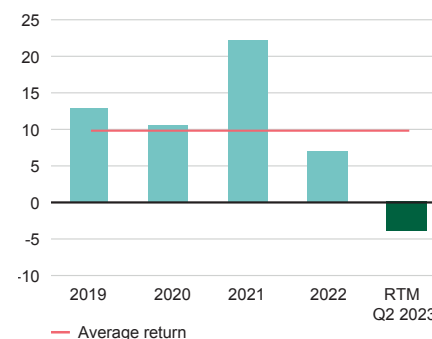
There is no dilutive effect, as no potential shares (such as convertibles) exist.

¹ Rolling 12-month basis.

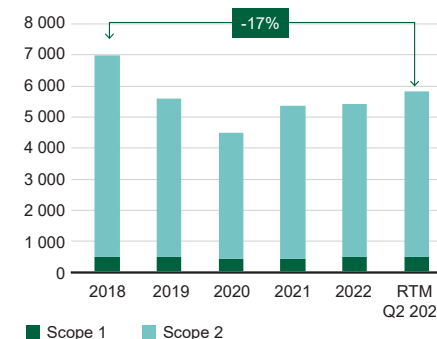
Target follow-up

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

Return on equity, %



Greenhouse gas emissions, tonnes CO₂e



Chief Executive's review

Strong operating profit and reduced vacancies in a growing market

We continued to deliver a strong operating profit in the second quarter with a positive net leasing of SEK 16m, an increased operating surplus of 14 per cent, an occupancy rate that remained strong at 92 per cent, and revenues that were 14 per cent higher than those of the same quarter in 2022. We continue to ensure our financial key figures and have during the quarter handled the year's remaining debt maturities.

Northern Sweden is characterised by the large investments being made mainly in the production of fossil-free steel and battery production, mainly for the automotive industry and its subcontractors. Recently, circular industries have also emerged, such as data centres where both energy consumption and surplus heat are managed in a sustainable way. Environmental permits and building permits are being granted at an increasing rate, which points to an even higher level of activity in the green transition. It's an exciting time in northern Sweden and the future looks bright.

Our journey of success with energy efficiency improvements leads to both higher profitability and provides the conditions for achieving our target of a 50-per-cent reduction in emissions by 2030. For me, it has also always been a matter of course to be a company with gender equality and I am proud to note that we are again on the recently published Green List of the Allbright Foundation.

During the quarter, we successfully refinanced SEK 900m in bonds maturing in June and September, and after the end of the period, a further SEK 1,700m in bank financing maturing in September. This means that we have managed the refinancing

risk for 2023 while at the same time showing a continued strong confidence in us from both the capital market and our banks. Our good banking relationships and available liquidity make us feel secure in the face of future debt maturities. At the beginning of July, we added additional interest rate hedges to protect against rising market interest rates. We carefully balance both debt and interest coverage to secure our financial KPIs.

During the quarter, we divested a hotel property in Borlänge, Ingeborg 1, where the sale exceeded book value. This is yet another sign that we are operating in a very attractive market. In general, the transaction market continues to be cautious with few transactions completed and market interest rates have continued to rise, which has had a negative impact on yield requirements. We adjusted the required yield 6 basis points during the quarter, which affects the value development of our properties by SEK -117 million. This corresponds to approximately 0.4 percent of the total property value.

” The strong trend in net leasing is continuing.

The strong and positive net leasing continues and it gives confidence for our employees to generate higher rental income. Our properties are located in the right place in the right cities where most newly signed office agreements are now over SEK 3,000/sq.m. in rent, which gives us good prospects in our renegotiations of existing leases at higher levels than before. Some examples of larger leases and renegotiations in the past quarter are: the Swedish Tax Agency in Sundsvall of 2,600 sq.m., Lyko, which tripled its premises in Borlänge to 500 sq.m. and Basta, which leased a classic restaurant location

in central Umeå. In addition, we also completed our new production project on the property Porsön 1:446 in Luleå during the quarter with the Swedish Pensions Agency as a tenant and the conversion project of commercial premises on the second floor to modern offices in the property Glädjen 4 in central Sundsvall with Länsförsäkringar as a tenant. The modern office is the hub of the continued development of an attractive city, where increased flows of people provide the conditions for all other services as well as security.

As new establishments are continuously being announced with large investments in northern Sweden, I am convinced that we are just at the beginning of a very exciting time. We note that the population is growing in our cities and the underlying growth is strong, which entails an increased demand for modern and flexible offices, premises for urban services and housing. This gives us the potential to further strengthen our business. With our driven employees and teams and a very attractive market, we continue to deliver shareholder value.

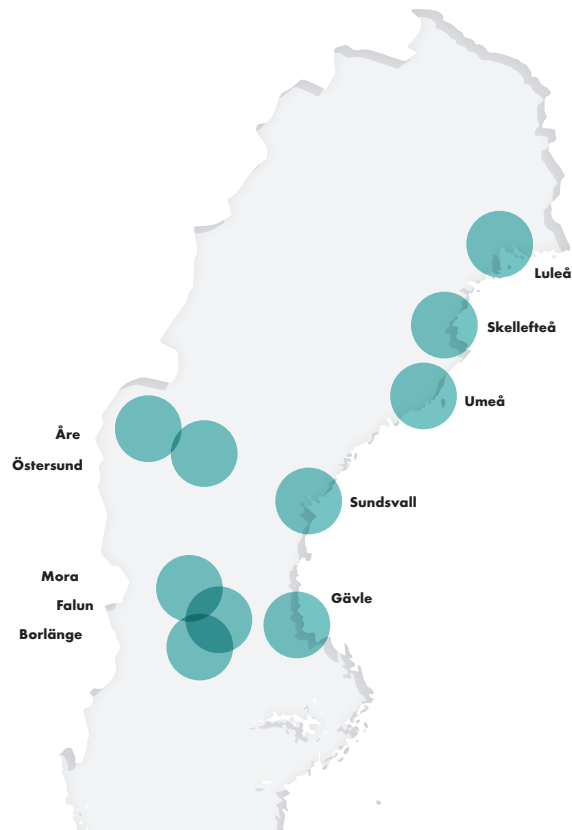


Knut Rost, CEO

This is Diös

We are a commercial property company with a unique position in our 10 growth cities in northern Sweden. The foundation of our business is lettings & property management, projects & business development and transactions.

Our offer is about commercial premises – primarily offices – in the right location, for the right tenant as well as in the right property, neighbourhood and district.



Vision

To create Sweden's most inspiring cities.



Mission

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



Core values

Simple. We are clear, open and honest.

Close. We are interested, listen and are available.

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



Our promise to tenants

Everything is possible!

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



BUSINESS CONCEPT

By building good relationships, using our pool of knowledge and taking responsibility, we develop properties in selected growth cities and create sustainable long-term value for our tenants and our owners.



Our DNA

We have implementation capacity and strong local support and we focus on cooperation.

We act on trends and impact factors where we capture opportunities and changing needs. Ideas form the basis of our development.



359

No. of properties



31.1

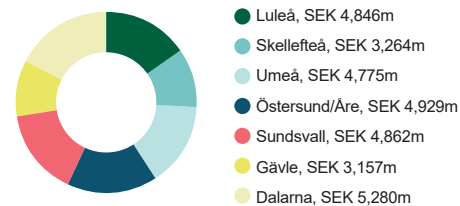
Property value, SEKbn



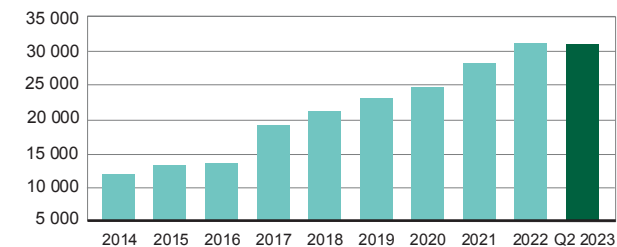
1,614

Leasable area, thousand sq.m.

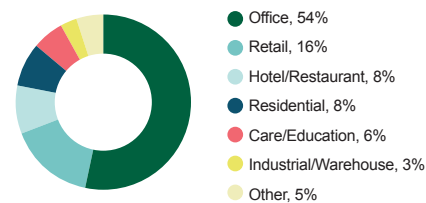
Property value per business unit, SEKm



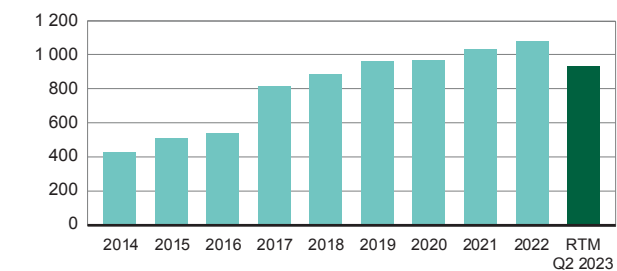
Property value, SEKm



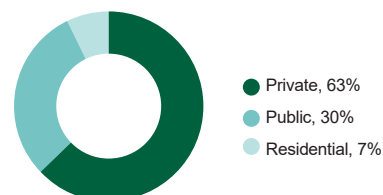
Rental value by type of premises, %



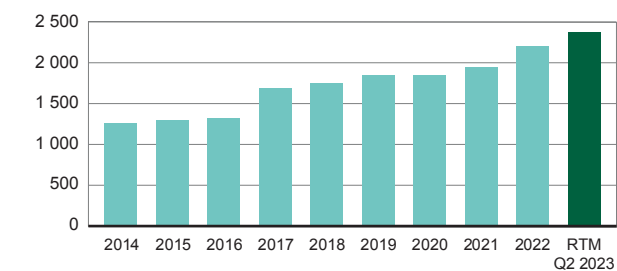
Property management income, SEKm



Contract value by category, %



Rental income, SEKm



Current projects



City: Luleå

Property: Biet 4, Västra Stranden

Type of project: Offices

Leasable area: 4,920 sq.m.

Completed: Q2 2024

Tenant: Swedish Social Insurance Agency

Investment:

**SEK
206m**

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



City: Luleå

Property: Porsön 1:446

Type of project: Offices

Leasable area: 5,452 sq.m.

Completed: Q2 2023

Tenant: Swedish Pensions Agency

Investment:

**SEK
170m**



City: Borlänge

Property: Mimer 1

Type of project: Education/training

Leasable area: 13,332 sq.m.

Completed: Q2 2024

Tenant: Dalarna University

Investment:

**SEK
484m**



City: Umeå

Property: Vale 17, The Vale block

Type of project: Offices, homes and premises for urban service

Leasable area: 7,830 sq.m.

Completed: Q1 2025

Investment:

**SEK
338m**

Sustainability

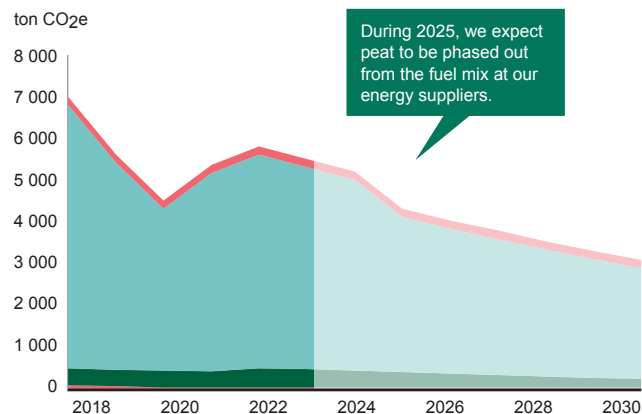
We are investing in our property portfolio to make it more attractive, more resource efficient and more climate adapted. In doing so, we want to take responsibility throughout the business model to meet the needs and demands of our tenants, employees and shareholders.

Climate targets

Diös' climate target means that we seek to reduce our direct carbon dioxide emissions and emissions from purchased energy by at least 50 per cent by 2030 compared with 2018, in order to reach net zero by 2045, and take responsibility for the company's impact in the value chain. Our emissions from purchased energy are presented according to the market-based method of the GHG protocol. The target has been reviewed and approved by the Science Based Target initiative, SBTi.

A complete emissions statement was presented in the Annual Report for 2022.

Climate target follow-up, SBTi



55% green properties by 2026 is one of Diös' company targets. The goal is to drive development of our property portfolio and is measured as a percentage of the market value. During the period, we conducted a climate risk survey in Sundsvall and are increasing the share of green properties to 16 per cent. In order to achieve this classification, our criteria regarding environmental certification, climate risk analysis and primary energy figures must be met.

24% of the property value is certified at the lowest rating "very good" (BREEAM) or the equivalent.¹

34% of the property value has undergone a climate risk analysis.

38% of the property value has a primary energy figure of less than 85kWh/sq.m., Atemp.

¹The first quarter was based on forecast figures for full year 2023

Direct emissions and emissions from purchased energy, scope 1 and 2

Within the scope, our emissions are mainly from district heat. Through energy and power optimisation of the property portfolio, we can contribute to the well-being of our tenants while at the same time reducing our emissions and operating costs. To take a further step, we will to strengthen our cooperation with our energy suppliers to find effective solutions for the future. Emissions from district heating (2022) are updated retroactively when data is published, which is in the second quarter.

Indirect emissions, scope 3

Our climate survey shows that construction production is the largest emissions item over which we have control. We are working to develop, ensure and collect statistics from these emissions. Emissions from business trips and private cars are a small part of our emissions and are therefore only monitored on an annual basis.

The measures we planned during the year to reduce our emissions from construction production are presented below.

Greenhouse gases, tonnes CO₂e

	2023 Acc.	2022	2021	2018 ¹
Scope 1				
Fuel	26	51	8	92
Refrigerant ²	225	450	450	450
Total scope 1	251	501	458	542
Scope 2				
Electricity	0.13	0.26	0.25	0.26
District heating and cooling	2,753	4,926	4,919	6,480
Total scope 2	2,753	4,926	4,919	6,480

At 31 Dec 2022, the history was recalculated with more detailed statistics.

¹ Reference year.

² Emissions from the refrigerant leaks were adjusted during 2022 and are now based on historical data from our cooling plants and replace the previously estimated figure.

Planned activities 2023

- Reuse of the framework of the New Campus Borlänge project
- Educating construction contractors to increase competence in our projects
- Implementing reuse inventories in all renovation projects
- Lowering the emission intensity of new production by carrying out early climate calculations
- Changing our requirements to taxonomy-aligned environmental certifications

Energy

Energy is an important issue for our business, our offering and our climate work. We buy origin-labelled electricity from renewable energy sources for our entire portfolio. Diös' energy savings target of -3 per cent per year creates the conditions for us to reach the company's target of cutting emissions in half by 2030.

Energy consumption for comparable portfolio

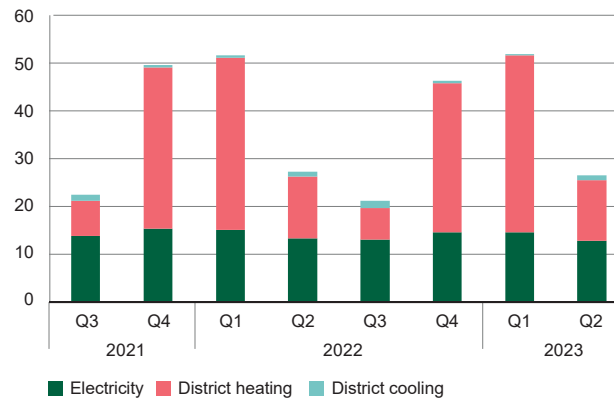
		2023 6 mos Jan-June	2022 6 mos Jan-June	2022 12 mos Jan-Dec
Electricity	kWh/sq.m Atemp	22.6	23.1	42.8
District heating	kWh/sq.m Atemp	43.6	44.5	70.8
District cooling	kWh/sq.m Atemp	5.5	6.6	14.3

Comment and analysis

For the second quarter of 2023, we achieved energy efficiency improvement of a decrease of 2.0 per cent for electricity and district heating in a comparable portfolio. The business units Dalarna and Östersund/Åre reported reductions of around 4 per cent. The outcome shows that our systematic energy efficiency and optimisation work had an impact on the period's results. The results for the quarter are in line with the plan to reach the full-year energy target.

We do not include district cooling in the energy efficiency improvement target as data quality and coverage for the statistics are of lower quality, which means that data are more likely to be forecast. In addition, district cooling accounts for a small part of our total energy use and accordingly has a marginal impact.

Actual energy use per quarter, kWh/sq.m. leasable area



Comment and analysis

Energy costs and climate impact from purchased energy are directly linked to actual energy use. The diagram shows actual energy use (not normal-year-adjusted district heating) divided by total leasable area. Actual energy use largely depends on outdoor temperature, hours of sunshine and wind. The power costs are a large part of the total energy cost, which further strengthens the link between cost and outdoor temperature.

By signing green leases, we involve the tenants in order to find common solutions and create commitment to energy efficiency improvement that benefits both parties.



Solar cell production in a mountain setting

Årevägen 55, Åre

At Årevägen 55, a transformation of the old Produkthuset building is under way with a focus on sustainability. The installation of solar cells will reduce the carbon footprint of the building by 3.6 tonnes of carbon dioxide equivalents per year.

With its central location in Åre village, Produkthuset has long been a well-known office landmark. The building has several dedicated and aware tenants such as Klättermusen, Åre Destination, Iterio and One Group. During the project period, the building will be developed with a focus on sustainability where natural material choices and reuse were at the heart of the project.

The construction of a 230 sq.m. solar cell facility has begun on the roof of the renamed property. With an installed power of 46 kW, we are expected to produce 40,000 kWh per year and save 3.6 tonnes of carbon dioxide equivalents.

After completion, the building at Årevägen 55 will receive an updated environmental certification from BREEAM In-Use. The new tenants have also signed green leases and are good proof of a shared commitment to greener properties among our tenants.

Taxonomy reporting

The EU Taxonomy Regulation aims to define economic activities that are sustainable and live up to the Union’s growth strategy. Diös is not yet covered by the reporting requirements but chooses to report for increased transparency and comparability in the industry.

The entire business of Diös is assessed to be covered by the EU’s taxonomy through our primary economic activity, the acquisition and ownership of properties, activity 7.7. Management includes activities that can be classified under activities 7.2 - 7.6. If these are not carried out separately, they are accounted for under activity 7.7.

Our economic activities are exposed to environmental objective 1 to limit our climate impact. As property owners, we can contribute to the climate transition in society by making our properties more energy efficient, making demands of our suppliers regarding renewable energy, and promoting a small climate footprint in connection with new production, as well as renovation and extension.

Properties meeting the criteria for a significant contribution to

Objective 1 are compatible with the taxonomy’s technical review criteria. Properties are subsequently classified on the basis of how they meet criteria for DNSH to the other five environmental and climate goals. Properties with a classified low or medium risk, or where the climate risk as such is assessed to be low in local mapping, are deemed to be compatible with the taxonomy’s Objective 2 and do no harm to other environmental and climate targets.

During the period, surveys of torrential rains were carried out in Sundsvall, which have a positive impact on the outcome of taxonomy-aligned properties.

Minimum safeguards

The property industry not only affects the environment and climate, the taxonomy also emphasises social issues through requirements on minimum social safeguards. No comments, reports or notifications of violations were received during the quarter. Diös is thus deemed

to meet the EU taxonomy’s requirements for minimum safeguards in accordance with the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Interpreting KPIs

Revenue: Rental income excluding forward-charged property tax and service income related to property management.

Capital expenditure: Operating expenses that increase the value of the properties including redevelopment, new construction and acquisitions and additional rights of use during 2023.

Operating expenditure: All ongoing costs related to internal and external property management and repair and maintenance, in order to maintain the value of our properties.

Reporting EU taxonomy

Economic activities covered by the taxonomy	Share of total, %	Amount, SEK '000s	Significant contribution to objectives:		Do no significant harm (DNSH) to objectives:			
			1. Climate change mitigation	2. Climate change adaptation	3. Water and marine resources	4. Circular economy	5. Pollution	6. Biodiversity and ecosystems
ACTIVITIES COVERED BY THE TAXONOMY								
7.7 Acquisitions and ownership of properties								
Revenue	100	1,121,017	-	-	-	-	-	-
Capital expenditure	100	818,480	-	-	-	-	-	-
Operating expenditure	100	407,839	-	-	-	-	-	-
ENVIRONMENTALLY SUSTAINABLE ACTIVITIES COMPATIBLE WITH TAXONOMY (TAXONOMY ALIGNED)								
7.7 Acquisitions and ownership of properties								
Revenue	13.4	150,321	J	J	J	J	J	J
Capital expenditure	8.1	66,382	J	J	J	J	J	J
Operating expenditure	2.6	10,582	J	J	J	J	J	J
ACTIVITIES COVERED BUT NOT TAXONOMY-COMPATIBLE								
7.7 Acquisitions and ownership of properties								
Revenue	86.6	970,696	-	-	-	-	-	-
Capital expenditure	91.9	752,098	-	-	-	-	-	-
Operating expenditure	97.4	399,257	-	-	-	-	-	-

Key performance indicators are presented on page 22.

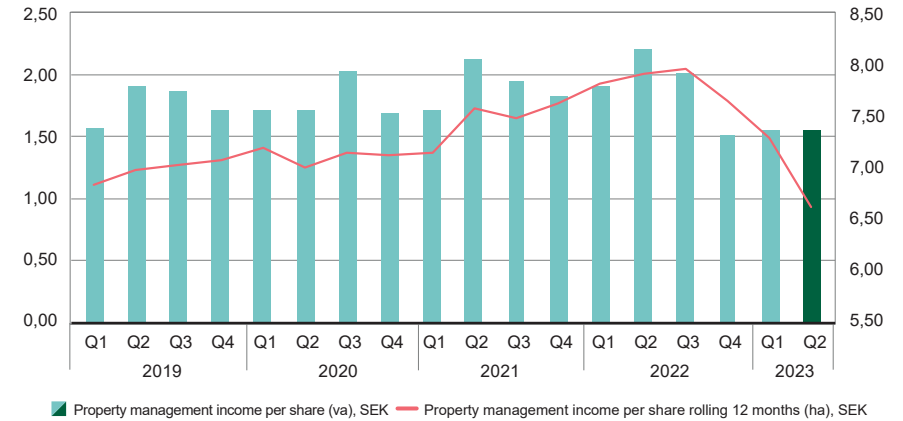
Income statement

Condensed consolidated income statement and statement of comprehensive income, SEKm

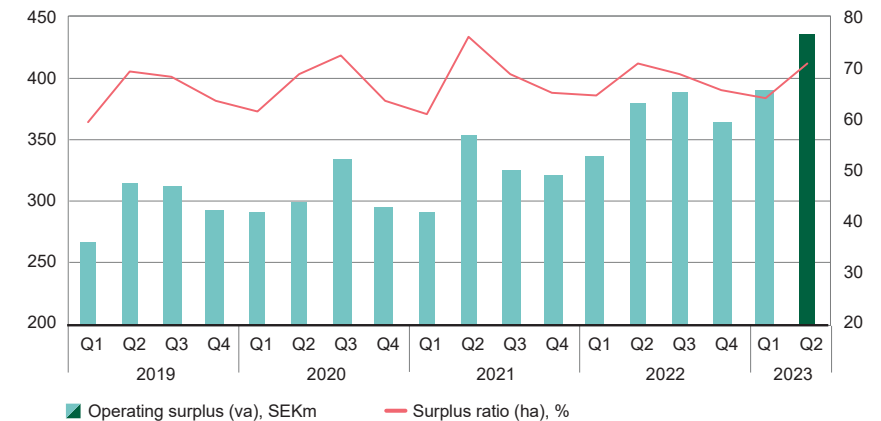
INCOME STATEMENT	Note	2023 3 mos Apr-June	2022 3 mos Apr-June	2023 6 mos Jan-June	2022 6 mos Jan-June	2022 12 mos Jan-Dec
Rental income		573	512	1,141	996	2,029
Service income		47	31	96	86	178
Total income	1	620	543	1,237	1,082	2,209
Property costs	2	-187	-163	-415	-366	-740
Operating surplus	3	433	380	822	716	1,469
Central administration	4	-20	-18	-40	-36	-90
Net financial items	5	-193	-49	-342	-96	-298
Property management income	6	219	313	439	584	1,081
Change in value, properties	7	-109	106	-673	639	-140
Change in value, interest rate derivatives	8	6	27	-73	115	104
Profit before tax	9	116	446	-307	1,338	1,045
Current tax	10	-11	-26	-19	-46	-16
Deferred tax	10	-23	-64	75	-228	-199
Profit after tax		83	356	-251	1,064	830
Profit attributable to shareholders of the parent company		83	356	-251	1,064	830
Total		83	356	-251	1,064	830
STATEMENT OF COMPREHENSIVE INCOME						
Profit after tax		83	356	-251	1,064	830
Comprehensive income for the period		83	356	-251	1,064	830
Comprehensive income attributable to shareholders of the parent company		83	356	-251	1,064	830
Total		83	356	-251	1,064	830
Earnings per share, SEK		0.58	2.52	-1.78	7.52	5.87
Number of shares outstanding at end of period		141,430,947	141,430,947	141,430,947	141,430,947	141,430,947
Average number of shares		141,430,947	141,430,947	141,430,947	141,424,202	141,427,602
Number of treasury shares at the end of the period		354,218	354,218	354,218	354,218	354,218
Average number of treasury shares		354,218	354,218	354,218	360,963	357,563

There is no dilutive effect, as no potential shares (such as convertibles) exist.
The accounting policies are presented on page 28.
Columns/rows may not add up due to rounding.

Property management income per share



Operating surplus and surplus ratio



Earnings analysis April-June 2023

Note 1 Revenue

Revenue for the quarter was SEK 620m (543) and the economic occupancy rate was 92 per cent (91). In a comparable portfolio, contracted rental income, excluding project properties, increased by 10.6 per cent in the quarter compared with the previous year. Other property management income totalled SEK 5m (6) and consisted mainly of the costs of work on leased premises that are passed on to tenants. Of our commercial leases, 96 per cent have upward index adjustments, where 93 per cent have a CPI adjustment and 3 per cent a fixed upwards adjustment.

REVENUE GROWTH	2023 Apr-June	2022 Apr-June	Change %
Comparable properties	568	514	10.6
Projects in progress	10	9	
Completed projects	27	11	
Acquired properties	2	0	
Sold properties	6	3	
Contracted rental income	615	537	
Other property management income	5	6	
Revenue	620	543	

Note 2 Property costs

The property costs for the quarter were SEK 187m (163). The increase in costs is related to a larger property portfolio, increased prices for property care and upkeep and somewhat higher tariff-based costs. Of the total property costs, SEK 4m (6) refers to work on leased premises where the costs are passed on to tenants.

Note 3 Operating surplus

The operating surplus was SEK 433m (380) and the surplus ratio was 71 per cent (71). For comparable properties, operating surplus increased by 10.5 per cent compared with the second quarter of the previous year.

Note 4 Central administration

The central administration expense was SEK 20m (18). Central administration includes Group-wide costs for staff functions, such as IT, annual reports, auditors' fees, legal advice and so on.

Note 5 Net financial items

Net financial items for the quarter were SEK -193m (-49). The higher cost is mainly related to higher market interest rates and a larger net debt. The interest costs for the quarter, including costs for interest rate derivatives and loan commitments, represent borrowings at an average annual interest rate of 4.5 per cent (1.2).

Note 6 Property management income

Property management income for the quarter, i.e., income excluding changes in value and tax, was SEK 219m (313). This is a decrease of 30 per cent compared with the previous year. The change is attributable to increased financial costs. For comparable properties, property management income decreased by 31.6 per cent compared with the fourth quarter of the previous year.



Office tenant Andreas Johansson, Cygni, in Luleå.

The Magasinen area, Gävle.



Earnings analysis April-June 2023, continued

Note 7 Changes in value, properties

The average direct yield requirement in the valuation at the end of the quarter was 5.91 per cent (5.41), an increase of 0.06 per cent since the previous quarter. The unrealised change in value for the quarter was SEK -117m (106), the realised change in value was SEK 7m (0). The unrealised change in value is attributable to a higher direct yield requirement driven primarily by generally higher market interest rates. For more information, see Note 11. At 30 June, the market value was SEK 31,114m (30,956).

During the quarter, 0 properties (15) were acquired while 2 properties (1) were divested.

UNREALISED CHANGES IN VALUE, PROPERTIES, SEKM	2023	2022
	3 mos Apr-June	3 mos Apr-June
Investment properties	-140	80
Project properties	23	26
Development rights	0	0
Unrealised change in value	-117	106

Note 8 Changes in value, derivatives

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

During the quarter, unrealised changes in value on derivatives totalled SEK 6m (27), which have been fully recognised in the income statement. The change in value is attributable to rising market interest rates.

Note 9 Profit before tax

The profit before tax amounted to SEK 116m (446). The change in earnings is mainly due to negative unrealised changes in the value of properties and higher interest expenses compared to the previous year.

Note 10 Tax

The nominal corporate tax rate in Sweden is 20.6 per cent. There are no tax loss carry-forwards in the Group. The Group also has untaxed reserves of SEK 488m (469). The fair value of the properties exceeds their tax value by SEK 15,755m (16,195). Deferred tax has been calculated at 10,643 (10,956). The difference is attributable to deferred tax on asset acquisitions. Diös has no ongoing tax disputes.

TAX CALCULATION, SEKM	2023 3 mos Apr-June
Profit before tax	116
Nominal tax rate 20.6%	-24
Other tax adjustments	-9
Reported tax expense	-33
<i>Of which current tax</i>	-11
<i>Of which deferred tax</i>	-23

Current tax was SEK -11m (-26) and deferred tax was SEK -23m (-64). The change in deferred tax is attributable to the unrealised changes in value.

Our tenants

Tenants

Our tenant base is well diversified geographically and in terms of industry. There were 3,470 premises leases (3,123) and there were 2,304 residential leases (2,176). The ten largest tenants represent 18 per cent (15) of Diös' total contracted rental income. At 30 June, 30 per cent of contracted rental income came from tenants engaged in activities on behalf of the central government, county councils, local authorities or activities funded with municipal school vouchers. The share of commercial green leases is 16 per cent of the annual contract value.

Net leasing

Net leasing for the quarter was SEK 16m (17) and the total for the period was SEK 19m (39). Major leases during the quarter were to the Swedish Pensions Agency in Porsön 1:446 in Luleå, the Swedish Tax Agency in Mayor 10 in Sundsvall, and Region Västerbotten in Polaris 8 in Skellefteå.

Lease term

The average contract term commercial premises at 30 June was 4.0 years (4.1).

Vacancies

At 30 June, the economic vacancy rate was 7 per cent (8) while the vacant area was 12 per cent (12). Adjusted for project-related and non-leasable vacancies¹, the physical vacancy rate was 11 per cent. Economic vacancies are highest in office and retail premises while physical vacancies are highest in office and industrial premises.

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

Our largest tenants at 30 June 2023

	No. of contracts	Annual contract value ¹ , SEK '000s	Average lease term ¹ , years
⊗ Swedish Transport Administration	22	99,936	6.6
⊗ Swedish Police Authority	41	66,910	6.2
Nordic Choice Hotels	4	59,582	14.8
⊗ Swedish Public Employment Service	24	39,235	1.8
⊗ Municipality of Falun	12	35,084	6.9
⊗ Östersund Local Authority	75	34,666	1.8
⊗ Swedish Social Insurance Agency	23	29,895	2.0
Swedbank AB	12	25,581	2.2
⊗ Swedish Migration Board	8	25,014	2.6
Telia Sverige AB	31	24,469	6.8
Total	252	440,372	6.1

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

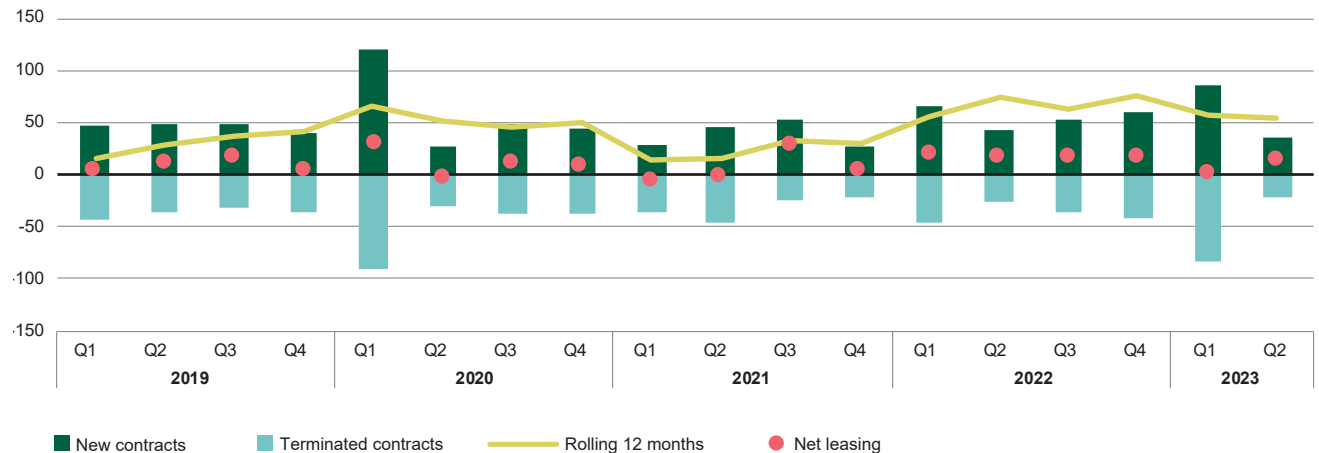
¹ Includes contracts with completion dates in the future.

Leases and maturities

	Number contracts	Contract value, SEKm	Share of value, %
Leases for premises, maturity year			
2023	837	99	4
2024	959	517	21
2025	673	418	17
2026	622	398	16
2027+	379	751	31
Total	3,470	2,183	89
Residential	2,304	195	8
Other leases ¹	2,087	62	3
Total	7,861	2,441	100

¹ Other leases refer mainly to garage and parking spaces.

Net leasing, SEKm



Balance sheet and equity

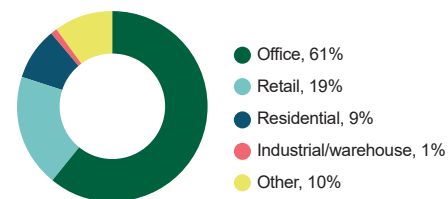
Condensed consolidated balance sheet, SEKm

ASSETS	Note	2023 30 June	2022 30 June	2022 31 Dec
Property, plant and equipment and intangible assets				
Investment properties	11	31,114	30,956	31,136
Other non-current assets		84	59	65
Total property, plant and equipment and intangible assets		31,198	31,015	31,201
Non-current financial assets		11	12	12
Total non-current financial assets		31,209	31,027	31,213
Current assets				
Current receivables		290	233	290
Derivatives		70	154	143
Cash and cash equivalents	14	193	159	88
Total current assets		553	545	520
Total assets		31,762	31,572	31,733
EQUITY AND LIABILITIES				
Equity	12	11,568	12,330	12,102
Non-current liabilities				
Deferred tax liability		2,307	2,399	2,383
Provisions		10	10	10
Liabilities to credit institutions	13	8,897	12,086	10,781
Non-current lease liability		69	53	52
Other non-current liabilities		17	-	17
Total non-current liabilities		11,300	14,549	13,243
Current liabilities				
Current portion of liabilities to credit institutions	13	7,886	3,676	5,478
Lease liability		10	4	7
Overdraft facilities	14	-	-	-
Current liabilities		999	1,013	903
Total current liabilities		8,895	4,693	6,388
Total equity and liabilities		31,762	31,572	31,733

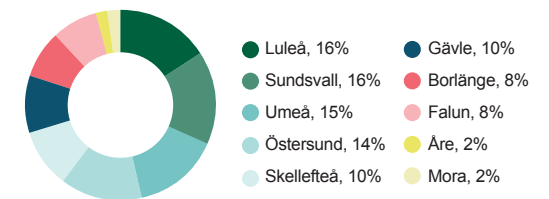
Condensed statement of changes in equity, SEKm

	Equity	Of which attributable to shareholders of the parent company	Of which attributable to non-controlling interests
Equity, 31 Dec 2021	11,823	11,749	74
Profit for the period after tax	830	830	0
Comprehensive income for the period	830	830	0
Sale of own shares	9	9	-
Acquisition of minority interests	-65	8	-74
Dividend	-496	-496	-
Equity, 31 December 2022	12,102	12,102	0
Profit for the period after tax	-251	-251	0
Comprehensive income for the period	-251	-251	0
Dividend	-283	-283	-
Equity, 30 June 2023	11,568	11,568	0

Property value per category



Property value per city



Comments on the balance sheet

Note 11 Investment properties and property value

The property portfolio is concentrated to central locations in ten priority cities in northern Sweden. The portfolio is well diversified and primarily consists of office properties, premises for urban service and residential properties.

	30 June 2023	30 June 2022	31 Dec 2022
PROPERTY PORTFOLIO	SEKm	SEKm	SEKm
Management portfolio	27,943	27,927	28,246
Project properties	3,030	2,907	2,757
Development rights	141	122	133
Investment properties	31,114	30,956	31,136

Property value

All properties are valued at each quarterly closing with the aim of determining the individual value of the properties in the event of a sale. Any portfolio effects are thus not taken into account. At the time of valuation on 30 June 2023, 85 per cent of the property value had been externally valued by CBRE. The valuations are based on a cash flow model with an individual assessment for each property of both future earning capacity and market return requirements. In assessing a property's future earning capacity, in addition to the inflation assumption of 6 per cent for 2023 and 2 per cent in the long term, the estimated market rents have been taken into account in contract maturity, occupancy rate and property costs. The market's return requirements are determined by an analysis of completed property transactions for properties with a similar standard and location. Projects and project properties have been valued according to the same principle but with deductions for remaining investment. Development rights have been valued on the basis of an estimated market value in SEK/sq.m. of gross floor space for established building rights. The average value of the development rights in the valuation is approximately SEK 1,300/sq.m. gross floor space. The valuations are in accordance with IFRS 13 level 3.

Change in property value

	30 June 2023		30 June 2022		31 Dec 2022	
	SEKm	No of properties	SEKm	No of properties	SEKm	No of properties
Value of property portfolio, 1 Jan	31,136	363	27,993	340	27,993	340
Acquisitions	-	-	1,678	23	2,004	28
Investments in new builds, extensions and conversions	818	-	648	-	1,307	-
Sales	-160	-4	-1	-9	-18	-10
Unrealised changes in value	-680	-	638	-	-150	-
Value of property portfolio at end of period	31,114	359	30,956	352¹	31,136	363¹

¹ Property reallocation has affected the number of properties.

Valuation assumptions per property category

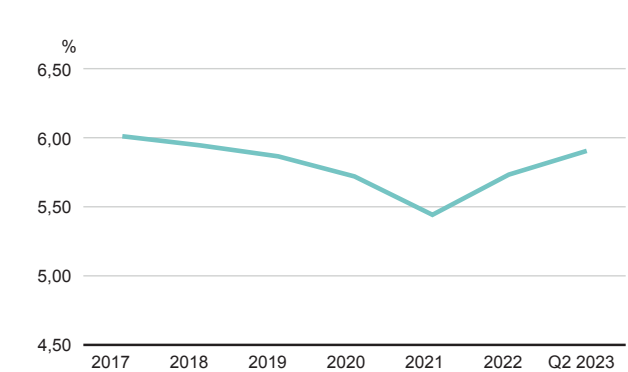
	30 June 2023					31 Dec 2022				
	Offices	Retail	Residential	Industrial/warehouse	Other	Office	Retail	Residential	Industrial/warehouse	Other
Rental value, SEK per sq.m	1,765	1,869	1,418	792	1,519	1,745	1,868	1,422	789	1,502
Operations & maintenance, SEK per sq.m.	374	489	462	235	352	368	477	459	237	345
Yield for assessing residual value, %	5.9	6.3	4.5	6.0	5.9	5.8	6.1	4.4	5.8	5.8
Cost of capital for discounting to present value, %	8.4	8.8	7.0	8.5	8.4	8.2	8.6	6.9	8.3	8.2
Long-term vacancy, %	6.4	6.6	3.3	9.8	5.6	6.3	6.6	3.5	10.1	5.6

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

Sensitivity analysis per property category, SEK '000s

	Offices		Retail		Residential		Industrial		Other business		Total	
Rental value, +/- SEK 50 per sq.m.	698,741	-698,741	305,109	-305,109	146,838	-146,838	60,233	-60,233	160,781	-160,781	1,371,702	-1,371,702
Operations & maintenance, +/- SEK 25 per sq.m.	-341,544	341,544	-152,554	152,554	-73,419	73,419	-30,116	30,116	-80,391	80,391	-678,025	678,025
Yield, +/- 0.5%	-786,385	935,083	-301,041	353,319	-168,817	212,832	-32,486	39,508	-143,064	169,678	-1,431,793	1,710,419
Cost of capital, +/- 0.5%	-599,366	628,698	-248,249	259,771	-95,027	99,695	-30,460	32,240	-137,771	145,711	-1,110,872	1,166,114
Long-term vacancy rate, +/- 1%	-213,910	213,910	-96,851	96,851	-32,186	32,179	-8,647	8,647	-37,576	33,581	-389,170	385,168

Yield for assessing residual value, %



Comments on the balance sheet, continued

Investments

During the quarter, SEK 458m (1,322¹) was invested, of which SEK 0m (1,015) was related to property acquisitions.

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

¹The comparative figures in the comments on the balance sheet correspond to the previous financial year.

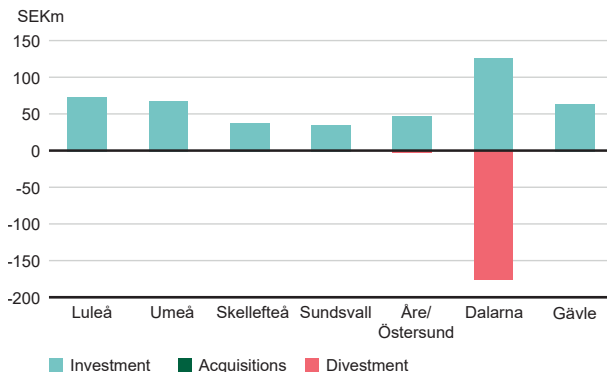
INVESTMENTS	30 June 2023	30 June 2022	31 Dec 2022
Investments in new builds	96	179	275
Investments in improvement properties	203	177	339
Investments in tenant adaptations	519	291	693
Total	818	648	1,307

Acquisitions

No property acquisitions were made during the quarter.

Divestments

During the quarter, 1 property and 1 plot were divested.



Project portfolio

We have an ongoing project portfolio of SEK 4,197m, of which SEK 2,717m was earned at 30 June. We are continuously investing in the portfolio to improve, adapt and enhance the efficiency of our premises for our tenants. Our investments, excluding project profits, contributed to an increase in the property portfolio's value by SEK 818m for the period. Investments in our existing portfolio comprise new builds, conversions and extensions as well as energy-saving measures. The return on completed investments for the period was 8.4 per cent on the invested amount while the return on our ongoing projects was 5.7 per cent.

Project properties

There are 9 project properties with a market value of SEK 3,030m. No new project properties were created during the quarter. As at 30 June, the occupancy rate for the project properties was 100 per cent. The total estimated investment is SEK 2,521m, where the produced investment at 30 June was SEK 1,922m.

Major projects completed

During the quarter, the new construction on the property Porsön 1:446 in Luleå was completed. The project concerned new offices for the Swedish Pensions Agency. The investment was SEK 170m and related to 5,452 sq.m. In addition, the conversion project in Glädjen 4 in Sundsvall was completed where previous commercial premises were converted into centrally located offices with an investment of SEK 51m.

Development rights

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

Property transactions January-June 2023

SOLD AND COMPLETED ON

Property	Quarter	City Area, sq.m.	Price ² , SEKm
Plots Arvesund	1	Are	- 0.4
Plot Arvesund	2	Are	- 0.2
Ingeborg 1	2	Borlänge	14,117 200
Total		14,117	200.6

² Underlying property value.

” **An active effort to prepare development rights is an important part of strengthening our business.**



Rebecca Andersson, Content Manager, and Susanna Johansson, Leasing Officer, visiting the office tenant Voyd in Sundsvall.

Project properties

Type	City	Property	Property type	Leasable area, sq.m.	Occupancy rate, %	Investment, SEKm	Produced investment, SEKm	Rental value, SEKm	Completed	Environmental category
Projects in progress										
Improvement	Borlänge	Mimer 1	Education/training	13,332	100	484	319	27.7	Q2 2024	BREEAM-SE, planned 2023
New build	Luleå	Biet 4	Office	4,920	100	206	124	14.1	Q2 2024	BREEAM-SE, planned 2024
New build	Umeå	Vale 17	Housing (tenant-owners association)	2,800	-	132	25	-	Q1 2026	Nordic Swan Ecolabel
Improvement	Umeå	Vale 17	Offices	5,030	100	206	43	14.6	Q1 2025	BREEAM-SE, very good
Completed or partially occupied projects										
New build	Umeå	Magne 5	Hotel	14,500	100	400	385 ¹	26.2	Q3 2022	BREEAM-SE, very good
Improvement	Borlänge	Intagan 1	Office	31,000	100	555	547	52.9	Q4 2022	BREEAM In-Use, very good
New build	Umeå	Stigbygeln 2	Office	9,646	100	262	243	19.8	Q4 2022	BREEAM-SE, very good
Improvement	Sundsvall	Aeolus 5	Residential	2,597	-	55	53	3.8	Q1 2023	-
Improvement	Sundsvall	Glädjen 4	Offices	1,870	100	51	48	5.2	Q2 2023	BREEAM In-Use, planned 2023
New build	Luleå	Porsön 1:446	Office	5,452	100	170	136	7.5	Q2 2023	BREEAM-SE, planned 2023
Total				91,147		2,521	1,922			

¹ Lifting of dormant VAT on completion.

Tenants in the central, regional or local government sectors.

Comments on the balance sheet, continued

Note 12 Equity

At 30 June, equity was SEK 11,568m (12,102). The equity ratio was 36.4 per cent (38.1), which exceeds the target of at least 35 per cent.

Note 13 Interest-bearing liabilities

During the quarter, we issued new unsecured bonds of SEK 900m to refinance bond maturities in June and September. In connection with the issue, parts of the maturing bonds were bought back. Furthermore, a maturity of an SFF bond of SEK 284m has been refinanced. The certificate market has been relatively stable with maintained outstanding volumes.

Interest-bearing nominal liabilities in the Group were (nominally) SEK 16,797m (15,776). The change is due to a larger property portfolio as a result of completed acquisitions and project investments. Of total interest-bearing liabilities, SEK 13,599m (13,010) refers to bank financing, SEK 556m (790) to covered bonds, SEK 562m (570) to commercial paper and SEK 2,080m (1,900) of unsecured bonds. Amortised cost of the commercial paper amounted to SEK 559m (568). Future refinancing will normally be completed 3-9 months before the maturity date.

At the end of the period, the loan-to-value ratio in the Group was 53.3 per cent (51.9). The secured loan-to-value ratio amounted to 44.8 per cent (44.0). The average annual interest rate, including the cost of derivatives and loan commitments, was 4.6 per cent (3.2) at the end of the period and the interest coverage ratio for the period was 2.3 times (4.6).

Fixed-rate terms and loan maturities

The average fixed-rate term of the loans, including derivatives, was 1.8 years (0.8) and the average loan maturity 2.0 years (2.4). Of the Group's outstanding loans, SEK 1,522m (570) is subject to fixed interest rates, of which SEK 562m (570) refers to commercial paper.

Interest and loan maturity structure at 30 June 2023

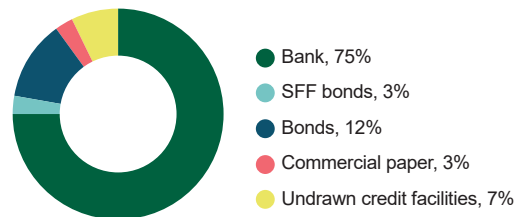
Maturity year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm ¹	Average annual interest rate ² , %	Credit agreements, SEKm	Drawn, SEKm
2023	4,047	4.9	2,690	2,590
2024	8,646	5.1	6,369	6,319
2025	1,160	5.8	760	760
2026	2,944	5.7	4,266	3,225
2027+	-	-	3,903	3,903
Drawn credit facilities	16,797	5.2	17,989	16,797
Undrawn credit facilities ³	1,191	0.0		
Financial instruments	6,250	-0.6		
Total		4.6		

¹ Nominal amount.

² Average annual interest rate refers to the average interest rate based on interest rate terms and the outstanding liability as at 30 June 2023.

³ The cost of undrawn credit facilities affects the average annual interest rate by 0.03 percentage points.

Breakdown of interest-bearing financing



Comments on the balance sheet, continued

Derivatives

No new derivatives were subscribed for during the quarter. In addition, one derivative was restructured and extended. This meant that the remaining maturity increased to 3.9 years compared with 2.4 years at the end of the year. These changes were made to limit the impact of further rising market interest rates.

Of the Group's total interest-bearing liabilities, SEK 6,250m (4,500) has been interest hedged through derivative instruments. At 30 June 2023, the market value of the derivative portfolio was SEK 70m (143). The financial instruments limit the impact of changes in interest rates on our average borrowing cost. All financial instruments are measured at fair value and are classified in Level 2 in accordance with IFRS 13, which means that the measurement is based on observable market data (see Note 23 in the Annual Report 2022). Changes in value are recognised through profit or loss.

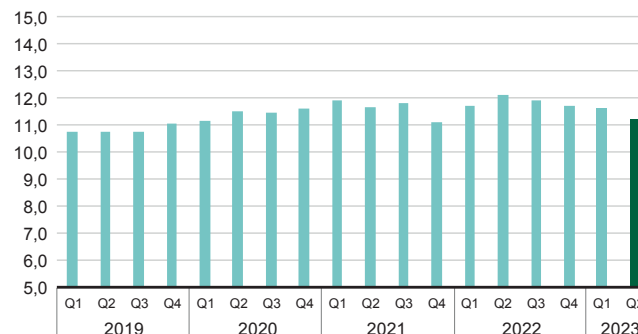
Note 14 Cash and cash equivalents and overdraft facilities

Consolidated cash and cash equivalents at the end of the period were SEK 193m (88) and drawn overdraft facilities were SEK 0m (0). The approved credit limit on the overdraft facility was SEK 600m (600) and the total liquidity reserve less outstanding certificates was SEK 1,422m (1,218).

Derivative contracts as at 30 June 2023

Type	Nominal value, SEKm	Remaining maturity, years	Swap rate, %	Market value, SEKm
Interest rate swaps	1,500	4.7	1.99	10.7
Interest rate swaps	1,000	2.7	2.77	-5.4
Interest rate swaps	1,000	4.9	1.94	27.6
Interest rate swaps	1,250	4.7	2.65	-15.1
Interest rate swaps	500	1.6	0.05	30.8
Interest rate swaps	500	1.1	0.00	23.2
Interest rate swaps	500	4.7	2.45	-2.3
Total	6,250	3.9	1.96	69.5

Net debt, EBITDA, SEKm

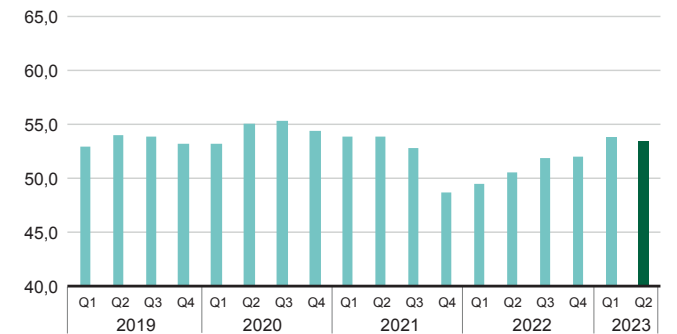


Sensitivity analysis as at 30 June 2023¹

	Change in average annual interest rate, %	Change in average annual interest cost, SEKm	Change in market value, SEKm
Loan portfolio excl. derivatives	0.7	+112	
Derivatives portfolio	0.2	+38	+327
Loan portfolio incl. derivatives	0.9	+150	+327

¹If market interest rates increase by 1 percentage point

Loan-to-value ratio, %



Cash flow

Condensed consolidated cash flow statement, SEKm

	2023 3 mos Apr-June	2022 3 mos Apr-June	2023 6 mos Jan-June	2022 6 mos Jan-June	2022 12 mos Jan-Dec
OPERATING ACTIVITIES					
Operating surplus	433	380	822	716	1,469
Central administration	-18	-18	-36	-36	-90
Reversal of depreciation, amortisation and impairment	0	1	0	0	0
Interest received	2	0	3	1	4
Interest paid	-195	-50	-345	-97	-302
Tax paid	-11	-26	-19	-46	-16
Cash flow from operating activities before changes in working capital	211	286	425	538	1,065
Changes in working capital					
Decrease (+)/increase (-) in receivables	37	49	-13	-37	-106
Decrease (-)/increase (+) in liabilities	124	-68	9	13	178
Total changes in working capital	161	-19	-4	-24	72
Cash flow from operating activities	372	267	421	514	1,137
INVESTING ACTIVITIES					
Investments in new builds, conversions and extensions	-458	-341	-818	-648	-1,307
Acquisition of properties	-	-663	-	-1,678	-2,004
Sale of properties	178	0	178	2	28
Cash flow from investing activities	-280	-1,004	-640	-2,324	-3,283

	2023 3 mos Apr-June	2022 3 mos Apr-June	2023 6 mos Jan-June	2022 6 mos Jan-June	2022 12 mos Jan-Dec
FINANCING ACTIVITIES					
Dividends paid	-71	-124	-195	-124	-371
Sale of own shares	-	-	-	9	9
Acquisition of minority interests	-	-	-	-68	-65
New borrowing, interest-bearing liabilities	119	798	552	1,050	1,599
Repayment and redemption of interest-bearing liabilities	-5	-25	-33	-48	-88
Change in overdraft facility	-	-	-	-	-
Cash flow from financing activities	43	649	324	819	1,084
Cash flow for the period	135	-88	105	-991	-1,062
Cash and cash equivalents at beginning of period	58	247	88	1,150	1,150
Cash and cash equivalents at end of period	193	159	193	159	88

Reporting per business unit at 30 June

Figures refer to SEKm unless otherwise indicated.

By business unit	Dalarna		Gävle		Sundsvall		Äre/Östersund		Umeå		Skellefteå		Luleå		Group	
	2023 Jan-June	2022 Jan-June	2023 Jan-June	2022 Jan-June	2023 Jan-June	2022 Jan-June	2023 Jan-June	2022 Jan-June	2023 Jan-June	2022 Jan-June	2023 Jan-June	2022 Jan-June	2023 Jan-June	2022 Jan-June	2023 Jan-June	2022 Jan-June
Rental income	203	166	115	103	169	151	196	188	166	131	113	95	178	162	1,141	996
Service income	18	16	11	10	12	12	16	15	13	10	9	9	17	15	96	86
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repair and maintenance	-8	-7	-4	-3	-5	-5	-6	-6	-5	-3	-3	-4	-7	-4	-37	-33
Tariff-based costs	-28	-24	-12	-11	-16	-19	-26	-26	-16	-14	-18	-15	-17	-17	-133	-125
Property tax	-8	-7	-7	-6	-10	-9	-10	-9	-10	-9	-6	-5	-12	-11	-63	-55
Other property costs	-21	-16	-14	-11	-19	-16	-28	-26	-23	-15	-12	-9	-21	-18	-138	-112
Property management	-8	-7	-5	-4	-6	-5	-9	-8	-6	-5	-4	-4	-7	-7	-44	-41
Operating surplus	147	119	85	78	126	109	134	128	119	94	79	67	132	120	822	716
Central administration/net financial items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-382	-132
Property management income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	439	584
Property, realised	7	-	-	-	-	-	0	1	-	-	-	-	-	-	7	1
Property, unrealised	-99	135	-89	120	-90	69	-138	118	-86	50	-71	98	-107	48	-680	638
Interest rate derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-73	115
Profit before tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-307	1,338
Leasable area, sq.m.	310,423	318,939	161,353	158,569	217,396	212,630	314,929	315,099	220,799	207,306	179,017	175,217	210,453	211,009	1,614,370	1,598,769
Rental value	235	197	134	122	200	179	232	213	187	154	138	115	201	182	1,328	1,162
Economic occupancy rate, %	93	92	93	91	90	88	90	90	94	91	88	89	96	95	92	91
Surplus ratio, %	67	66	68	71	70	69	64	67	68	68	65	66	68	69	67	68

	2023 Jan-June	2022 Jan-Dec	2023 Jan-June	2022 Jan-Dec	2023 Jan-June	2022 Jan-Dec	2023 Jan-June	2022 Jan-Dec	2023 Jan-June	2022 Jan-Dec	2023 Jan-June	2022 Jan-Dec	2023 Jan-June	2022 Jan-Dec	2023 Jan-June	2022 Jan-Dec
Property portfolio, 1 January	5,316	4,301	3,148	2,916	4,873	4,545	4,976	4,690	4,747	4,721	3,271	2,256	4,804	4,563	31,136	27,993
Acquisitions	-	545	-	68	-	172	-	154	-	-	-	948	-	118	-	2,004
Investments in new builds, extensions and conversions	223	385	98	102	79	147	92	192	114	128	64	108	149	244	818	1,307
Sales	-160	-	-	-	-	-	-1	-1	-	-	-	-17	-	-	-160	-18
Unrealised changes in value	-99	86	-89	62	-90	9	-138	-60	-86	-102	-71	-25	-107	-121	-680	-150
Property portfolio at end of period	5,281	5,158	3,158	3,148	4,861	4,873	4,929	4,976	4,775	4,747	3,264	3,271	4,846	4,804	31,114	31,136

Columns/rows may not add up due to rounding.

The classification of rental income and service income has changed from the previous year; see page 28, accounting policies.

Financial key ratios

The interim reports use non-IFRS KPIs. We consider that these measures provide valuable additional information for investors, analysts and the company's management, as they enable the evaluation of relevant trends and the company's performance. As not all companies calculate financial measures in the same way, these are not always comparable with the measures used by other companies. These financial measures should therefore not be viewed as substitutes for IFRS-defined measures. The following table presents non-IFRS measures unless otherwise stated. Definitions of these measures are provided on page 31 and in the descriptions of the purpose of the various KPIs in the annual report for 2022. The financial targets for 2023 adopted by the Board are presented on page 2 of this report.

Figures refer to SEKm unless otherwise indicated.

SHARE INFORMATION	2023 3 mos Apr-June	2022 3 mos Apr-June	2023 6 mos Jan-June	2022 6 mos Jan-June	2022 12 mos Jan-Dec
Number of shares outstanding at end of period (thousands)	141,431	141,431	141,431	141,431	141,431
Average number of shares ('000)	141,431	141,431	141,431	141,424	141,428

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

PROPERTY MANAGEMENT INCOME

Profit before tax	116	446	-307	1,338	1,045
Reversal					
Change in value, properties	109	-106	673	-639	140
Change in value, derivatives	-6	-27	73	-115	-104
Property management income	219	313	439	584	1,081

EPRA EARNINGS (PROPERTY MANAGEMENT INCOME AFTER TAX)

Property management income	219	313	439	584	1,081
Current tax attributable to property management income	-11	-26	-19	-46	-16
EPRA earnings	209	287	421	538	1,064
EPRA earnings per share, SEK	1.48	2.03	2.97	3.81	7.52

LOAN-TO-VALUE RATIO	2023 3 mos Apr-June	2022 3 mos Apr-June	2023 6 mos Jan-June	2022 6 mos Jan-June	2022 12 mos Jan-Dec
Interest-bearing liabilities			16,783	15,762	16,259
Reversal					
Cash and cash equivalents			-193	-159	-88
Drawn overdraft facilities			-	-	-
Net debt			16,590	15,603	16,171
Investment properties			31,114	30,956	31,136
Loan-to-value ratio, %			53.3	50.4	51.9

SECURED LOAN-TO-VALUE RATIO

Net debt			16,590	15,603	16,171
Unsecured liabilities			-2,642	-3,165	-2,470
Secured liabilities			13,948	12,438	13,701
Investment properties			31,114	30,956	31,136
Secured loan-to-value ratio, %			44.8	40.2	44.0

INTEREST COVERAGE RATIO

Property management income	219	313	439	584	1,081
Reversal					
Financial costs	195	51	345	99	302
Total	414	364	784	683	1,382
Financial costs	195	51	345	99	302
Interest coverage ratio, times	2.1	7.1	2.3	6.9	4.6

NET DEBT TO EBITDA

Interest-bearing liabilities			16,783	15,762	16,259
Cash and cash equivalents			-193	-159	-88
Overdraft facilities			-	-	-
Net debt			16,590	15,603	16,171
Operating surplus, r12m			1,575	1,362	1,469
Central administration, r12m			-95	-72	-90
Reversal					
Depreciation and amortisation, r12m			6	4	4
EBITDA			1,487	1,294	1,383
Net debt to EBITDA			11.2	12.1	11.7

EQUITY RATIO	2023 3 mos Apr-June	2022 3 mos Apr-June	2023 6 mos Jan-June	2022 6 mos Jan-June	2022 12 mos Jan-Dec
Equity			11,568	12,330	12,102
Total assets			31,762	31,572	31,733
Equity ratio, %			36.4	39.1	38.1

EPRA NRV/NTA

Equity			11,568	12,330	12,102
Reversal					
Fair value of financial instruments			-70	-154	-143
Deferred tax on temporary differences			2,192	2,282	2,257
EPRA NRV			13,691	14,459	14,216
EPRA NRV per share			96.8	102.2	100.5

DEDUCTIONS

Fair value of financial instruments			70	154	143
Estimated actual deferred tax on temporary differences, approx. 4% ¹			-409	-428	-421
EPRA NTA			13,352	14,185	13,938
EPRA NTA per share			94.4	100.3	98.6

EPRA NDV

Equity			11,568	12,330	12,102
EPRA NDV			11,568	12,330	12,102
EPRA NDV per share			81.8	87.2	85.6

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.

OTHER KPIS	2023 3 mos Apr-June	2022 3 mos Apr-June	2023 6 mos Jan-June	2022 6 mos Jan-June	2022 12 mos Jan-Dec
Return on equity, %			-4.1	22.1	7.0
Equity per share, SEK			81.8	87.2	85.6
Earnings per share, SEK	0.58	2.52	-1.78	7.52	5.87

CASH FLOW PER SHARE, SEK

Profit before tax	116	446	-307	1,338	1,045
Reversal					
Unrealised change in value, properties	117	-106	680	-639	150
Unrealised change in value, derivatives	-6	-27	73	-115	-104
Depreciation and amortisation	2	1	4	2	4
Current tax	-11	-26	-19	-46	-16
Total	218	288	432	541	1,079
Average number of shares ('000)	141,431	141,431	141,431	141,424	141,428
Cash flow per share, SEK	1.54	2.04	3.05	3.82	7.63

NET LEASING, SEKM

Newly signed contracts	37	46	124	112	227
Terminated contracts	-21	-29	-105	-73	-150
Net leasing	16	17	19	39	77

OTHER INFORMATION

Contracted rental income, SEKm	614	537	1,221	1,057	2,164
Economic occupancy rate, %	92	91	92	91	91
Surplus ratio, %	71	71	67	68	68
Debt/equity ratio, times			X.X	1.3	1.3

EPRA VACANCY RATE

Estimated market rent for vacant space			187	194	204
Annualised rental value, whole portfolio			2,607	2,295	2,391
EPRA vacancy rate, %			7.2	8.4	8.5

Financial key ratios, cont.

Summary of quarterly results

	30 June 2023	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 June 2022	31 Mar 2022	31 Dec 2021	30 Sept 2021
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue, SEKm	620	617	568	559	543	539	500	480
Operating surplus, SEKm	433	389	365	388	380	336	321	325
Property management income, SEKm	219	220	213	283	313	271	250	261
Profit for the period, SEKm	83	-333	-113	-120	356	708	965	402
Surplus ratio, %	71	64	66	70	71	65	65	68
Economic occupancy rate, %	92	92	91	92	91	90	89	89
Equity ratio, %	36.4	37.4	38.1	38.1	39.1	40.8	40.2	36.5
Property loan-to-value ratio, %	53.3	53.7	51.9	51.8	50.4	49.3	48.6	52.7
Average interest rate at end of period, % ¹	4.6	4.1	3.2	2.5	1.8	1.1	1.1	1.1
Interest coverage ratio, times	2.1	2.5	2.8	5.7	7.1	6.8	5.9	6.4
Property management income per share, SEK	1.55	1.56	1.51	2.00	2.21	1.92	1.83	1.95
Earnings per share after tax, SEK	0.58	-2.36	-0.80	-0.84	2.52	5.00	7.03	2.98
Equity per share, SEK	81.8	83.2	85.6	86.3	87.2	88.2	83.6	75.1
Market price per share, SEK	68.9	68.9	75.5	70.5	71.1	102.4	118.8	85.4

¹ Includes expenses relating to commitment commission and derivatives.



Markus Olsson, Project Manager, at the office tenant Ykesakademien in Falun.

Parent company

The activities of the parent company consist of central Group functions as well as the ownership and operation of the Group's subsidiaries. Revenue totalled SEK 114m (103) and the profit after tax was SEK 139m (149). Income referred chiefly to services sold to the Group's subsidiaries.

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

	2023 6 mos Jan-June	2022 6 mos Jan-June	2022 12 mos Jan-Dec
INCOME STATEMENT			
Revenue	114	103	189
Gross profit	114	103	189
Central administration	-129	-113	-232
Operating profit	-15	-10	-43
Income from interests in Group companies	100	100	124
Financial income	407	234	647
Financial costs	-453	-175	-501
Profit after financial items	139	149	227
Appropriations	-	-	15
Profit after appropriations	139	149	242
Current tax	-	-	0
Profit after tax	139	149	242
STATEMENT OF COMPREHENSIVE INCOME			
Profit after tax	139	149	242
Comprehensive income for the year	139	149	242

Cash and cash equivalents were SEK 141m (36) at 30 June 2023 and drawn overdraft facilities were SEK 0m (0). External interest-bearing liabilities, excluding overdraft facilities, totalled SEK 5,883m (5,813), of which SEK 558m (568) referred to outstanding commercial paper. The average annual interest rate based on the situation at 30 June 2023 amounted to 5.4 per cent (3.8).

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

Condensed parent company balance sheet, SEKm

	2023 30 June	2022 30 June	2022 31 Dec
ASSETS			
Non-current assets			
Investments in Group companies	2,362	2,332	2,362
Receivables from Group companies	16,358	16,173	16,167
Total non-current assets	18,720	18,505	18,529
Current assets			
Receivables from Group companies	2,801	2,590	2,750
Other assets	20	32	24
Cash and cash equivalents	141	141	36
Total current assets	2,962	2,763	2,810
Total assets	21,682	21,268	21,339
EQUITY AND LIABILITIES			
Equity	3,084	3,134	3,228
Untaxed reserves	1	16	1
Non-current liabilities			
Interest-bearing liabilities	5,883	5,718	5,813
Liabilities to Group companies	7,305	6,938	7,139
Total non-current liabilities	13,188	12,656	12,952
Current liabilities			
Overdraft facilities	-	-	-
Liabilities to Group companies	5,149	5,033	4,976
Other liabilities	264	429	182
Total current liabilities	5,409	5,462	5,158
Total equity and liabilities	21,682	21,268	21,339

Four reasons to invest in Diös



Unique position in an attractive market



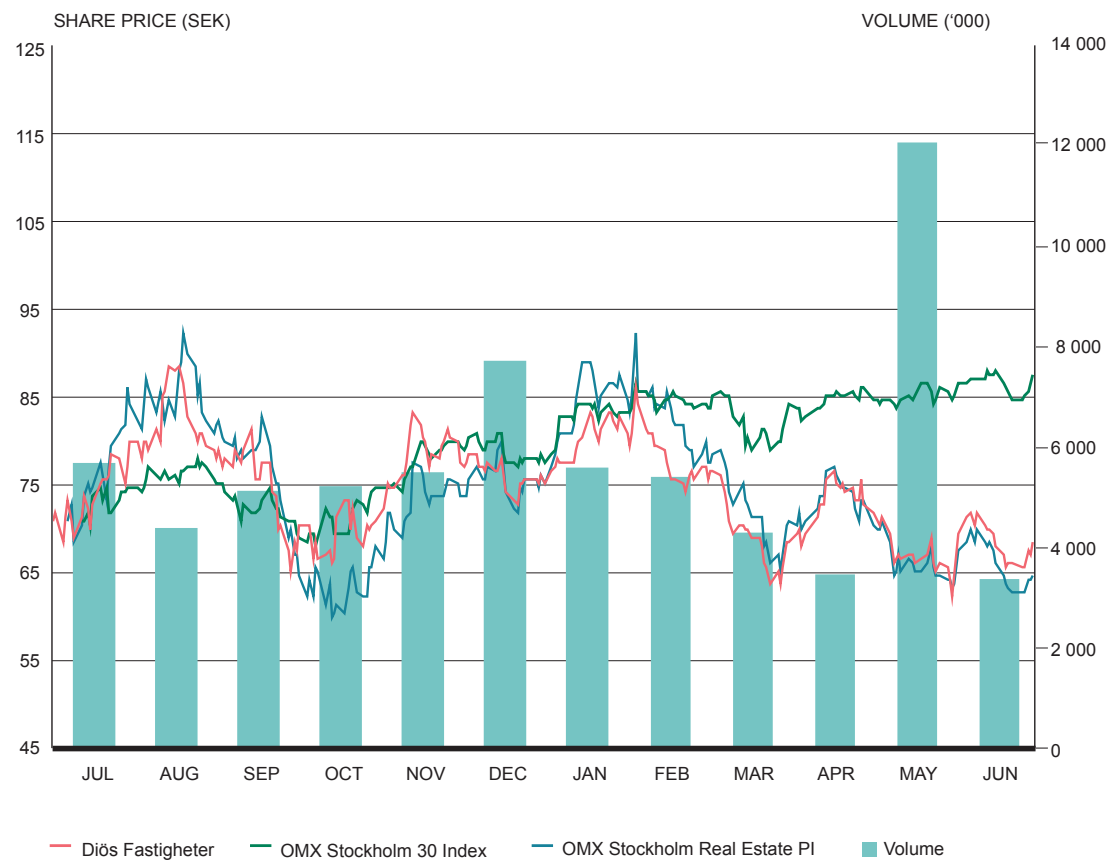
Long-term sustainable business model



Value creation through three revenue streams



Strong and stable cash flows



Share information

Share performance

Diös' share price at the end of the period was SEK 68.9 (71.1), which represents a market capitalisation of SEK 9,762m (10,074), and the return for the past 12 months was -3.1 per cent (-19.9). If the dividend is included, the total return on the shares for the period was -1.1 per cent (-17.8). The return on the OMX Stockholm 30 Index was 23.3 per cent (-17.3) and the return on the OMX Stockholm Real Estate PI index was -8.7 per cent (-36.3).

At 31 May, Diös Fastigheter AB had 18,520 shareholders (18,615). The share of foreign-owned shares was 26.4 per cent (23.9) while the total number of shares during the period remained unchanged at 141,785,165 (141,785,165). The single largest shareholder was AB Persson Invest, with 15.6 per cent (15.4) of the shares. The ten largest shareholders accounted for 53.9 per cent (53.3) of the total number of shares and voting rights.

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

In the second quarter of 2023, Nordstjernen AB announced through a disclosure notice that its ownership is less than 5 per cent of the ownership of the company.

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

Return and net asset value

Our goal is to generate a return on equity in excess of 12 per cent. Return for the period was -4.1 per cent (7.0). Equity at the end of the period was SEK 11,568m (12,102) and the long-term net asset value, EPRA NRV, was SEK 13,691m (14,216). On a per share basis, EPRA NAV was SEK 96.8 (100.5), which means that the share price at 30 June represented 71 per cent (75) of long-term NAV. The net asset value per share for the period, expressed as EPRA NTA, was SEK 94.4 (98.6).

Earnings

Earnings per share for the period were SEK -1.78 (7.52) while long-term earnings per share, expressed as EPRA EPS, were SEK 2.97 (3.81). EPRA EPS, which is designed to show an entity's long-term earnings per share, is calculated as property management income after deducting 20.6 per cent corporation tax attributable to property management income less minority share of earnings.

Largest shareholders

of Diös Fastigheter AB at 31 May 2023

SHAREHOLDER	No. of shares	Capital and voting rights, %
AB Persson Invest	22,074,488	15.6
Backahill Inter AB	14,857,452	10.5
Länsförsäkringar Fonder	9,506,584	6.7
Pensionskassan SHB Försäkringsförening	8,096,827	5.7
Nordea Fonder	6,418,595	4.5
Karl Hedin	3,562,547	2.5
Vanguard	3,444,325	2.4
Avanza Pension	3,172,968	2.2
BlackRock	3,116,458	2.2
Tredje AP-fonden	2,273,016	1.6
Total, largest shareholders	76,523,260	53.9
Treasury shares	354,218	0.2
Other shareholders	64,907,687	45.9
Total	141,785,165	100.0

Source: Monitor of Modular Finance AB. Compiled and processed data from Euroclear, Morningstar, the Swedish Financial Supervisory Authority and other sources.

Other information

Employees and organisation

The number of employees on 30 June 2023 was 158 (145), of whom 65 were women (60). The majority of our employees, 104 people (97), work in our business units and the rest at our head office in Östersund. Our Pick-Pack-Post concept currently employs 3 people (6), of whom 3 were women (6).

Risks and uncertainties

Effects of the military conflict in Ukraine

Russia's invasion of Ukraine in mid-February 2022 and the resulting humanitarian disaster is a major setback for the world. Sanctions against Russia and changed world trade affect global flows of goods and capital as well as energy prices. The most obvious effect is rising inflation, higher interest rates and increased risk premiums on the capital market, resulting in higher financing costs.

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

General risks

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

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

Our properties are measured at fair value on an ongoing basis, and changes in value are recognised in the income statement. The effects of changes in value affect the income statement and balance sheet and thus also the related 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	28,720	31,114	33,448
Equity ratio, %	31.4	36.4	40.8
Loan-to-value ratio, %	59.0	53.3	50.8

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%	+/- 23
Economic occupancy rate	+/- 1 percentage point	+/- 25
Property costs	-/+ 1%	+/- 8
Interest rate on interest-bearing liabilities	-/+ 1 percentage point	+/- 150

¹ Annualised.

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

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

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

Related-party transactions

There were no significant related party transactions 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

We comply with EU-adopted IFRS standards and the interpretations of these (IFRIC). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The report for the parent company is prepared in accordance with RFR 2, Financial Reporting for Legal Entities, and the Swedish Annual Accounts Act. All property-related transactions in the second quarter have been recognised based on calculations of the preliminary consideration. The calculation of the final consideration will be completed in the third quarter of 2023. The accounting policies applied in preparing the interim report are consistent with the accounting policies applied in preparing the consolidated financial statements and annual accounts for 2022, Note 1.

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

The amendment to IAS 1 relating to accounting policies will have an impact on disclosure and accounting policies in the Annual Report for 2023. Other changed and new IFRS standards that enter into force during the year, or the coming periods are not assessed as having any significant impact on the consolidated reports and financial statements.

Report signatures

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, 7 July 2023

Bob Persson
Chairman

Peter Strand
Board member

Erika Olsén
Board member

Ragnhild Backman
Board member

Tobias Lönnevall
Board member

P-G Persson
Board member

Mathias Tallbom
*Board member Employee
representative*

Knut Rost
Chief Executive Officer

Financial calendar

Q3, Interim Report January-September 2023 27 October 2023

Significant events after the reporting period

SEK 1,700m in bank debt maturing in September 2023 was refinanced with a new maturity of 5 years.

New interest rate derivatives of SEK 3,000m were subscribed for with a maturity of 5 and 7 years.

Dividend

At the 2023 Annual General Meeting on 18 April, a resolution was passed to approve the dividends according to the Board of Directors' proposal on the following dates:

1st payment date, 25 April 2023	SEK 0.50 per share
2nd payment date, 25 July 2023	SEK 0.50 per share
3rd payment date, 25 Oct 2023	SEK 0.50 per share
4th payment date, 25 Jan 2024	SEK 0.50 per share

For further information, please contact

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Rolf Larsson, CFO

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This constitutes information which Diös Fastigheter AB is required to publish under the EU's Market Abuse Regulation (EU no. 596/2014) and the Securities Markets Act. The information was submitted for publication through the above contact person on 7 July 2023, at 7:00 A.M. CEST.

Definitions

Financial

Number of shares at end of period

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

Return on equity

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

Return on total assets

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

Loan-to-value ratio, properties

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

Secured loan-to-value ratio

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

Net debt

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

Interest coverage ratio

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

Service income

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

Debt/equity ratio

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

Equity ratio

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

Share-related

Equity per share

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

EBITDA

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

EPRA earnings

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

EPRA Net Reinstatement Value (NRV)

Equity at the end of the period as per balance sheet after reversal of interest rate derivatives and deferred tax attributable to temporary differences in properties and non-controlling interests' share of the equity.

EPRA Net Tangible Asset (NTA)

Equity at the end of the period as per balance sheet adjusted for the fair value of interest rate derivatives and actual deferred tax attributable to temporary differences in properties and non-controlling interests' share of the equity.

EPRA Net Disposal Value (NDV)

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

Average number of outstanding shares

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

Cash flow per share

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

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.

Earnings per share

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

Dividend per share

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

Property-related / other

Yield

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

Operating costs

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

Operating surplus

Rental income less building operating and maintenance costs, ground rent, property taxes and property management.

Economic occupancy rate

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

Economic vacancy rate

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

EPRA vacancy rate

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

Property category

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

Market value of properties

Estimated market value from the most recent valuation.

Property management income

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

Green lease

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

Carbon dioxide equivalents, CO₂e

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

Contracted rental income

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

Rental value

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

Comparable properties

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

Net leasing

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

Project property

New builds or improvement properties with an investment amounting to at least 20 per cent of the initial market value and a project period exceeding 12 months. A project property will be returned as an investment property no earlier than 12 months after completion

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

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

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

Yield-on-Cost (YoC)

Operating surplus relative to investment

Physical occupancy rate

Rented area in relation to total leasable area.

Surplus ratio

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

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Mailing address: PO Box 188, SE-831 22 Östersund.
Tel.: +46 (0)770-33 22 00
Organisation number: SE556501-1771
Registered office of the company: Östersund

www.dios.se

Presentation of the interim report

We will present the interim report for January-June 2023 to investors, analysts, the media and other stakeholders on 7 July 2023 at 8:15 A.M. CEO Knut Rost and CFO Rolf Larsson will give a presentation of the results, which will be followed by a question-and-answer session. The presentation will be in English and will take the form of an online teleconference. The details and a telephone number for the teleconference are available on our website.

The presentation can be viewed after the event.