

*Diös*

# 17

DIÖS FASTIGHETER **ANNUAL REPORT 2017**





NO. OF  
PROPERTIES

**339**



PROPERTY  
VALUE, SEK Bn

**19.5**



NO. OF  
EMPLOYEES

**156**



LEASABLE AREA,  
THOUSAND SQ.M

**1,553**

# OVERVIEW OF THE YEAR

- RENTAL INCOME INCREASED BY 28 PER CENT, AMOUNTING TO SEK 1,700 MILLION (1,323)
- THE OPERATING SURPLUS INCREASED TO SEK 1,080 MILLION (806)
- THE PROPERTY MANAGEMENT INCOME INCREASED TO SEK 822 MILLION (539)
- THE CHANGES IN THE VALUE OF PROPERTIES AMOUNTED TO SEK 412 MILLION (327)
- CHANGES IN THE VALUE OF DERIVATIVES AMOUNTED TO SEK 27 MILLION (91)
- PROFIT FOR THE YEAR AFTER TAX AMOUNTED TO SEK 1,029 MILLION (832)
- ALL FINANCIAL TARGETS WERE EXCEEDED
- POSSESSION WAS TAKEN OF 32 PROPERTIES IN UMEÅ, LULEÅ AND SUNDSVALL AND INCLUDED IN OUR PROFIT FROM 1 FEBRUARY
- THE BOARD PROPOSES AN INCREASED DIVIDEND OF 45 PER CENT TO SEK 2.90 (2.00) PER SHARE EVENLY DIVIDED BETWEEN TWO PAYMENT DATES





## VISION

*To be the most active and soughtafter landlord in our market.*



## WELCOME TO DIÖS

*Diös is the market-leading property company in northern Sweden. We own, manage and develop properties in the centre of ten growth cities. Our strategy is urban development. By developing our properties with attractive meeting places, shops, offices and homes, we enable our tenants, our towns and ourselves to grow. Deals and relationships are the key to continued success. We will meet the needs of tenants through local presence, a high degree of competency and long-term sustainable development.*



## BUSINESS CONCEPT

*To own and develop commercial and residential properties in priority growth cities from local offices. We create long-term values with a focus on the tenant by operating in a responsible and sustainable manner.*



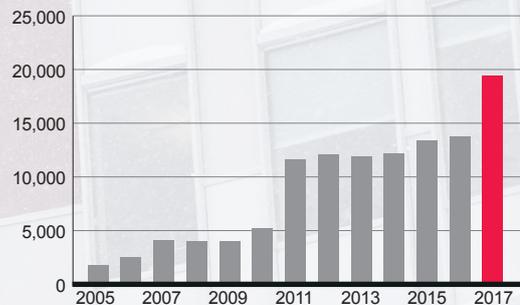
## PROMISE AND CORE VALUES

*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 in that we develop property and ourselves as a company, and seize opportunities.*

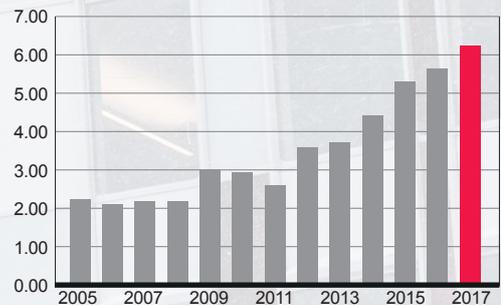


## DEVELOPMENT

PROPERTY VALUE, SEK M



PROPERTY MANAGEMENT INCOME PER SHARE, SEK



## OUR HISTORY

At the age of 30, Anders Diös from Dalarna started his own building firm. The business flourished and during the mid-1900s, Anders Diös AB was one of the country's largest building firms.

The Diös company name lived on until the year 2000 when AP Fastigheter bought out the company from the stock exchange. Five years later, however, AP Fastigheter elected to sell all properties north of Uppsala to a newly formed company in Norrland with the backing of several major entrepreneurial families. They breathed life into the history and named the company Diös Fastigheter AB. In May 2006 entry was made onto the stock market and our growth journey began.

In the last ten years, Diös has continually been developed via several smaller and two major acquisitions. At the end of 2011/ start of 2012, the property company Norrvidden was acquired and the property portfolio doubled from just over SEK 5 billion to almost SEK 12 billion. In 2017 parts of the old Norrporten Norrland portfolio were acquired from Castellum. The transaction's property value was SEK 4.5 billion and after the acquisition, the value of our total property portfolio amounted to more than SEK 19 billion.

Today, Diös is one of Sweden's largest property companies. Our strategy is urban development which enables growth – for our tenants, for our towns and for ourselves.



# CONTENTS

## ▶ REFERENCE TO THE DIRECTORS' REPORT, SUSTAINABILITY REPORTING AND GRI

This report summarises the 2017 financial year and provides an overall picture of essential areas for the future. Our value creation describes how we create long-term value for all our stakeholders through our overall urban development strategy.

We are reporting an integrated report of financial and non-financial information. The statutory annual report which contains the directors' report and financial reports is available on pages 48–87. The sustainability report has been prepared in accordance with GRI standards, core level. The statutory sustainability report is available on the following pages: business model 10–11, environmental issues 17–21, 60 and 96, social relations and personnel 17–18, 22–23, 60–61, 76–77 and 95–96, human rights 17–18, 23–24, 60–61 and 96, anti-corruption 17–18, 24, 61 and 96 and diversity on the board of directors 93–94.

GRI index is available on pages 114–115 and refers to the page references throughout the annual report and our sustainability appendix which is available on our website, [www.dios.se](http://www.dios.se).

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KNUT ROST, CEO

# 2017 – A STRONG YEAR

*Diös' earnings performance in 2017 was strong. We have strengthened the management result by 53 per cent, by and large all key performance indicators improved and we improved the dividend to our shareholders by 45 per cent. Our urban development strategy is right for this time and I am convinced that the positive trend will continue.*

## CONTINUED GROWTH

The Swedish economy as a whole continues to perform well. Growth is increasing, employment is rising and unemployment is falling. Our ten cities in the northern part of the country show the same pattern. The population growth was on average approx. 1 per cent in 2017 where our market covers a population of approx. 1 million people. The economic situation in the industry has improved during the year and the trend suggests further improvement in 2018.

## PROPERTY MARKET

The property market in northern Sweden is characterised by stable property values and high dividend yield. With today's low interest rate situation, the gap between the properties' yield and our financing rate is at a record high, which provides high earnings for the business. The changes in value in the properties during the year have been positive.

## PROJECT PROVIDES A NEW DIMENSION

We have identified development rights for a gross area of 150,000 square metres with a total investment in new builds of around SEK 4,000 million. Our efforts to create new spaces in central areas will increase the attractiveness of our cities, increase demand for premises and drive rents. For modern flexible offices in central locations, we have a strong rental trend in all of

our towns. The top rents, for example, have increased almost 100 per cent in Umeå and Luleå, to SEK 2,400 per square metre, in the last three years. This trend now makes it possible for us to build new properties. The first projects are expected to be launched in 2018, starting with our Riverside hotel project in central Sundsvall and residential properties through BRF Årummet in central Falun.

## BETTER PROPERTY PORTFOLIO

Our acquisition of the 32 properties in Umeå, Luleå and Sundsvall which we completed in early February has proved to be just as successful as we had expected. In addition to strengthening our offering to tenants, we have improved the efficiency of our administration and reduced total vacancies in our portfolio. During the year we concluded a number of exchange deals which show clearly that the city centres is where we should be. In December we also strengthened our position in central Skellefteå through the acquisition of two commercial properties.

## GOOD FINANCING CONDITIONS

During the year, our already low financing rate fell even more. In the fourth quarter we issued SEK 600 million in commercial paper under a recently established Swedish programme. The programme has broadened our financing base in a cost-effective way. Our interest expenses were lower than in the previous year, despite a larger balance sheet, which shows that we are able to obtain a low financing rate and enjoy good relations with banks as well as the capital market.

## ATTRACTIVE YIELD

I am proud that we are delivering such a strong result that the Board is able to propose increasing our dividend by 45 per cent. The proposed dividend is SEK 2.90 per share (2.00) to be distributed in two separate payments of SEK 1.45 each. The proposed payment is consistent with our dividend policy and provides one of the most attractive yields on the stock market.

## SUSTAINABILITY IS A MATTER OF COURSE

It is a matter of course that our business and development are operated in a sustainable way. Through Diös Academy, we provide training for our employees and give everyone the opportunity to develop. The certification of our property technicians is a good example that we are proud of. Our solar cell project in Sundsvall is an exciting investment and our decision that all our service vehicles will be electric is a step to reduce our environmental impact. All employees are trained in our code of conduct and during the year we intensified our preventative work on anti-corruption.

## MANY MORE OPPORTUNITIES 2018

Deals and relations are a prerequisite for sustainable growth and urban development. By listening to and understanding our tenants' needs and desires, and by being curious about technological development, we can adapt our properties and our business according to the ever more rapid change.

Thanks to our focus on urban development, and with the properties that we own today, we are ideally positioned to generate further profitable business in the form of acquisitions, lets and new build projects. We have a first-rate organisation that is already performing strongly, yet we also see many more opportunities. Having completed a successful 2017 and armed with a constant ambition to improve, we will continue to deliver increased cash flows and attractive returns for our shareholders. I would finally like to thank our stakeholders and collaboration partners for the past year and for the confidence you give us. 2018 will be a good year.

Knut Rost, CEO





# SIGNIFICANT EVENTS BY QUARTER

## Q1

- On 1 February, 32 properties in Umeå, Luleå and Sundsvall were taken over.
- Completion was reached on the landmark Luleå Office Building.
- A rights issue of approximately SEK 1.8 billion was made. The number of shares increased by approximately 59 million.
- New loans of approximately SEK 3 billion were taken to finance the acquired properties.

## Q2

- At the annual general meeting on 26 April, the proposed dividend was set at SEK 2.00 per share.
- Five central properties were acquired in Umeå and Sundsvall. In the same deals, ten properties in Birsta and Umeå were sold off.
- Interest-bearing liabilities of SEK 3 billion were hedged using interest rate caps.

## Q3

- The entire property portfolio in Söderhamn was sold off.
- An international agreement was signed with Nordic Choice Hotels for the building of a new hotel in Sundsvall called Riverside.
- Diös was awarded the EPRA distinction for the greatest improvement in sustainability reporting and achieved the Gold level.

## Q4

- The local council in Östersund decided to sign a land allocation agreement concerning parts of Gustav III Square.
- The properties Idun 10 and Polaris 39 in Skellefteå were acquired.
- We issued from our newly created company certification programme which has a limit amounting to SEK 2 billion.

## SUMMARY OF QUARTERLY RESULTS

	31 Dec 2017	30 Sep 2017	30 Jun 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016	30 Jun 2016	31 Mar 2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue, SEKm	443	436	435	405	337	335	334	335
Operating surplus, SEKm	266	287	286	241	195	212	212	187
Property management income, SEKm	197	222	224	179	132	147	140	119
Profit for the period, SEKm	256	192	255	326	266	229	194	143
Surplus ratio, %	61	67	66	60	59	64	64	57
Economic occupancy rate, %	91	91	91	90	90	90	90	89
Return on equity, %	3.8	2.9	3.9	6.0	6.4	5.8	5.0	3.7
Equity/assets ratio, %	34.9	33.9	33.3	33.5	31.0	29.8	28.5	29.0
Property loan-to-value ratio, %	57.1	57.8	58.3	59.1	58.6	59.6	60.6	61.4
Average interest rate at end of period, % <sup>1</sup>	1.5	1.6	1.6	1.6	2.0	1.9	2.6	2.6
Interest coverage ratio, times	4.8	5.5	5.8	5.2	3.9	3.8	3.5	3.1
Property management income per share, SEK	1.46	1.65	1.67	1.44	1.39	1.54	1.47	1.25
Earnings per share after tax, SEK	1.91	1.43	1.88	2.60	2.79	2.39	1.99	1.48
Equity per share, SEK	51.2	49.3	47.9	48.0	45.3	42.5	40.1	40.3
Market price per share, SEK	55.8	52.0	46.6	44.0	47.1	50.8	47.1	46.9

<sup>1</sup> Includes expenses relating to commitment fees and derivatives.

# HOW WE CREATE VALUE

Through efficient management, strategic transactions and forward-looking project development, we refine our assets to create value for our stakeholders.

## ASSETS

WITHIN THE COMPANY



## VALUE CREATION

BUSINESS MODEL



### EMPLOYEES

156 employees  
Local expertise  
Specialist skills  
Ambassadors

### CAPITAL

Shareholder contributions  
Bank loans  
Capital market financing  
Confidence

### PROPERTY PORTFOLIO

339 properties  
Commercial premises  
Residential  
Development rights

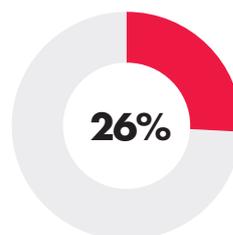


## VALUE DISTRIBUTION

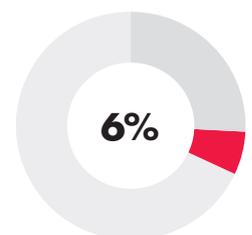
OF OUR INCOME

In business, value is generated from multiple sources. This is distributed to our stakeholders. The total created value from rental income, property sales and other income amounted to:

**SEK 1,951 MILLION (2,003)**



**SEK 506 MILLION (425)**  
Purchases from our suppliers



**SEK 118 MILLION (103)**  
Salary and benefits for our employees



## VALUE

FOR OUR STAKEHOLDERS

### SUSTAINABLE MANAGEMENT



High level of service  
 Personal relationships  
 Local presence  
 Wide range of premises  
 Energy-efficient properties

### SUSTAINABLE URBAN DEVELOPMENT



Long-term growth  
 Attractive cities  
 Construction of homes  
 Increased accessibility

### ATTRACTIVE EMPLOYER



Security through long-term business model  
 Skills development  
 Possibility of skilled work

### CORPORATE RESPONSIBILITY



Stable positive total yield  
 High dividend  
 Long-term business relationships  
 Job openings

## STRATEGY

URBAN DEVELOPMENT

Our strategy is urban development. For us this is about creating growth for our tenants and for ourselves. We do our best by continually developing our properties with several attractive meeting places, homes, shops and offices. The result will be places where people want to live, work and socialise.



ECONOMIC VALUE ADDED

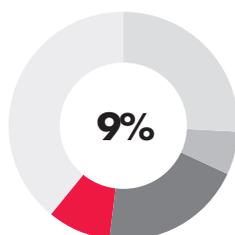
# SEK 1,951 MILLION



20%

**SEK 390 MILLION (269)**

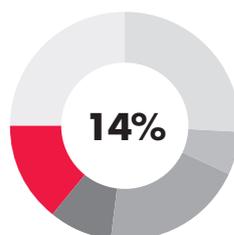
Dividends to our shareholders



9%

**SEK 169 MILLION (192)**

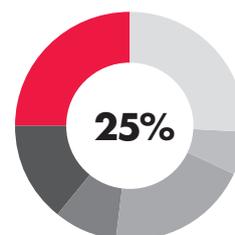
Interest and capital costs to our lenders



14%

**SEK 280 MILLION (173)**

Taxes to society, current tax, property tax and VAT



25%

**SEK 488 MILLION (841)**

Retained economic value for our shareholders

# TARGETS AND OUTCOMES

## OPERATIONAL TARGETS

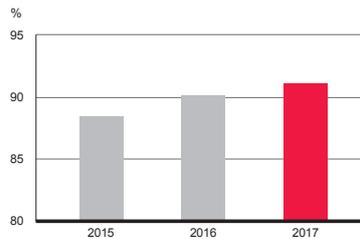
OUTCOME 2017

TARGET 2018

### ECONOMIC OCCUPANCY RATE

**91%**

The target for 2017 was 92 per cent.



**92%**

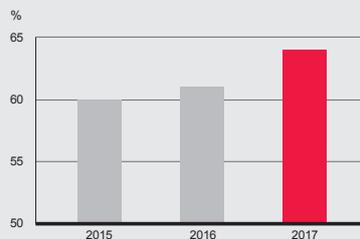
Focus on deals and relations. An expanded and clearer offering to tenants increases new leasing and makes our tenants want to stay with us.

### SURPLUS RATIO

**64%**



The target for 2017 was 63 per cent.



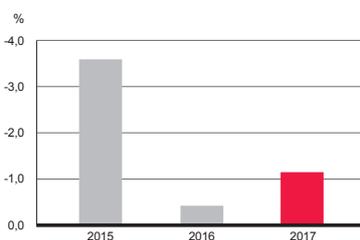
**64%**

A local presence and knowledge about customers, the market and trends are our greatest competitive advantages. Strategic choices and investments generate attraction and increased rental income. We have a good cost control.

### ENERGY SAVING

**-1%**

The target for 2017 was -4 per cent.



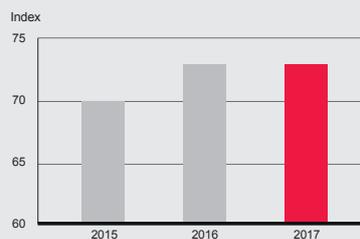
**-3%**

A clear link between tenant needs and energy optimisation as well as resource reinforcement will help us reach our target.

### EMPLOYEE SATISFACTION INDEX (ESI)

**73**

The target for 2017 was 76.



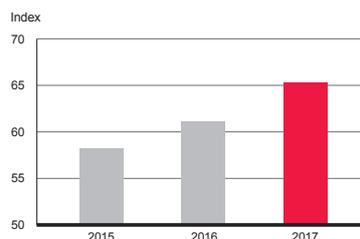
**76**

Clarity in responsibility and roles and targets and follow-up discussions contribute to solidarity and development. Our training platform, Diös Academy, is a tool to increase expertise.

### CUSTOMER SATISFACTION INDEX (CSI)

**65**

The target for 2017 was 70.



**70**

Focus on deals and long-term tenancy relations will improve the CSI. Straightforward communication, professional management and local expertise will be our hallmark.



# TARGETS AND OUTCOMES

## > FINANCIAL TARGETS

### OUTCOME 2017

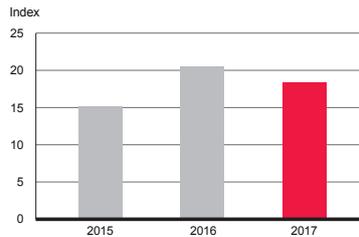
### TARGET 2018

#### RETURN ON EQUITY

**18.3%**



The target for 2017 was 5.9 per cent.



**>12%**

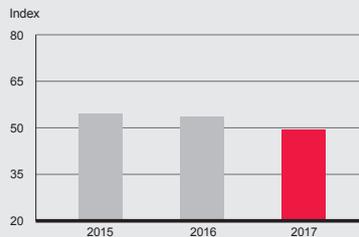
A long-term profitable business model with a focus on the tenant. Stable earnings and high cash flow, operating in a low-risk market.

#### DISTRIBUTION OF PROFIT FOR THE YEAR

**49.5%**



The target for 2017 was ~50 per cent.



**~50%**

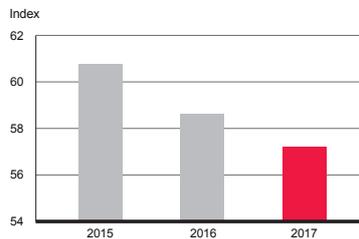
According to the dividend policy, approx. 50 per cent of the profit for the year after tax, excluding unrealised changes in value and deferred tax, should be passed onto the shareholders.

#### LOAN-TO-VALUE RATIO

**57.1%**



The target for 2017 was <60 per cent.



**<60%**

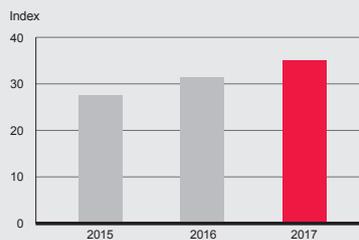
Sound financial risk management maintains good financial conditions while also enabling investments and growth.

#### EQUITY/ASSETS RATIO

**34.9%**



The target for 2017 was >30.



**>30%**

Long-term sustainable capital structure provides confidence from all stakeholders.

# SHARE INFORMATION AND SHAREHOLDERS

*During the year, the Diös' share price had a significantly better trend than both the Stockholm Stock Exchange's index and property index. The Board proposes a dividend of SEK 2.90 per share which is equivalent to an increase of 45 per cent compared with the previous year.*

## SHARE PRICE PERFORMANCE

During the year, the Diös' share price increased by 18.5 per cent (-2.0). It can be compared with the Nasdaq OMX Stockholm 30 which rose by 3.9 per cent (4.9) and the Stockholm Stock Exchange's property index, expressed as Nasdaq OMX Real Estate PI, which rose by 6.7 per cent (8.2). In total, 84 million shares (41) were traded at a value of SEK 3,949 million (1,925). This represents 334,524 shares traded per trading day (161,449). The market value amounted to SEK 7,499 million (4,484) on 31 December. The total yield for the year amounted to 23.9 per cent (2.8).

## DIVIDEND AND DIVIDEND POLICY

The Board proposes a dividend for the 2017 financial year of SEK 2.90 per share (2.00), distributed at two issues at SEK 1.45 each issue.

This equates to a yield of 5.2 per cent, in relation to the share price on 31 December. A dividend of SEK 2.90 per share means that a total of SEK 390 million (269) is distributed to the shareholders. This is an increase of 45 per cent compared with the previous year. According to the dividend policy, approx. 50 per cent of the profit for the year after tax, excluding unrealised changes in value and deferred tax, should be passed onto the shareholders as a dividend. The proposed dividend means a dividend of 49.5 per cent (53). The decision on the distribution and payment of dividends will be made by the Annual General Meeting on 24 April 2018. The proposed dividend record date for the first dividend payment is 26 April and the second on 26 October. If the decision is made at the annual general meeting according to the proposal, the first dividend payment will take place on 2 May 2018 and the second payment on 1 November 2018.

## YIELD

The target for yield on equity for 2017 was a risk-free interest rate corresponding to a five-year government bond, plus six percentage points. Yield on equity amounted to 18.3 per cent (20.6), thereby exceeding the yield target of 5.9 per cent (5.8). Low government bond interest rates affected our target for yield on equity. After adjustments were made for unrealised changes in value for property and

derivatives as well as deferred tax, the yield on equity amounted to 14.1 per cent (13.3) for 2017. Equity amounted to SEK 6,887 million (4,313) as at 31 December 2017, which gives SEK 51.2 per share (45.3).

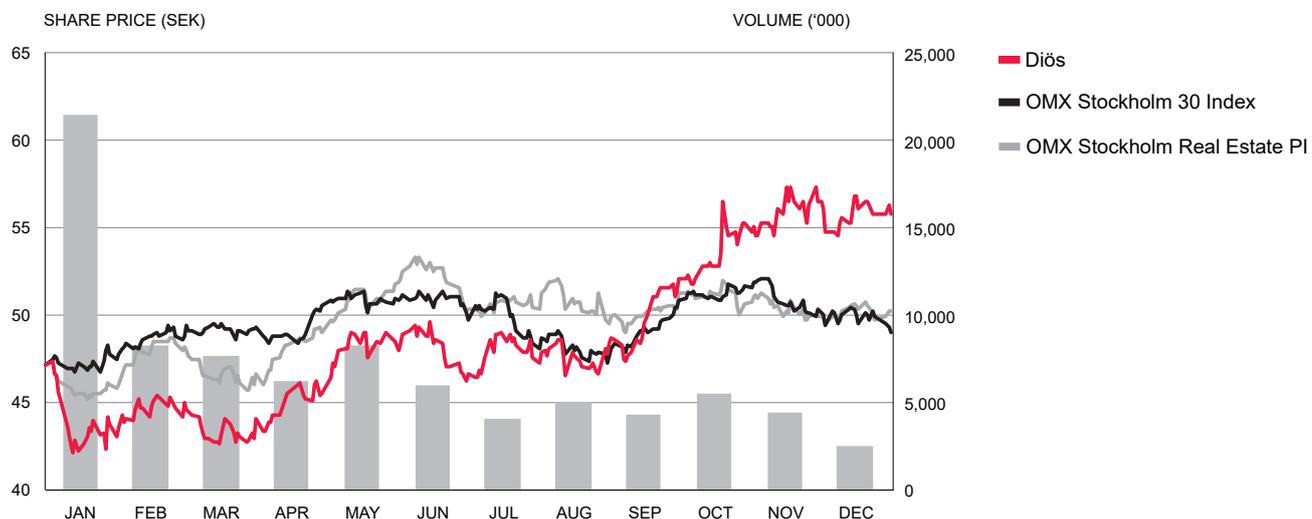
## SHARES, SHARE CAPITAL AND ISSUE

At the beginning of the year, a rights issue of SEK 1,853 million was carried out to part-finance the acquisition of properties in Umeå, Luleå and Sundsvall. After the issue, the share capital increased to SEK 269,024,276 (149,457,668) and the number of shares to 134,512,438 (74,729,134). The issue ended at the beginning of February 2017. As a result of the rights issue, historical share-related KPIs and the share price have been adjusted for the purpose of enabling comparisons between years and periods.

## SHAREHOLDERS

The number of shareholders continued to increase during the year and amounted to 14,513 (11,233) at the end of 2017. The number of shareholders registered abroad accounted for 21.5 per cent (19.4). The largest single shareholder was AB Persson Invest with a 15.4 per cent (15.4) shareholding. The 10 largest shareholders accounted for 57.4 per cent (57.1) of the shares and votes.

## DIÖS SHARE PRICE PERFORMANCE 2017



# THREE REASONS TO INVEST IN DIÖS



## DIVERSIFIED PROPERTY PORTFOLIO

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



## ATTRACTIVE YIELD

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



## VALUE GROWTH THROUGH INCREASED CASH FLOW

➤ Since 2013, the cash flow per share has increased by 67 per cent. This is the result of effective management, energy-saving measures, profitable investments and a tenant-focused organisation.

### LONG-TERM AND CURRENT NET ASSET VALUE, EPRA

For the purpose of giving a long-term fair value of the company's net assets, we recognise a long-term net asset value, expressed pursuant to EPRA NAV. The key ratios are primarily intended for long-term owners and are therefore adjusted for value changes in the income statement that can be considered to be of a temporary nature, such as fair value of financial instruments and deferred tax on temporary differences between properties. Adjustments are also made for equity attributable to non-controlling interests. EPRA NAV amounted at the end of the year to SEK 8,033 million (5,336) which corresponds to SEK 59.7 per share (56.0) where the share price as at 31 December amounted to 93 per cent (84) of

the long-term net asset value. The current net asset value according to EPRA NNNNAV amounted to SEK 58.0 per share (53.7) at 31 December, which means that the share price was 96 per cent (88) of the current net asset value. (Read more about EPRA key performance indicators on p. 112). Earnings per share amounted to SEK 7.78 (8.66), while the long-term earning capacity per share, expressed according to EPRA EPS, amounted to SEK 5.54 (5.14). The long-term earning capacity is based on property management income adjusted for 22 per cent corporation tax, less earnings attributable to non-controlling interests.

### SHARE BUY-BACKS

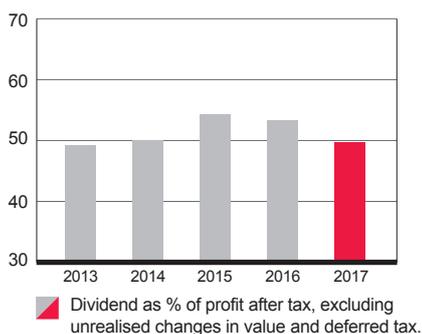
The 2017 AGM authorised the company to buy

back its own shares, subject to a limit of 10 per cent of all outstanding shares in the company. Share buy-back is a method used to adapt and improve the effectiveness of the capital structure. No buy-backs took place during the financial year. The Board will propose an extension to the buy-back authorisation on the same terms as before to the next Annual General Meeting.

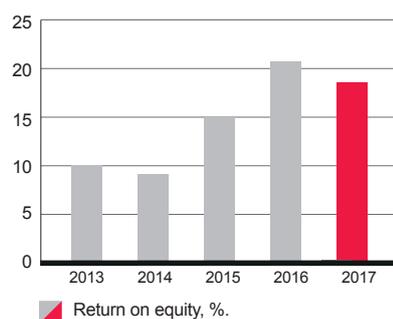
### TRANSPARENCY AND ACCESSIBILITY

We seek to be transparent and accessible to our stakeholders without compromising external and internal regulations. All shareholder information such as financial reports and press releases are available at [www.dios.se](http://www.dios.se).

**DIVIDEND DIVIDED BY PROFIT, %**



**RETURN ON EQUITY, %**



**LONG-TERM DISCOUNT TO NET ASSET VALUE AND SHARE PRICE PERFORMANCE, %**



A woman with shoulder-length brown hair, wearing a light blue button-down shirt, is smiling warmly at the camera. She is seated at a desk, holding a white pen over an open notebook. The background is softly blurred, showing what appears to be an office or meeting room setting with another person partially visible on the right.

# SUSTAINABLE DEVELOPMENT

> Johanna Persson, Environmental Manager.



# SUSTAINABILITY STRATEGY

*We develop sustainable solutions and services. This leads to smart urban development that supports Agenda 2030 and Global Compact. During the year we have worked to raise our internal competence level and generate engagement in sustainability issues.*

## SUSTAINABLE DEALS

Our own, the tenants' and the other stakeholders' increased awareness within all sustainability aspects generate both opportunities and challenges in our work to switch to a more sustainable enterprise. Sustainable services and solutions create space for new business models at the same time as they challenge us to quickly identify and manage risks and to work based on a more preventative perspective. Our identifiable sustainability risks are described on pages 60–61. Sustainable relations and enterprise are an important part of our urban development strategy.

## AGENDA 2030

By linking the work we do to Agenda 2030, we are showing that there are major opportunities to influence by taking responsibility in our direct and indirect environment. Industry has an

important role to play in achieving the 17 targets that have been decided. On page 21 we explain in more detail how our work links to the targets, including Sustainable energy for all, Sustainable cities and communities and Sustainable consumption and production. More about Agenda 2030 and the global targets are available to read at [www.globalamalen.se](http://www.globalamalen.se).

## SUSTAINABILITY MANAGEMENT

The point of departure for our business strategy and our focus areas within sustainability is the materiality analysis which we performed in 2016, the annual stakeholder dialogues which are conducted via tenant meetings, ESI and CSI surveys and by participating in different local and regional networks with industry and municipalities. The document gives us insight into what affects our stakeholders most and how this changes over time. We use it to develop our policies, working methods and action plans that we make available to our internal and external channels. Listening to the needs and desires of our tenants is a success factor. The sustainability aspects will be taken into account in all stages and at all decision levels, they will be focused and contribute to the specific results. Diös' overall strategy and business plan concerning the urban development for sustainable cities is initiated by Group management and decided by the Board. In 2018 we will introduce a sustainability

council with broad representation throughout the entire business. The purpose of the council is to capture several aspects, anchor and implement decisions, and maintain a continuous dialogue with the entire business. The materiality analysis and the stakeholder dialogue are described in detail at [www.dios.se](http://www.dios.se).

## SUSTAINABILITY YEAR 2017

The year was characterised by an active work to anchor, disseminate and create interest in our sustainability model. Among other things we opened our first photovoltaic facility, organised local events in our towns to encourage our tenants to cycle, offered short seminars on various sustainability issues and talked about our sustainability work through internal news updates. We also initiated a number of development projects. One of them focuses on the options to environmentally certify existing properties for the purpose of strengthening the procedures and quality work in the management. In another, we map the new requirements that the development of electric cars and infrastructure for charging stations will place on us as a property owner and urban developer. As part of the signing of the UN Global Compact, we have prepared a new code of conduct for employees and suppliers, and organised seminars and workshops on anti-corruption.



## GLOBAL REPORTING INITIATIVE

*We report our sustainability work according to the internationally independent organisation GRI. The purpose is to increase the transparency and simplify the comparison with other companies. Our sustainability reporting takes place annually and follows GRI Standards, or Core.*

For further information, visit [www.globalreporting.org](http://www.globalreporting.org)



## EPRA GOLD

*In 2017, we were awarded EPRA's distinction for best improvement within sustainability reporting. EPRA Gold is the highest level for sustainability reporting which demonstrates a high standard and transparency.*

The Key Performance Indicators are available at [www.dios.se](http://www.dios.se).



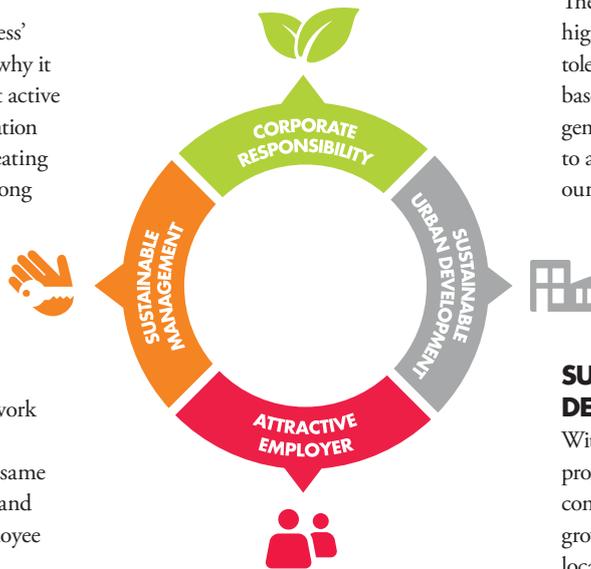
## KNUT ROST CEO

*Our local presence and our focus on business and relations are conditions for sustainable growth and smart urban development.*

# OUR FOCUS AREAS

## SUSTAINABLE MANAGEMENT

The management and operation of the properties accounts for most of the business' environmental impact and costs. That is why it is strategically important that we conduct active energy and water-saving work in combination with operation-optimising work for the heating and ventilation systems in properties, among other things.



## CORPORATE RESPONSIBILITY

The framework for our business model is a highly business-oriented attitude and zero tolerance for corruption. Our business logic is based on creating a stable financial result that generates jobs, keeps suppliers busy, contributes to a positive tax base and gives good returns for our shareholders.

## ATTRACTIVE EMPLOYER

A prerequisite for active and sustainable work is competent and healthy employees. It is obvious to us that all employees have the same opportunities to develop. Diös Academy and Diös IF are two initiatives to ensure employee development and health.

## SUSTAINABLE URBAN DEVELOPMENT

With our wide range of centrally located properties, we provide our tenants with conditions for establishing themselves and growing. This contributes to our business locations' growth and attractiveness. Sensitivity to tenants and market needs, wise investments and quality-aware management is our strategy for ensuring sustainable urban development.



**KRISTINA GRAHN-PERSSON**  
DIRECTOR OF  
BUSINESS SUPPORT

*We are convinced that our strategy concerning sustainable urban development will result in growth for our tenants, our cities and, not least, for ourselves.*

### CAN YOU DESCRIBE HOW DIÖS IS DEVELOPING AS A SUSTAINABLE COMPANY?

> We have had an intensive, fun and stimulating year. I think that we have clarified the link between the sustainability issues and our urban development strategy well. Taking responsibility for sustainable operations is high on the agenda and involves everyone at Diös. Because we have signed the Global Compact,

we have chosen to educate and raise awareness of anti-corruption issues. We have also clarified this in our code of conduct. Having regular skills development is becoming more and more important in a rapidly changing world. That is why we are continuing to develop our Diös Academy internal training platform. We are convinced that this is a success factor for becoming a long-term and attractive employer. We are competent in all aspects of sustainability and make use of the opportunities of digitalisation and this is a prerequisite for us to be able to develop new business models, understand the challenges the tenants face, and continue to do good business in the future.

### WHAT CHALLENGES DO YOU SEE IN THE FUTURE?

> The challenge lies in honing our ability to adjust quickly and develop operations and employees based on new needs, and identify new possibilities to develop commercially.



> Kristina Grahn-Persson, Director of Business Support.



# SUSTAINABLE

# URBAN DEVELOPMENT

## FOCUS AREA

We want to create attractive and sustainable cities. With a property portfolio concentrated at the centre of northern Sweden's growth cities, we are playing an active role in the development of attractive city centres in these locations. We create environments where people want to live, work and socialise for many years to come.

### OUR STRATEGY

Our strategy is urban development. By focusing our property portfolio in town centres and by developing our properties with more attractive meeting places, homes, shops and offices, we enable our tenants and ourselves to grow. We have a long-term ownership and take an active role in the municipality's planning and development processes.

### OUR LOCATIONS

In most of our locations, the demand for homes is considerably higher than the supply, which is a limitation for urban development. In order to meet the demand that has been identified in Falun, we are planning to start construction on our first new production of tenant-owner's apartments in March 2018. The project includes 19 apartments that are estimated to be ready for occupation in spring 2019. There has been a great amount of demand and interest in the centrally located apartments. Strong Globalisation, urbanisation and digitalisation trends lead to changed behaviours and needs which we meet by continuously developing the property portfolio. In Östersund the strategy is to create distinctive streets by converting the existing portfolio. By building a strong shopping street along Prästgatan, we will complement Storgatan's shops, offices, trading and services. In order to create new meeting places, we are developing some of the courtyards that we have in connection to our properties. Changes to behaviours and needs

create opportunities for new business models. We see an ever greater demand for flexible office solutions where several companies jointly create creative and stimulating environments. Innovation hubs such as Luleå Science park, Great Space in Sundsvall and House Be in Åre are good examples of the new range that we want to offer. Solutions that stimulate crossover networks that result in new business and synergies.

### GREEN PROPERTIES

For us property certification is a way to assure the quality of the work we do in our properties both for new production and in management. In 2017 we increased our certified portfolio by ten properties. In order to further raise the quality of the portfolio, we are investigating the possibilities of working with the BREEAM and BREEAM In-Use certifications in a more continuous and long-term manner.

### CERTIFICATIONS

➤ **GREENBUILDING** is a certification for energy efficiency improvements. The requirement is to reduce energy consumption by 25 per cent compared to before or compared to the new-build requirements in the National Board of Housing, Building and Planning's building regulations (BBR).

➤ **MILJÖBYGGNAD** is a Swedish certification that stipulates requirements for energy, indoor environment and materials. The certification can be used for new and existing buildings. Miljöbyggnad has approx. 15 checkpoints.

➤ **BREEAM IN-USE** is an international certification for existing buildings. In BREEAM In-Use, you can choose to certify three different parts; the property, the management and the tenant. The certification deals with environmental parameters such as energy, health, transport, materials and emissions.

More information: [www.sgbc.se](http://www.sgbc.se)

## CERTIFIED PROPERTIES

	Certification	Year of certification	Comments
Mörviken 2:102, Åre	GreenBuilding	2009	
Stenstaden 1:14, Sundsvall	GreenBuilding	2016	
Intagan 1, Borlänge	GreenBuilding	2016	
Barberaren 7, Östersund	Miljöbyggnad (Silver)	2015	Verified in 2017
Norrmalm 1:24, Sundsvall	GreenBuilding	2017	
Åkeriet 11, Östersund	GreenBuilding	2017	
Norr 23:5, Gävle	GreenBuilding	2017	
Hjorten 5, Skellefteå	GreenBuilding	2017	
Humlan 6, Luleå	GreenBuilding	2017	
Högom 3:186, Sundsvall	GreenBuilding	2018	
Stranden 19:5, Mora	GreenBuilding	2018	
Bryggeriet 1, Sundsvall	BREEAM In-Use (Pass)	2017	Acquired in 2017
Skandia 1, Sundsvall	BREEAM In-Use (Good)	2017	Acquired in 2017
Kajan 18, Luleå	Miljöbyggnad (Silver)	2016	Acquired in 2017



# SUSTAINABLE MANAGEMENT

FOCUS AREA

*The rapid digital development gives us major opportunities to streamline and refine our management. Targeted organisational development, skills development and improved procedures help us to step up our tenant offering.*

## DIGITAL PROPERTY DEVELOPMENT

The property industry faces exciting challenges and opportunities in digitalisation. Within management and energy optimisation there is great development potential in terms of the properties' control system. Through an improved customer offer based on market demand, we can increase our income. Reduced operating costs and less environmental impact from operations are the long-term results of more dynamic control systems that take into consideration several parameters such as internal loads and weather forecasts. Measurement and monitoring to a great extent and with higher quality provide quicker troubleshooting and better optimisation of the property operations. Digitalisation of the properties also means that we can offer the tenants more and better service which broadens our revenue base. We are open to investigate the options involving more third party services within logistics, digital infrastructure and different types of sharing services, for example, cars and bikes.

## TARGETS AND TARGET ACHIEVEMENT

The target for the year to reduce energy consumption by 4 per cent was not achieved. In order to achieve the target for 2018, which involves a reduced energy consumption of 3 per cent in comparable portfolio, we are strengthening the organisation with an additional three energy optimisation specialists and decentralising the operations. This is in order to clearly integrate the energy work in both the management and in our projects. We will also continue to develop our technical strategies for the purpose of improving the support and clarifying the control in all property projects and in the ongoing management activities. In order to clarify the responsibility and increase the expertise of the people who have the greatest knowledge of the properties, a focused investment in building maintenance technicians was initiated in 2017 (read more on p. 22).

## ENERGY PROJECTS

The purpose of our energy project is to create environments where people can feel comfortable and thrive. For us, it is a matter of course that this should be done with little environmental impact as possible. We improve properties and reduce energy consumption by replacing older installations with new, modern solutions. As the installations are replaced, operations are also optimised on the basis of tenants' needs. During the year, 21 (31) energy projects were approved and 21 (20) of those completed in 2016 were followed up. The followed-up projects resulted in a cost reduction relating to electricity and heat of

SEK 1.8 (1.4) million. The largest energy project of 2016, in the Hjorten property in Skellefteå, has so far resulted in savings of SEK 310,000 and we are achieving the expected energy savings of approximately 30 per cent.

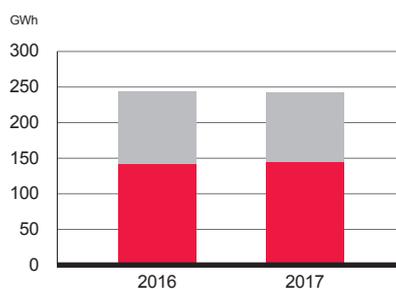
## EMISSIONS

Since energy consumption is our biggest emission item, energy-saving work a natural strategy for us to reduce our emissions. Today, 98 per cent of our energy consumption comes from renewable sources. Emissions from our travel and cars is an item that we can influence directly. Starting in autumn 2018, we will be replacing our diesel-powered service vehicles with electric vehicles. In the long term, this will reduce emissions by 30–40 tonnes of carbon dioxide per year. A major emission item in most property companies is waste. In order to affect and improve our waste management, we need to be able to process statistics from projects and property waste. We see significant potential for development in this area and will be starting the follow-up and work in 2018.

## WATER

The five per cent water saving target for the year was not reached in spite of the success of the water saving project in all residential apartments in Östersund. The installation of low-flush products and leak detection was combined with tenant information drives to raise awareness of water saving measures. The project immediately reported average water savings of around 15 per cent.

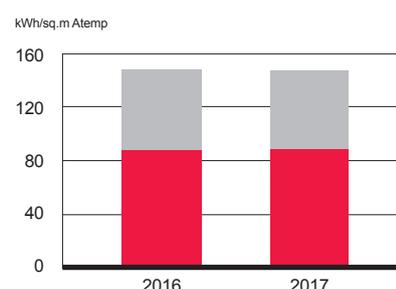
## ELECTRICITY AND HEATING<sup>1</sup>



<sup>1</sup> Adjusted to a normal year.

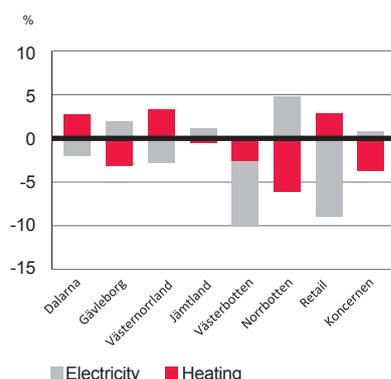
■ Electricity ■ Heating

## ELECTRICITY AND HEATING PER SQUARE METRE



■ Electricity ■ Heating

## ENERGY SAVINGS PER BUSINESS AREA



■ Electricity ■ Heating



➤ Erik Wallström, Property Manager, NCC office at Humlan 6, Luleå.

## EXAMPLES OF SUSTAINABLE ENTERPRISES



During the autumn, we installed a 1,000 square metre photovoltaic facility in the Norrmalm property in Sundsvall. It is estimated that the facility will supply the property with 140 MWh per year of clean solar energy. This is the equivalent of around ten per cent of the property's annual energy consumption. The property already has a geothermal heat plant with free cooling, and the photovoltaic cells are a good complement for reducing the proportion of purchased electricity for the property.



Our role as an urban developer means that we have a responsibility to develop sustainable cities. In order to ensure that we set the right requirements in our projects and work towards the right goals in our long-term management, we work actively with different types of property certifications. We are currently also running a project to facilitate the establishment of cleaner forms of transport by investing in electric car charging infrastructure.



To achieve more sustainable consumption, over the year we have adopted a supplier code of conduct that we refer to in all our construction contracts. We have also increased the scrutiny of our suppliers by introducing an external auditing system that reduces the risk of duplicate payments and spoof invoices. In 2018, we will be reviewing our purchasing and procurement procedures for all types of agreement.

### ENERGY USE AND CARBON DIOXIDE EMISSIONS

	Unit	2017	2016
Heating <sup>1</sup>	kWh/sq.m	88.1	87.4
Electricity <sup>2</sup>	kWh/sq.m	58.4	60.7
District cooling <sup>3</sup>	kWh/sq.m	13.5	15.7
Carbon dioxide <sup>4</sup>	g CO <sub>2</sub> /kWh	23.5	23.1
Water	m <sup>3</sup> /sq.m	0.4	0.4

<sup>1</sup> Adjusted to a normal year.

<sup>2</sup> Own consumption and tenant consumption where electricity is included in the lease.

<sup>3</sup> Excludes self-produced cooling.

<sup>4</sup> From electricity and heat.

All values have been provided by the suppliers. The area refers to the leasable area excluding garage space multiplied by a factor of 1.15 to obtain the heated area. The comparative figures have been updated for the current portfolio and thus show changes for comparable properties.

### TOTAL CARBON DIOXIDE EMISSIONS

	2017	2016
Scope 1 <sup>1</sup>	114	97
Scope 2 <sup>2</sup>	5,823	4,762
Scope 3 <sup>3</sup>	71	39
Total, tonnes of CO <sub>2</sub> -e	6,008	4,898
Total, kg CO <sub>2</sub> -e/sq.m	4.09	3.62

<sup>1</sup> Direct greenhouse gas emissions from e.g. employee and company cars.

<sup>2</sup> Energy indirect greenhouse gas emissions, i.e. purchased energy.

<sup>3</sup> Other indirect greenhouse gas emissions, e.g. business travel by plane and train.

*"It is easier and safer for tenants."*

> Magnus Karlsson, certified Building Maintenance Technician, Östersund.



**MAGNUS KARLSSON**  
CERTIFIED BUILDING  
MAINTENANCE TECHNICIAN

*Magnus is one of our employees working on building maintenance, who has trained as a certified building maintenance technician.*

**HOW DO YOU SEE YOUR NEW ROLE AS A BUILDING MAINTENANCE TECHNICIAN?**

> It is a positive thing to have the chance to get further training and development in my role. I also think that an industry standard like this gives more clarity about what the position involves, and hopefully also gives the profession a higher status.

Training as a building maintenance technician also includes many different aspects, such as ventilation, electricity and control. This also provides us with more in-depth knowledge and a better integrated approach to the properties. It also means that we as building maintenance technicians have more responsibility for the operation and care of the properties, which provides better opportunities to follow maintenance plans and meet energy targets.

**HOW ARE THE TENANTS AND THE RESULT AFFECTED?**

> It will be easier and safer for the tenants in our properties when we are handling all the operational and care issues.

I think the fact that we building maintenance technicians get a better overview while also working closer to the energy optimisers makes the energy-saving work more active. It is likely to lead to bigger energy savings and lower emissions.

**WHAT IS THE BEST THING ABOUT YOUR JOB?**

> The job has a very broad scope, and the best thing is being able to help make tenants happy and satisfied. The broad scope also means we face different challenges every day, so we really need to be problem solvers.

# ATTRACTIVE EMPLOYER

## FOCUS AREA

*For us, being an attractive employer means being able to provide meaningful, challenging work with a high level of individual responsibility, a safe and positive working environment and good leadership.*

### ORGANISATIONAL DEVELOPMENT

Continuous development is part of our corporate culture and a way for us to develop new business models that meet changing conditions and requirements. During the year, we focused on improving our overall urban development strategy. We strengthened the organisation with business developers working in retail and offices in order to meet increased service needs in a more focused way. We also brought in two project developers as part of our increased investment in major projects and new developments. The aim is both to raise the attractiveness of our cities and to increase our revenue base. Another major investment was to provide further training for all operating staff, increasing their skills. We are the first in the industry to have validated and certified over 40 employees in accordance with the FAVAL validation system and the new FT1 industry standard for property technicians. The standard was established to provide clear roles and titles within the industry. In order to better integrate energy work and energy issues throughout the property management process, we increased the number of energy optimisers

from three to six, while also decentralising the activities in order to strengthen the local business team. On 31 December 2017, we had 156 (148) permanent employees, of which 61 (60) were female. The average age was 43 (43). The majority of the employees, 106 (97), belong to the local teams in our growth cities, and 40 (39) of them work in physical property management. During the year, we had a staff turnover of about 15 (15) per cent. Three (one) people retired and 23 (21) people left the company. Four (ten) people transferred internally to new roles within the company.

### SATISFIED EMPLOYEES

The employee satisfaction index, ESI, remains at the same level this year, 73 (73), as in 2016. We have therefore not reached the target of 76, but we have seen a positive development in a number of different issues, which is encouraging. More people feel that they are able to make good use of their skills and have more opportunities to develop them. Our new target and performance appraisal system, with a higher follow-up frequency, has produced results showing that more employees feel that the appraisals lead to development. More people feel proud to work for Diös and recommend us as an employer.

### DIÖS ACADEMY

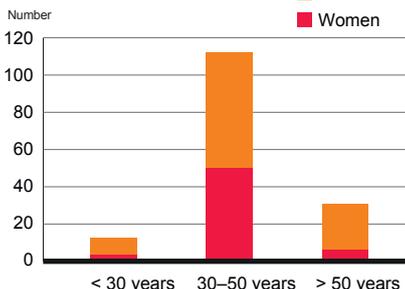
We see the ability to offer opportunities to improve skills and personal development as a success factor. Within our internal training platform, Diös Academy, during the year we carried out leadership training focusing

on individual and group development for employees with responsibility for personnel. The position-specific training courses for letting agents and property managers that were started in 2016, focusing on real estate economics, also continued. To increase awareness of and interest in how to make sustainable choices throughout the business, we held a series of sustainability seminars during the autumn. Our employees underwent a total of 3,200 (2,580) hours of training during the year, which corresponds to around 20 hours per employee per year.

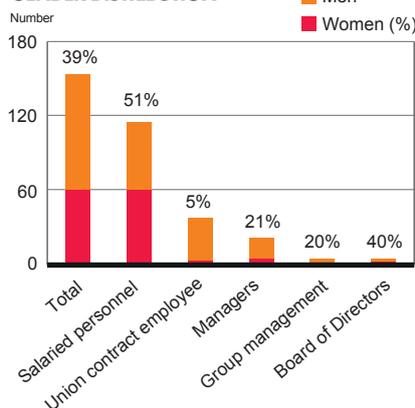
### WORKING ENVIRONMENT AND HEALTH

Health and safety are clear focus areas for us in structuring our working environment. We have a company-wide working environment committee, where representatives of various job roles from every business location, as well as the head office, meet regularly. The group discusses, plan and follows up on essential working environment issues. During the year, one (four) workplace accidents and zero (three) incidents were reported. All managers were offered working environment training during the year. Through good collaboration with occupational health care, we make it possible to take measures to prevent sick leave. All permanent employees are also offered private health insurance. During 2017, sick leave was 2.8 (2.6) per cent, 1.0 (1.1) of which was long-term sick leave. Sick leave was 4.9 (3.0) per cent among women and 1.3 (1.7) per cent among men.

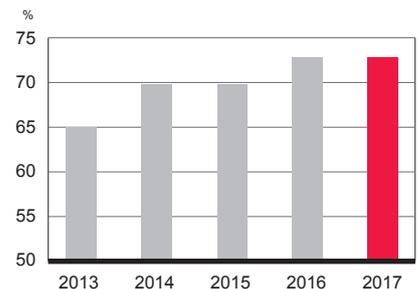
### AGE DISTRIBUTION



### GENDER DISTRIBUTION



### ESI





# CORPORATE RESPONSIBILITY

FOCUS AREA

*For us, corporate responsibility means a business model that is sustainable over the long term and creates jobs, business opportunities, a high level of industry ethics and a good return for our shareholders.*

## BUSINESS ETHICS

Being a reliable business partner that creates long-term value for our stakeholders is a prerequisite for good relations. Our core values, along with our policies and codes of conduct, forms the basis of the corporate culture of trust and professionalism that we strive for. During the year, we updated our code of conduct to refer more clearly to the ten principles of the Global Compact on human rights, labour, the environment and anti-corruption. The code of conduct was presented at our kick-off and is a mandatory element in bringing in new employees.

Preventive anti-corruption work was initiated in the autumn to increase understanding of the potential consequences of different decisions and behaviours. The aim is to reduce the risk of

incidents. The initiative included seminars on corporate responsibility and group discussions on issues relating to corruption. The viewpoints, opinions and ideas that resulted from the group discussions will form the basis for ongoing work. No cases of corruption or suspected corruption were reported during the year.

## SATISFIED TENANTS

Business relationships and professional and proactive conduct are strategies for developing our business and achieve our long-term goals. We measure our success in developing our tenant relationships by means of annual follow-ups of our customer satisfaction index. Although we did not achieve our target CSI of 70 this year, we did go up by four points to 65, which is a big step. The result shows that our endeavours to intensify and improve communication and respond to our tenants is having an effect. Part of creating relationships of trust is protecting the integrity of our customers and employees. During the year, therefore, we carried out a GDPR-compliant review of all processes that concern personal data. We also drew up procedures for sorting, correction, disclosure and incident handling, and we appointed and trained a Data Protection Officer.

## SUPPLY CHAIN

We work with a total of around 2,100 suppliers. We are continuously reviewing and evaluating the quality of the work and products supplied in terms of business ethics, working conditions and working environment. To contribute to development and growth in our locations, we choose to work with local suppliers as much as possible, but without compromising on professionalism.

## TAX

Part of our business logic is generating a stable growth in economic performance, which contributes to a positive tax base. It goes without saying that we need to comply with applicable tax regulations and pay the right tax, while we also have a professional responsibility to operate the business in the interests of our shareholders. In addition to reported income tax, we pay taxes through property tax, non-tax-deductible VAT, social security contributions, energy tax, stamp duty (title deeds) and payroll tax.

## WE SUPPORT



## > GLOBAL COMPACT

*Corporate responsibility is one of our focus areas. Being an open, reliable business partner is a prerequisite for our relationships and our business. During the year, we signed up to the UN Global Compact for the purpose of clearly communicating our values. The Global Compact aims to mobilise sustainable companies to conduct their business responsibly on the basis of ten principles relating to human rights, labour, the environment and anti-corruption.*

More information at: [www.unglobalcompact.org](http://www.unglobalcompact.org)

## SUMMARY OF TAX PAID

SEKm	2017
Income tax	43
Property tax	86
Value-added tax, non-deductible	151
Social security contributions and payroll tax	28
Energy tax	24
<b>Total</b>	<b>332</b>

A man with a shaved head and a goatee, wearing a white cable-knit sweater and dark leather pants, stands on a gravel surface at night. He is smiling and holding two silver boules in his hands. A third boule is on the ground near his feet. The background features a modern building with large windows and a balcony, illuminated by warm string lights. There are potted plants and a red chair visible in the background.

# OUR MARKET

> The tenant Orangeriet boule & bistro, Vale 17, Umeå. Peter Ödmark, owner.

# MARKET OVERVIEW

*The strong economic situation resulted in high demand for homes and commercial premises and increased property values in our cities. Growth is expected to rise further in 2018, which indicates that the total return will remain stable.*

## GLOBAL RECOVERY

The US economy remained strong during the year despite many worrying moments as a result of the new administration. The Federal Reserve increased the key rate three times in response to the recovery that has taken place. For the first time since 2010, China's growth rate rose. Broadly speaking, Europe recovered from the financial crisis with positive growth resulting in lower unemployment. The recovery was favourable for Sweden's exports.

## SWEDISH GROWTH

Growth in Sweden during the year continued to be high. GDP increased by 2.4 per cent compared to 2016, according to Statistics Sweden. This was driven in large part by continued investments in the residential sector and an increased rate of investment in industry. However, residential investments are expected to slow down due to lower property prices. Real household purchasing power was high thanks to low inflation combined with increasing asset values. The employment rate also continued to rise, reaching 67.8 per cent by the end of the year, an

increase of 0.7 percentage points compared to 2016. Unemployment fell to 6.7 per cent in spite of the rise in the labour force participation rate. Unemployment remains high among foreign-born residents, with both language and level of education constituting obstacles for entry into the labour market. A downside to the strong development in the employment rate is the occurrence of matching problems, with a number of sectors reporting major difficulties in finding the right skills compared to a year ago.

House prices in Sweden fell in late 2017, with the biggest downturns in Stockholm. According to the National Institute of Economic Research (KI), the decline in house prices will lead to lower residential investments and the construction of fewer apartment buildings starting in the next few years. In 2017, 64,000 residential construction projects were started, while 50,550 were completed. KI predicts that Sweden's GDP growth for 2018 and 2019 will be 2.9 and 2.0 per cent respectively. Economic development is expected to remain positive, with increased investments, a continued high rate of household consumption and additional reinforcement from increased exports, which will improve the growth rate for 2018. For 2019, KI predicts that the growth in employment rate will stop. Rising interest rates and a tighter financial policy will lead to somewhat lower growth.

## REPO RATE AND INFLATION

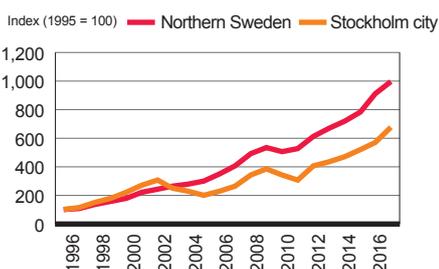
In February 2016, the Riksbank lowered the repo rate to -0.5 per cent. It has since remained constant at that level. The Riksbank's own

forecast indicates an initial rise in the repo rate in autumn 2018, then a slow increase to 0.75 per cent by the end of 2020. In 2015, the Riksbank decided to implement quantitative easing measures by buying government bonds. At the 2017 December meeting, it was announced that no further gross purchases of bonds would take place, but that maturities and coupons would be reinvested into bonds. Despite the matching difficulties on the job market, wage pressure and its contributions to inflation are low. Rising energy prices and a good economic situation raised inflation, measured through the fixed-interest CPI, to around 2 per cent. KI anticipates that the rate of inflation will decrease somewhat in the coming years as a result of falling energy prices, minimal price increases and the absence of wage pressure.

## OUR MARKET

We own, manage and develop properties in ten cities in northern Sweden, with a population basis of around a million people. As in the country as a whole, the population in our cities increased by an average of one per cent in 2017. Our cities have positive population growth rates, active business sectors with positive employment and income growth, and good access to transport connections and universities. The local authorities in our cities demonstrate high ambitions for growth and a positive willingness to invest. According to Norrlandsfondens economic barometer, which does not include Dalarna, the economic situation has improved significantly during the year. The IT

## TOTAL RETURN ON THE PROPERTIES



Source: Pangea Research. The diagram shows a proxy for total return based on standardised assumptions.

## POPULATION GROWTH FORECAST 2025

	Growth	Current situation		Growth	Current situation
FALUN	2%	58,300	ÅRE	4%	11,268
BORLÄNGE	7%	51,964	ÖSTERSUND	7%	62,601
MORA	2%	20,369	UMEÅ	7%	125,080
GÄVLE	8%	100,603	SKELLEFTEÅ	6%	72,723
SUNDSVALL	5%	98,810	LULEÅ	6%	77,470

Source: Source: Statistics Sweden, regional targets and forecasts (municipality websites).

and property sectors are the strongest areas, followed closely by construction and business services. The hospitality industry is showing strong development, with rises in both revenue and profitability. The bookings situation is looking even better for the coming season, which is generating a need to hire new employees. Industry is also showing improvements and is in a far better position than normal. Development indicates further economic improvements in 2018.

**THE PROPERTY MARKET IN NORTHERN SWEDEN'S GROWTH CITIES**

The property market in northern Sweden is characterised by stable property values and a relatively high total return (see graph on previous page). Total return is defined as the net operating income from the property divided by the value of the property plus changes in its value. According to Pangea Research, the fluctuations in value measured as volatility in the total return on properties were five per cent lower for properties in northern Sweden compared to properties in Stockholm during the period 1996–2016. The primary explanation for this is a higher yield.

During the year, transactions totalling SEK 10.4 billion were carried out on our market according to Pangea Research. The transaction volume was divided up by county as follows: Västerbotten 28 per cent, Västernorrland 26 per cent, Gävleborg 23 per cent, Norrbotten 17 per cent and Jämtland six per cent. The transaction volume by municipality was highest

in Umeå, with a volume of SEK 2.7 billion. The volume share per property type was highest for retail, which accounted for 41 per cent for our market.

**RENT TREND**

The rent trend in our market was positive during the year, with the strongest trend for central, flexible offices in Umeå and Luleå with top rents of SEK 2,400 per square metre in our portfolio. Demand for office premises was good in all business locations, while the rent trend in the retail sector was relatively stable. There is a clear trend towards converting shop premises into meeting places in the form of restaurants and cafés. The index adjustment affecting rent levels was higher in 2017 than the previous year.

**UNCERTAINTY REGARDING NEW REGULATIONS**

The uncertainty regarding the changes in regulations resulting from, among other things, limits on interest deductions and the so-called packaging investigation is having a negative effect on the transaction market as it could lead to changes in the conditions for property transactions. There are indications that foreign investors are choosing not to invest in Sweden due to the prevailing uncertainty. If the proposed regulations come into force, they will result in lower property investments and property values and fewer property transactions.

**RETAIL BUSINESS AREA**

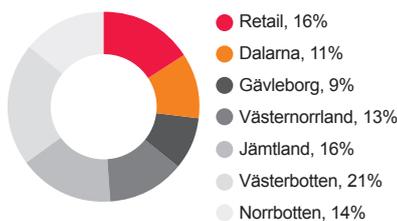
Retail includes our shopping centre properties, consisting of retail units, offices, restaurants and residential units. The properties are concentrated in the centre of each city and are a perfect starting point for urban development.

One of our absolute competitive advantages is our local presence and skill, which is why we will be including shopping centre properties in the local management in the various cities from 2018. By having an integrated approach and combining different types of properties and premises, we can create attractive spaces where people want to work, live and spend time.

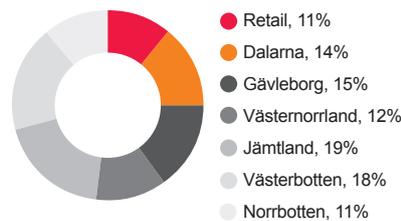
The city centres are facing challenges from many different directions with regard to visitors and attractiveness. Understanding what new needs are being created and what environments are and will be attractive is the biggest challenge. Decentralising management and development to our local experts, who have the best knowledge of the needs of each city, will give us a more active role in creating the smart cities of the future.

Over the course of the year, several new restaurant concepts have been established in our premises in Östersund several years in a row. This fits well with an increase in demand for experience-based meeting places. In Bergströms Galleria in central Falun, development work to create new experiences is underway. By improving our buildings, we are making it possible for our tenants to continue developing their businesses.

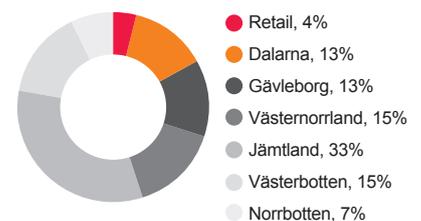
**SHARE OF TOTAL PROPERTY VALUE**



**PROPORTION OF TOTAL LEASABLE AREA**



**SHARE OF TOTAL NUMBER OF PROPERTIES**





> Rakel Göras, Centre Manager of Falan Galleria, with tenant Jasmine Hellman, Store Manager of Glitter.

# FALUN

> Falun is the capital of Dalarna County, located in the centre of Dalarna, two hours from Stockholm and two hours from the mountains.

Cultural life is rich here, with the Museum of Dalarna and Dalateatern, as well as the prestigious Music Conservatoire. It also hosts one of Dalarna University College's campus areas, offering courses in music, media, design and health and social care.

Having organised the World Ski

Championships on four occasions, Falun boasts one of Europe's most comprehensive sport and recreational facilities, Lugnet, with around a million visitors each year.

Major international business in the city include Arctic Paper Grycksbo AB, Cederroth International, NKT Cables AB (Ericsson), Dellner Couplers and Stora Enso AB. Well-known brands include Falukorv, Falu red and Falu rågrut crispbread.

In 2001, Falun was awarded World Heritage status by Unesco. This means that the city is on a list of just over 1,000 sites in the world to be

preserved for all time. The Falun World Heritage Site includes the mine, the city and the surrounding mining landscape.

An important part of Falun's urban development strategy is to open the city to the Falu River by making the attractive areas around the river available for homes, business premises and office space. Among other things, bus lines have been rerouted to make the area accessible.

In 2015, the city's new Travel Centre was opened, a public transport node to allow more effective commuting and reduced travel times between Falun and the surrounding areas.

## FACTS

### MUNICIPALITY

> **58,340**

Population

> **1.1%**

Population growth  
2017

### COUNTY

> **63.8%**

Employment rate

> **7.4%**

Unemployment

Source: Statistics Sweden

## MARKET RENTS AND YIELD<sup>1</sup>

		Rent SEK/sq.m	Yield, %
Office	A-location	950–1,400	6.75–7.75
	B-location	800–1,150	7.25–8.25
Retail	A-location	1,300–3,000	5.75–6.75
	B-location	1,000–1,500	6.00–6.75
Ware-house/ industrial	A-location	400–700	6.75–9.50
	B-location	350–450	9.00–11.00

<sup>1</sup> Data taken from Datscha AB.



MIKAEL HEDH

# ON URBAN DEVELOPMENT IN FALUN



> Mikael Hedh, Head of Operations for Falun/Borlänge/Mora.

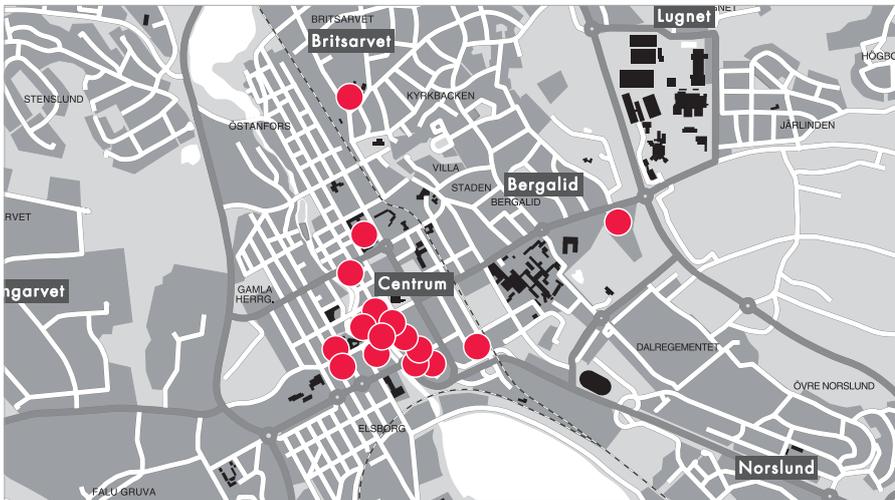
> We are making major, long-term investments in city retail in central Falun. At the beginning of last year, we began conversion work on Bergströms Galleria, and in June this year we moved Bikkok, Cubus and Twilfit in, among others. In parallel, we developed two adjacent properties, of which one was a recent acquisition.

The aim is to have an integrated approach to all our properties, from Knutpunkten and Holmtorget to Bergströms Galleria. We aim to give the entire district and area around Holmtorget a boost that will raise standards and well-being for visitors and tenants. We are also

looking at the possibility of developing car parks with waiting rooms for bus passengers and connecting the Knutpunkten bus terminal to the city centre. All the changes are expected to be ready for the 2018 Christmas shopping season.

At the end of 2017 the sale of our new tenant-owner homes in BRF Årummet, which offers the best location imaginable in central Falun, was initiated. This is an extension of the Falan 22 property and one of a number of projects that aim to increase the density of homes in the centre. Buying pressure has been high and occupation is expected in spring 2019.

## OUR PROPERTIES

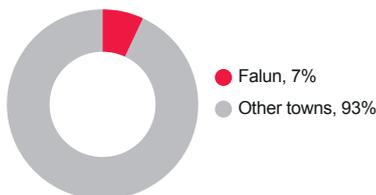


> **17**  
No. of properties

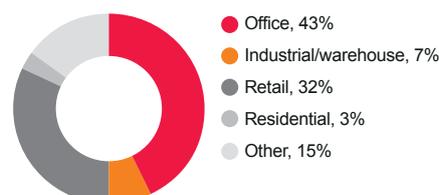
> **107,000 sq.m**  
Leasable area

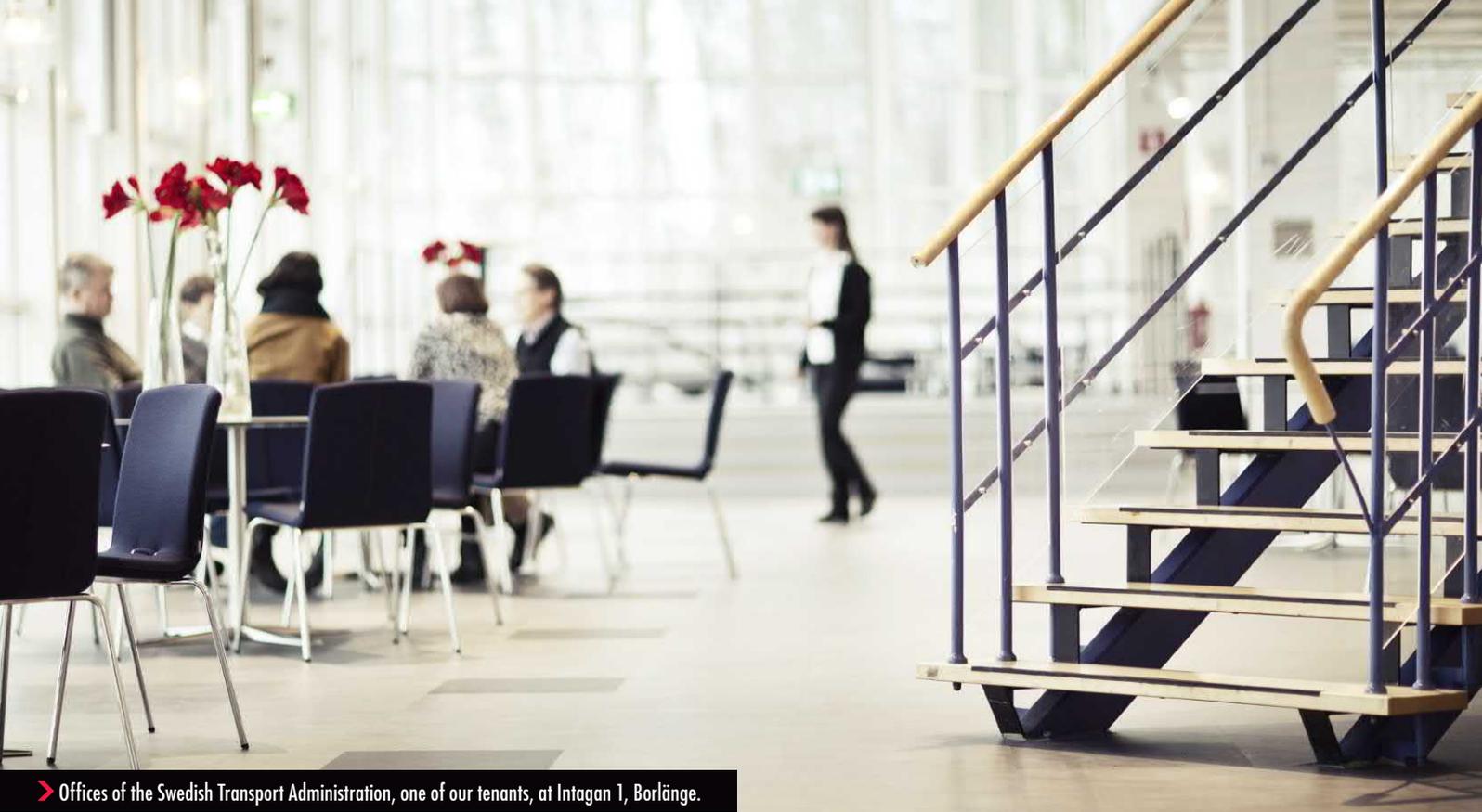
> **SEK 1,324 m**  
Market value

### SHARE OF TOTAL PROPERTY VALUE



### FLOOR AREA BY TYPE OF PREMISES





> Offices of the Swedish Transport Administration, one of our tenants, at Intagan 1, Borlänge.

# BORLÄNGE

> *Borlänge is the industrial and trade city that is shaped by music and culture.*

Traditionally, Borlänge has been seen as a prominent industrial city, primarily in the steel and paper industry. Although SSAB and Stora Enso are still big employers and important for the development of the city, today there is a well-developed private and public service sector. Among those headquartered here is the Swedish Transport Administration.

Borlänge municipality is one of nine operators in Citylab Action's sustainable urban development programme. Among other things, the programme helps to create better conditions by developing new or existing districts. These might be environmentally friendly construction solutions, such as green facades, urban agriculture and solar roofs, or innovative ways of handling waste and public transport, but also solutions for creating meeting places and active walkways in the city.

Borlänge is one of Dalarna University College's campus areas, with a focus on

technical, administrative, economic and social education.

The cultural and musical city of Borlänge is the home of world-renowned tenor Jussi Björling, the poet Johan Olof Wallin, the band Mando Diao and the singer Miss Li.

Borlänge also hosts the DaleCarliaCup football tournament and boasts one of the country's most frequently visited ski resorts, Romme Alpin.

## > FACTS

### MUNICIPALITY

> **51,964**

Population

> **0.7%**

Population growth  
2017

### COUNTY

> **63.8%**

Employment rate

> **7.4%**

Unemployment

Source: Statistics Sweden

### MARKET RENTS AND YIELD<sup>1</sup>

		Rent SEK/sq.m	Yield, %
Office	A-location	900–1,450	6.50–8.00
	B-location	800–1,150	7.25–9.00
Retail	A-location	1,200–2,500	5.75–6.50
	B-location	700–1,000	6.75–7.75
Warehouse/ industrial	A-location	450–750	7.00–9.00
	B-location	350–500	8.75–11.00

<sup>1</sup> Data taken from Datscha AB.



MIKAEL HEDH

# ON URBAN DEVELOPMENT IN BORLÄNGE



> Mikael Hedh, Head of Operations for Falun/Borlänge/Mora.

> In Borlänge we are focusing primarily on updating what is on offer in the city centre. There are good opportunities to build further on the strong musical tradition and to make the centre into a melting pot for food, drink, music and culture.

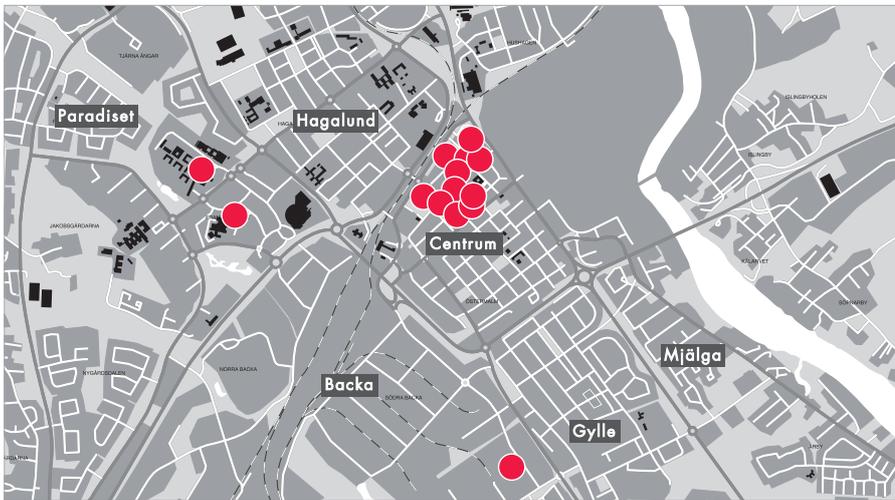
The aim is to increase the flow of people at all hours of the day, and we have already seen positive effects from the “food court” that we created around Sveatorget in collaboration with the municipality. The result is a high density of restaurants and more outdoor seating during the summer. Last autumn, the Prison Island experience centre was also established in Borlänge. This is drawing new visitors to the city centre, which is positive for shops and restaurants as well as for

the general flow through the city.

The municipality’s realisation of its plans to build a new cultural centre should consolidate Borlänge’s position as a strong cultural city.

There is a very positive office market in Borlänge, which we are adding to by developing more attractive, modern premises for our local entrepreneurs and businesses. In the course of the year, we have also had the opportunity to cater to Nethouse’s need for larger premises so that they can double their employee numbers in the long term. An important part of our urban development strategy is to provide for the creation of more jobs and to develop truly attractive premises and meeting places.

## OUR PROPERTIES



> 14

No. of properties

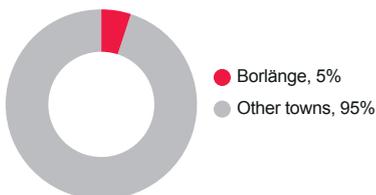
> 95,000 sq.m

Leasable area

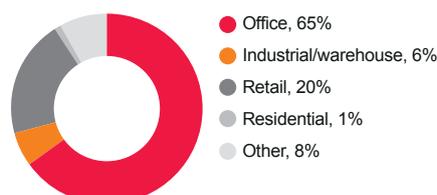
> SEK 911 m

Market value

SHARE OF TOTAL PROPERTY VALUE



FLOOR AREA BY TYPE OF PREMISES





> Stranden 35:8, Mora.

# MORA

> Mora, “the Vasaloppet city”, is characterised by open-air experiences, culture and an entrepreneurial spirit.

As a centre for outdoor activities, craftsmanship and industry, the city brings in tourists from all corners of the world. The really big attractions are Vasaloppet, the Santaworld theme park, the Dala horse workshop and the home of artist Anders Zorn and the associated museum.

Mora’s strong brand, formed from unique experience providers and a history of culture, is part of why Mora’s offering today is on a par

with much larger cities. This produces a high trade index. The number of overnight stays is increasing year on year, and the large number of visitors is creating jobs and strong growth in the service sector.

In recent years, the municipality has been working actively on strengthening and developing the manufacturing industry in Mora. Among other things, the need for skills in the industry has been mapped over the long and short term, and the links between industrial enterprises and the school system have been strengthened.

The city has a strong sports profile thanks to the prestigious Vasaloppet. The first race was arranged between Sälen and Mora in 1922.

Today, Vasaloppet is the oldest and longest and has the highest rate of participation of any long-distance ski race in the world. Mora today offers five national secondary school programmes focusing on sports.

Thanks to its well-designed infrastructure, Mora is a regional hub in which Mora-Siljan Airport, the Dala and Inland railway lines, the E45, national roads 70 and 26 and county road 1012 (Vasaloppsvägen) help to bridge the geographical distances to training and jobs.

Trade and industry are shaped by the special “Mora spirit”, which is founded on strong networks and a genuine desire to develop Mora together.

## FACTS

### MUNICIPALITY

> **20,369**

Population

> **0.4%**

Population growth  
2017

### COUNTY

> **63.8%**

Employment rate

> **7.4%**

Unemployment

Source: Statistics Sweden

## MARKET RENTS AND YIELD<sup>1</sup>

		Rent SEK/sq.m	Yield, %
Office	A-location	750–1,000	7.00–9.00
	B-location	600–850	8.00–10.00
Retail	A-location	900–1,350	7.00–8.00
	B-location	700–1,000	8.50–9.50
Warehouse/ industrial	A-location	350–550	8.50–9.00
	B-location	250–400	9.00–12.00

<sup>1</sup> Data taken from Datscha AB.



MIKAEL HEDH

# ON URBAN DEVELOPMENT IN MORA



> Mikael Hedh, Head of Operations for Falun/Borlänge/Mora.

> Mora is “the Vasaloppet city” and the professional work done by the event’s organisers, with constant product development, is a major contributor to the city’s growth. Though it is a small city, the large number of visiting workers, tourists and athletes makes it a city with great potential.

We have a lot of pressure and demand for shop premises with many new and exciting ideas. Our focus is therefore on further broadening our retail portfolio with additional cafés, restaurants and other types of service

businesses. We are also in dialogue with our office tenants regarding how we can create even more attractive and effective office spaces.

In May 2018, Swedbank will be moving into new, modern premises on Kyrkogatan. We expect this to contribute to the development of Mora’s city centre.

Mora’s fantastic business culture also gives us a perfect environment in which to establish new concepts.

## OUR PROPERTIES



> **12**

No. of properties

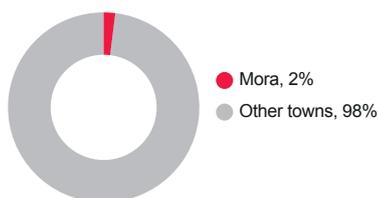
> **37,000 sq.m**

Leasable area

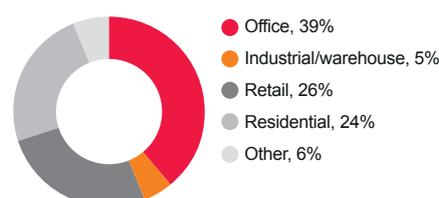
> **SEK 366 m**

Market value

SHARE OF TOTAL PROPERTY VALUE



FLOOR AREA BY TYPE OF PREMISES





> Flanör shopping centre, Norr 14:5, Gävle.

# GÄVLE

> Gävle is in an attractive location, close to Arlanda, the capital and the sea.

Population growth is rising year on year and the municipality exceeded 100,000 inhabitants this year. The target is to have 120,000 inhabitants by 2030, which requires the construction of around 10,000 homes, of which some 8,000 will need to be in the city of Gävle.

The new builds are concentrated in the central parts of the city, close to public

transport links and services. A conversion of Å-rummet, the area along the Gavle River between Centralbron and Rådmanbron along Norra Strandgatan, will be initiated in 2018. The aim is to improve contact between the city and the water, increase the accessibility of the water and fishing, and improve conditions for pedestrians and cyclists. In the attractive harbour districts at the mouth of the Gavle River, the unique Gävle Strand residential area is emerging with some 1,200 new homes.

There are around 7,000 businesses of different sizes operating within Gävle in many

different industries. The Port of Gävle, a logistics hub for coordinating vehicles, trains, cars, container traffic and combined road/rail transport, is the heart of the import and export growth on Sweden's east coast.

According to the municipality's environmental targets, Gävle aims to be a climate-neutral municipality by 2050. One step towards achieving this is the conversion of the City Centre stop in central Gävle, which will make it easier to get to and from the centre by public transport.

## FACTS

### MUNICIPALITY

> **100,603**  
Population

> **0.8%**  
Population growth  
2017

### COUNTY

> **64.0%**  
Employment rate

> **7.1%**  
Unemployment

Source: Statistics Sweden

## MARKET RENTS AND YIELD<sup>1</sup>

		Rent SEK/sq.m	Yield, %
Office	A-location	1,050–1,550	5.50–6.25
	B-location	900–1,400	6.25–7.50
Retail	A-location	1,600–3,750	5.75–6.25
	B-location	1,200–1,800	6.25–7.50
Warehouse/ industrial	A-location	500–800	7.00–8.25
	B-location	450–650	7.50–9.00

<sup>1</sup> Data taken from Datscha AB.



ANDERS HEDSTRÖM

# ON URBAN DEVELOPMENT IN GÄVLE



> Anders Hedström, Business Area Manager for Gävle.

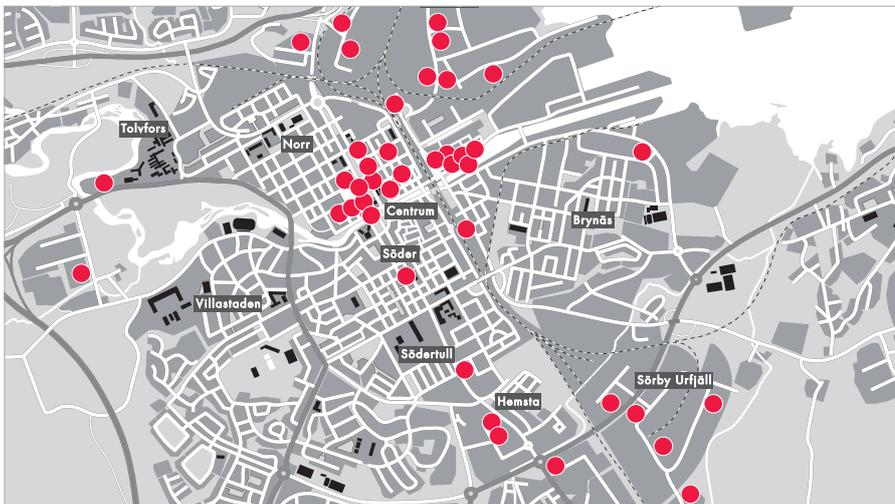
> We are working to further build up our property portfolio in central Gävle, both through acquisitions and by developing our existing portfolio. We want to keep retail concentrated in certain parts of the city, to create a more compact and distinct city centre.

The long-term target of 120,000 inhabitants in 2030 will require significantly more homes, which is in line with our development of Wasahuset, for example. We will be renovating and converting the larger units there into ultramodern two-room and three-room apartments. To meet the population target, new buildings are also needed. The areas under discussion include Kungsbäck and Näringen.

As we are established in these areas, we obviously wish to play an active part in the process.

The lease to Region Gävleborg in 2017 was significant for us. Region Gävleborg will demolish older parts of the hospital and build a new, modern healthcare facility in the hospital area, a project that is expected to continue until 2023. As part of this, some of the administrative activities have been moved to our property in Kungsbäck. There are many plans for the area in the coming years and it is encouraging that we have been able to fill the property with operations that create a lively atmosphere. It also provides us with security and opportunities to continue to invest in the area.

## OUR PROPERTIES



> **40**

No. of properties

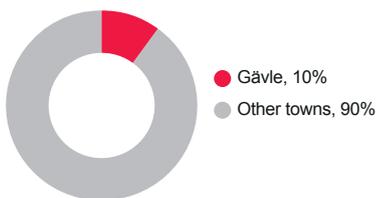
> **217,000 sq.m**

Leasable area

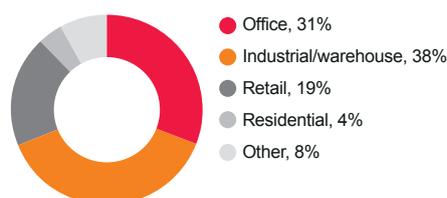
> **SEK 1,977 m**

Market value

### SHARE OF TOTAL PROPERTY VALUE



### FLOOR AREA BY TYPE OF PREMISES





> Sundsvall.

# SUNDSVALL

> Sundsvall has gone from being a typical industrial city to an increasingly stronger player in the service sector.

Several government agencies requiring lots of IT support have been set up here in recent years, while many banking, insurance and pension businesses have moved here. One example is SEB, which decided to base a new department for telephone banking services in Sundsvall. SCA Skog has opted to bring its head office to Sundsvall, and is also spending SEK 8 billion on developing its production facilities.

In the next few years, the municipality will be investing SEK 10–12 billion in various

initiatives for the future; building new homes is deemed a prerequisite for achieving the growth target of more than 100,000 residents before 2021. These investments will take the form of projects to build both tenant-owner and rental apartments. At Norra Kajen, the new buildings will include waterfront tenant-owner homes on former industrial land. The municipality is also planning to build up to 500 new rental apartments over the next few years.

The focus of Sundsvall's urban development is on creating natural flows between different city districts and on linking the city to the sea. The Åkroken district, where Mid Sweden University is located, is undergoing major regeneration to make it a more vibrant city district with a clear link to the centre of Sundsvall.

Sundsvall wants to lead the way when it comes to developing green logistics solutions for travel and transport. That is why the municipality is investing heavily in infrastructure. The "E4 Sundsvall" traffic management scheme, including the bridge over Sundsvall Bay, means that heavy traffic no longer has to pass through the city centre. The double track between Sundsvall and Gävle will also enable more freight to be transported by rail.

The municipality's goal is for Sundsvall to be named "City Centre of the Year" in 2021. Several initiatives are therefore in place to provide more homes, more green areas and improve services in the central parts of the city.

## > FACTS

### MUNICIPALITY

> **98,810**

Population

> **0.5%**

Population growth  
2017

### COUNTY

> **65.5%**

Employment rate

> **6.6%**

Unemployment

Source: Statistics Sweden

## MARKET RENTS AND YIELD<sup>1</sup>

		Rent SEK/sq.m	Yield, %
Office	A-location	1,400–1,900	5.00–6.50
	B-location	1,300–1,700	5.25–6.75
Retail	A-location	1,500–3,500	5.75–6.50
	B-location	1,200–1,800	6.00–7.00
Warehouse/ industrial	A-location	500–900	6.75–8.25
	B-location	400–800	7.25–9.00

<sup>1</sup> Data taken from Datscha AB.



SOFIE STARK

# ON URBAN DEVELOPMENT IN SUNDSVALL



> Sofie Stark, Business Area Manager for Sundsvall.

> Sundsvall has a large and attractive city centre with enormous potential for growth. We would like to raise the status of the city centre by increasing the density of the city, adding to the retail offering, extending services and amenities and adding more homes and modern offices. We also believe in creating a natural beginning and a natural end to the city centre.

Our forthcoming Riverside hotel project, which is taking place in partnership with Nordic Choice Hotels and the architect firm Krook & Tjäder, is a hugely exciting development. The hotel, which will be situated right next to the river Selångersån, will help to create a natural extension of the city centre towards Norrmalm. A strategy entirely in line with the municipality's

vision of a city that meets the sea. This area has the potential to become a new gateway into the heart of the city.

We are also planning to develop our properties around the Norra Kajen area. Lots of homes are currently under construction here and we want to supplement these with commercial players, including a gym, in order to provide a good mix of properties.

Another development area is Universitetsallén/Alliero, where we are planning to build apartments for rent. By making it easier for more people to live in the central parts of the city, we are enabling more service and retail businesses to set up here too. The result will be an attractive and vibrant city.

## > OUR PROPERTIES

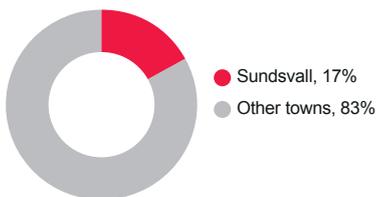


> **52**  
No. of properties

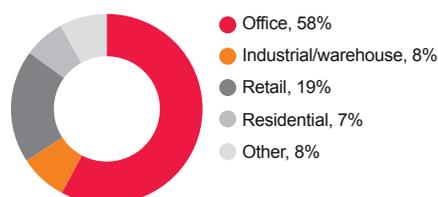
> **233,000 sq.m**  
Leasable area

> **SEK 3,234 m**  
Market value

### SHARE OF TOTAL PROPERTY VALUE



### FLOOR AREA BY TYPE OF PREMISES





➤ Press image Östersunds FK football club.

# ÖSTERSUND

➤ *Östersund is the growth driver and commercial trading centre for all of Jämtland. The population trend is positive here and expected to continue following an upward trajectory.*

The municipality is planning major investments in schools and health and social care to meet this trend. A strategy has also been put in place for how schools should use new technology to safeguard future skills provision.

The business community is characterised by a strong entrepreneurial spirit with lots of small businesses, and the municipality is implementing targeted initiatives designed to support

companies that want to develop and expand their operations by making it easier for them to do so. There is an established government agency cluster here too, and the municipality is working actively to get more agencies to move here; this approach should lead to an increase in the number of jobs for highly qualified people.

Mid Sweden University plays an important role in Östersund's growth, offering specialist courses in subjects such as tourism and outdoor recreation and winter sports, as well as risk and crisis management. Research centres including Ski University and the Swedish Winter Sports Research Centre are also based here.

Östersund is an international metropolis for competitions, training and development in several different winter sports and the

municipality has made extensive investments in Östersund Ski Stadium with a view to developing a world-class arena. Östersund will be hosting the 2019 Biathlon World Championships.

These days Östersund is also a city of football supporters, thanks to Östersunds FK's successes in Allsvenskan and the Europa League.

Östersund's cultural offering, events and shopping facilities contribute to a vibrant and pleasant city centre. The city has one of the highest concentrations of cafés and bars in Sweden per capita and the number of new restaurants is growing fast. Jämtland cuisine and the local artisan food scene are widely known, and one of the accolades Östersund can be proud of is its status as UNESCO's Creative City of Gastronomy.

## FACTS

### MUNICIPALITY

➤ **62,601**

Population

➤ **1.4%**

Population growth  
2017

### COUNTY

➤ **68.6%**

Employment rate

➤ **5.6%**

Unemployment

Source: Statistics Sweden

### MARKET RENTS AND YIELD<sup>1</sup>

		Rent SEK/sq.m	Yield, %
Office	A-location	1,000–1,700	6.00–6.75
	B-location	800–1,300	6.50–7.25
Retail	A-location	1,500–2,500	6.00–7.00
	B-location	1,100–1,800	6.00–7.00
Warehouse/ industrial	A-location	500–850	7.25–9.00
	B-location	375–700	7.50–9.50

<sup>1</sup> Data taken from Datscha AB.



MALIN RUNBERG

# ON URBAN DEVELOPMENT IN ÖSTERSUND



> Malin Runberg, Business Area Manager for Östersund/Åre.

> Our strategy is to develop the centre of the city so that it matches the market. One of the ways in which we are doing this is by intensifying the retail offering on Prästgatan in order to create a really strong shopping street. At the same time, we have decided to convert several retail units on Storgatan into residential, office and service premises so that e.g. hairdressers and restaurants can move in too.

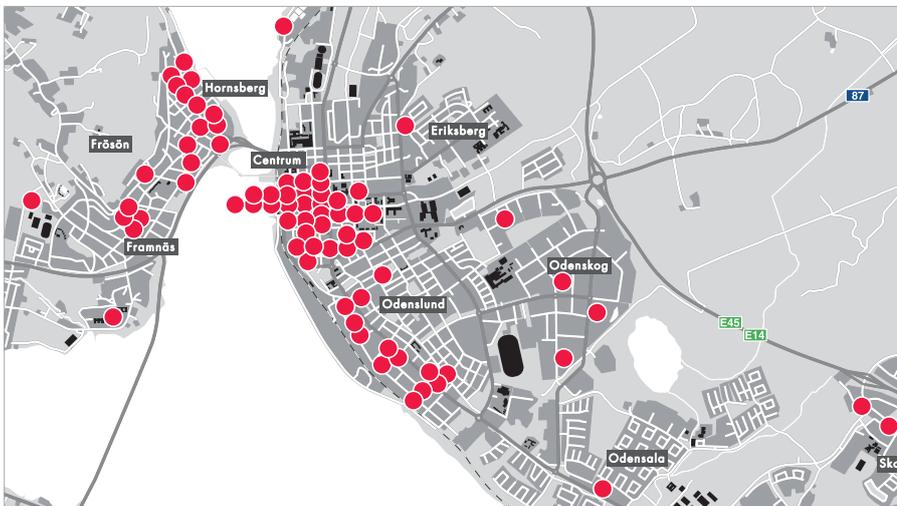
In December this year, the municipal council decided to grant us land allocation agreements for parts of Gustav III Square. It's now time to start the planning process for the district; the goal here is to create a vibrant area boasting cultural facilities, homes, offices and hotels.

So that we can provide a good mix of local shops and major chains in the city centre, we've

also decided to open up the courtyards found in the heart of the city. Östersund is already popular thanks to its range of local shops, and by creating a shopping street of lively courtyards, with access both from Prästgatan and the alleys down by the waterfront, we're enabling even more local businesses to put down roots.

Frösö Strand in the heart of Frösön is another area in which we have a great deal of faith. The area is uniquely situated by the water while also being a stone's throw from the city centre. Thanks to increased migration to both Frösön and the other side of the Vallsund Bridge, Frösö Strand now has a large catchment area, so there is a great need for more homes, offices and various types of training providers.

## > OUR PROPERTIES



> **83**

No. of properties

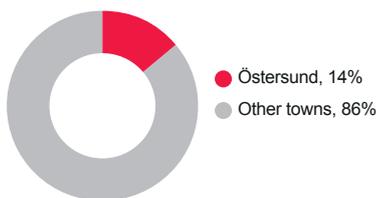
> **259,000 sq.m**

Leasable area

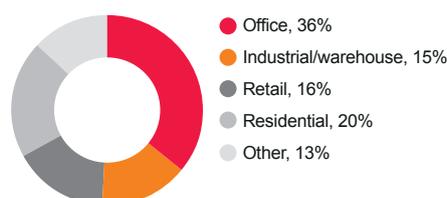
> **SEK 2,807 m**

Market value

### SHARE OF TOTAL PROPERTY VALUE



### FLOOR AREA BY TYPE OF PREMISES





> Åre Prästbod 1:76, Åre.

# ÅRE

> Home to Sweden's largest ski area, Åre is one of the country's most established tourist destinations.

The main attraction is still skiing, but the destination's development efforts are focused on getting more visitors all-year round.

In recent years, Åre has seen a positive trend when it comes to both visit statistics and

investment in tourism. The municipality is working successfully to integrate newly arrived immigrants because it considers integration to be a key issue in achieving growth. Half of immigrants in the area are now in work or have a work placement.

Åre is a hot market for residential properties and new builds. Owner-occupied units for tourists and rental units for permanent residents are

both being built. There are also plans for new shopping space both in central Åre and in Björnänge.

In February 2019, Åre will host the Alpine World Ski Championships for the third time, and once again worldwide interest in the area will provide added value in the form of new investment, new construction and modernisation, as well as employment.

## FACTS

### MUNICIPALITY

> **11,268**

Population

> **1.6%**

Population growth 2017

### COUNTY

> **68.6%**

Employment rate

> **5.6%**

Unemployment

Source: Statistics Sweden

## MARKET RENTS AND YIELD<sup>1</sup>

	Rent SEK/sq.m	Yield, %
Office	550–850	7.50–10.00
Retail	600–1,100	6.75–8.25
Warehouse/ industrial		

<sup>1</sup> Data taken from Datscha AB.



MALIN RUNBERG

# ON URBAN DEVELOPMENT IN ÅRE



> Malin Runberg, Business Area Manager for Östersund/Åre.

> If Åre is to become a sustainable year-round destination, then tourism is not enough; economic growth is also essential. The goal is for tourism to keep growing, with other sectors contributing to this growth.

By developing our properties in a way that can attract brand new businesses to Åre, we are doing our bit to make the area somewhere even more attractive to live and work. Among other things, we see great potential for attracting companies from the metropolitan areas to a unique working environment that enables people to combine a normal working day with activities such as skiing or downhill mountain biking.

An excellent example of this is the HouseBe

concept in the Totten property (Årekompaniet). We have worked with them to convert a former hospital building into attractive office premises. This building has now become Åre's new meeting place for business people and offers an exciting overall concept with events such as business breakfasts and lectures. HouseBe's success reinforces the attractiveness of not only the specific building but also the entire Årekompaniet.

At the moment we are also extending the property Mörviken 2:91's offering, with Konsum and Systembolaget moving in, in order to further strengthen the area around Produkthuset as somewhere to shop.

## > OUR PROPERTIES



> **6**

No. of properties

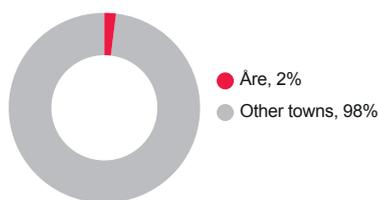
> **30,000 sq.m**

Leasable area

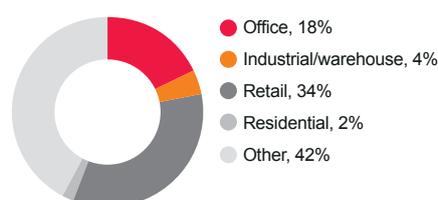
> **SEK 427 m**

Market value

### SHARE OF TOTAL PROPERTY VALUE



### FLOOR AREA BY TYPE OF PREMISES





> The tenant Orangeriet boule & bar, Vale 17, Umeå. Peter Ödmark, owner.

# UMEÅ

> Umeå is one of Sweden's fastest growing cities with a population increase of just over 15 per cent between 2000 and 2015.

The municipality aims to have 200,000 inhabitants by 2050 and considers an attractive and vibrant city to be an important factor for success. The growth rate is still around 1,100 new jobs and around 750 new companies each year.

Umeå University continues to be very popular, with competition for places and the number of students increasing dramatically. This is why the university area needs to be expanded with improved links to the rest of the city. Plans are

also in motion to develop a functional science park in the university area where education, research, entrepreneurs and companies can join forces. The county council, municipality, university and business community are working together to make this a reality.

More apartments are being built than for many years, with the municipality's master plan allowing for 2,000 new homes to be built each year. Several of the streets in the heart of the city are being transformed to create more space for green areas, pedestrians, cyclists and public transport. By following this approach, Umeå is building on the idea of the 5 km city, i.e. a dense and compact city. This idea is based on making it easier for people to leave the car at home when all

essential services are within a radius of 5 km.

Work is also underway to expand the capacity of Umeå Airport, not just to cater for the ever-increasing number of travellers but also in preparation for the anticipated future needs of the region. In addition to this, a major infrastructure investment is in progress that will link Umeå together in an easterly to westerly direction. Among other features, this includes a new ring road so that the amount of traffic in the city centre itself can be reduced.

Umeå has increasingly promoted itself as a centre of culture from the 1980s onwards. The city is known for its creative climate and one of its claims to fame is being one of the two European Capitals of Culture in 2014.

## FACTS

### MUNICIPALITY

> **125,080**  
Population

> **1.8%**  
Population growth  
2017

### COUNTY

> **68.7%**  
Employment rate

> **5.3%**  
Unemployment

Source: Statistics Sweden

## MARKET RENTS AND YIELD<sup>1</sup>

	Rent SEK/sq.m	Yield, %
Office	1,400–1,900	5.00–6.50
	950–1 500	5.75–7.50
Retail	2,200–4,200	5.75–6.75
	1,300–1,900	6.00–7.00
Warehouse/ industrial	500–900	6.50–8.25
	400–700	7.75–9.75

<sup>1</sup> Data taken from Datscha AB.



GÖRAN FONZÉN

# ON URBAN DEVELOPMENT IN UMEÅ



> Göran Fonzén, Business Area Manager for Umeå/Skellefteå.

> We have great faith in Umeå's growth and want to make an active contribution to the city's development. Our industry colleagues have made great strides in the right direction and we want to work together with them to keep on defining, modernising and creating a profile for the city centre.

We are making spaces for tourism, retail and offices in order to increase the concentration in the number of tenants in the city. Above all, we are focusing on properties close to the city centre and envisage, among other things, great opportunities for developing the district surrounding Västra Esplanaden. This area is on the verge of a major transformation from an arterial street to a vibrant urban road with lots

of green spaces and more shopping facilities. We see huge potential in developing the street from the river upwards by renovating our eight properties there.

What's more, we're also planning to add a storey to the Sagagallerian shopping centre and build a brand new, 11-storey block of flats right next door. In the Vale district near Vasaplan we are planning an additional storey and to build a new high-rise containing around 95 apartments. By building upwards rather than across, we are helping to densify the city. Just as we will be playing a part in creating an even more attractive and vibrant city centre by mixing homes, offices, retail units and service premises in the same buildings.

## OUR PROPERTIES



> **33**

No. of properties

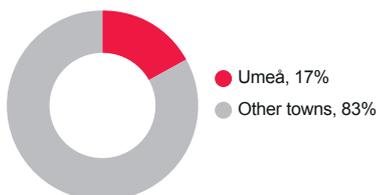
> **175,000 sq.m**

Leasable area

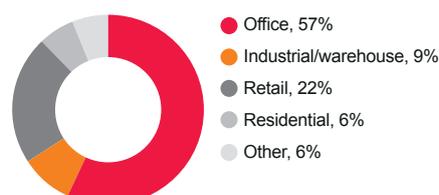
> **SEK 3,248 m**

Market value

### SHARE OF TOTAL PROPERTY VALUE



### FLOOR AREA BY TYPE OF PREMISES





> Idun 12, Skellefteå.

# SKELLEFTEÅ

> Skellefteå is growing rapidly and is currently in the middle of the largest building boom in more than 20 years.

The population target is 80,000 inhabitants by 2030. To achieve this, the municipality is planning to intensify the city centre by adding at least 1,200 new homes and creating 1,000 new jobs.

Skellefteå has a strong and technology-intensive economy with several successful companies based there, plus a high level of technical know-how and cutting edge technologies. It is often referred to as “the Gold City” because of the

mining company Boliden AB’s longstanding operation there as well as the famous Skellefteå tract, which is one of the richest mineral areas in the world. Research and teaching in fields as varied as the timber industry, computer graphics/ computer games, electric power, healthcare and social work take place on Campus Skellefteå, which accommodates branches of both Luleå University of Technology and Umeå University.

Skellefteå’s labour market is mainly confined to the private sector, with Boliden as the single largest private employer. In autumn 2018, the Family Law and Parental Support Authority (MFoF) will be moving to Skellefteå. The construction of the North Bothnia Line is also planned; this will

enable people to travel by train between the coastal towns in Norrland and provide for sustainable development of freight transport in the area.

In September this year, the Swedish company Northvolt announced that its factory for lithium-ion batteries for electric cars and energy storage (Northvolt 1) would be situated in Skellefteå. The total investment up to 2023 is estimated to be EUR 4 billion, the majority of which will be invested in Skellefteå. Within the space of a few years, the company expects the factory to have a capacity of 32 GWh and provide work for more than 2,000 people.

## > FACTS

### MUNICIPALITY

> **72,723**

Population

> **0.6%**

Population growth 2017

### COUNTY

> **68.7%**

Employment rate

> **5.3%**

Unemployment

Source: Statistics Sweden

## MARKET RENTS AND YIELD<sup>1</sup>

	Rent SEK/sq.m	Yield, %
Office	900–1,350	6.75–8.00
	700–1,050	8.00–9.00
Retail	1,400–2,500	6.25–7.00
	900–1,400	6.50–7.50
Warehouse/ industrial	350–800	7.25–10.00
	250–550	8.00–11.00

<sup>1</sup> Data taken from Datscha AB.



GÖRAN FONZÉN

# ON URBAN DEVELOPMENT IN SKELLEFTEÅ



> Göran Fonzén, Business Area Manager for Umeå/Skellefteå.

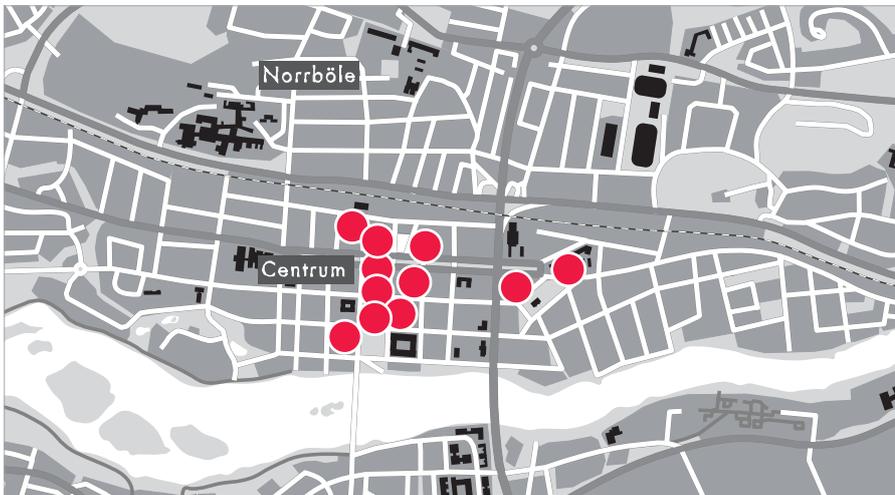
> Skellefteå has a defined city centre with huge potential. In the next few years we really want to focus on the area via new acquisitions, developing the existing portfolio and producing new builds. We will be refreshing the retail and service offering as well as modernising our office premises. And we are also planning some new homes in the Polaris district along Kanalgatan.

In December this year, we added two commercial properties to our existing portfolio

in central Skellefteå, both of which are very close to the existing building stock. These acquisitions give us even greater opportunities to contribute to higher flows and develop a more vibrant city centre.

Now that Northvolt is building its new battery factory in the area, the need for homes, offices, hotels and other services will increase significantly. We want to take on a driving role in meeting this demand.

## OUR PROPERTIES



> **13**

No. of properties

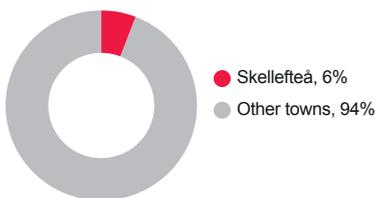
> **104,000 sq.m**

Leasable area

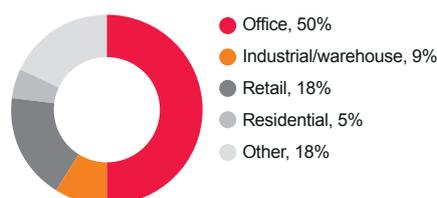
> **SEK 1,222 m**

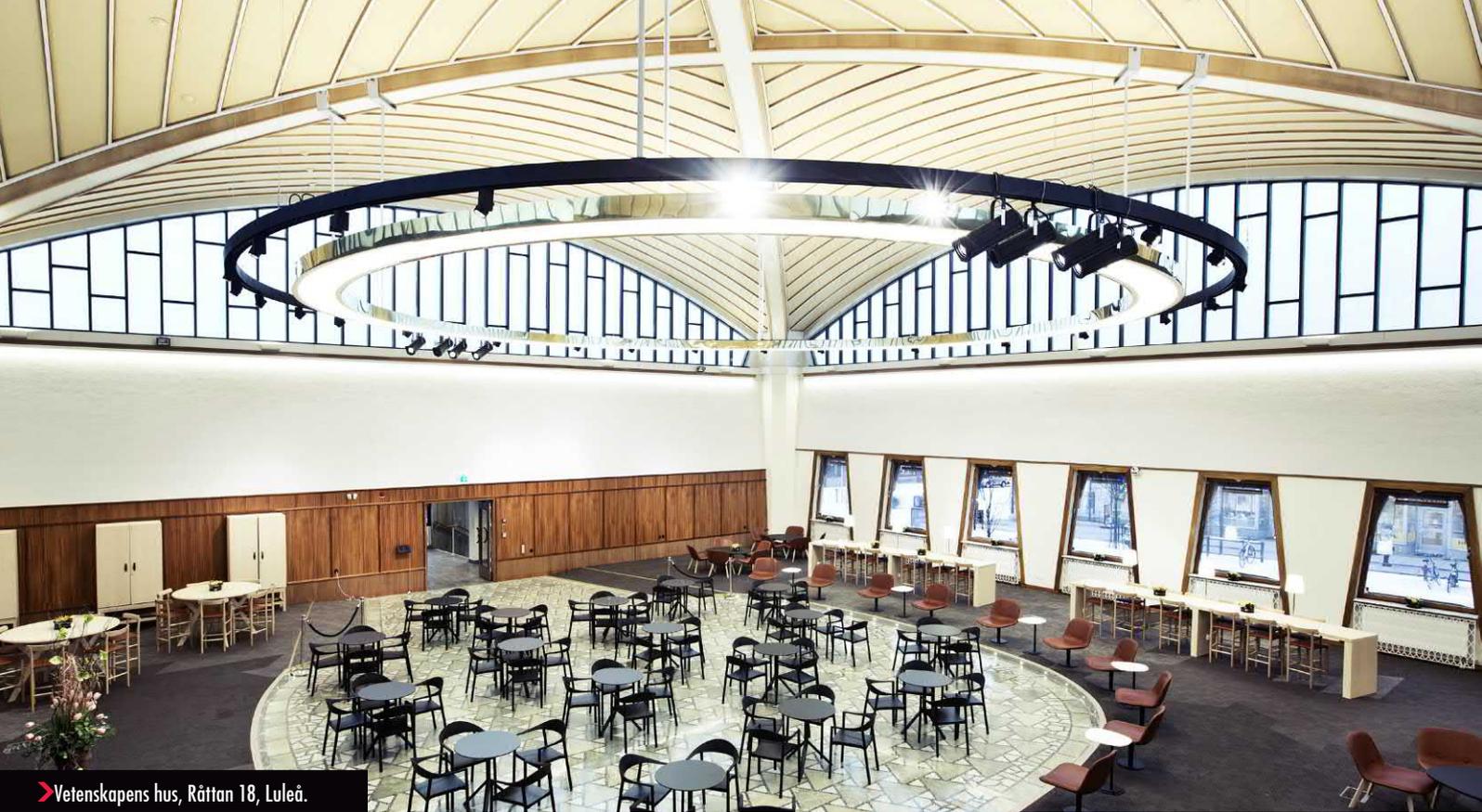
Market value

### SHARE OF TOTAL PROPERTY VALUE



### FLOOR AREA BY TYPE OF PREMISES





> Vetenskapens hus, Rättan 18, Luleå.

# LULEÅ

> *Luleå is a forward-looking industrial city with one of the largest ports in Sweden. The city is also a centre of metallurgy with an extensive steel industry and advanced research.*

In the Confederation of Swedish Enterprise's ranking of the nation's business climate, Luleå ranks as one of the best cities in northern Sweden. This is thanks to the fact that the investment level in the local and regional economy has been very high while Luleå Municipality has also pursued a growth-oriented policy and close

dialogue with local businesses to establish a basis for its development plan.

The municipality's general growth target is to create the conditions for a broad and growing labour market. Among other initiatives, this means that work is actively underway to ascertain the skills of foreign-born residents and to attract new start-ups and investors.

An exciting new international face in Luleå is Facebook, whose first European data centre, which is also Facebook's first investment outside the USA, is now established in the city. There were several reasons behind the choice of Luleå as a base; the first is the naturally cold climate that is essential to keep the temperature down in the server rooms, while the reliable

electricity grid, the low electricity tariffs and the clean energy are also important factors.

Luleå University of Technology provides world-class education and research facilities, with approx. 16,000 students spread across four campuses. More than half of the university's budget of SEK 1.6 billion is allocated to research conducted in close cooperation with companies like Shell, Ericsson, Scania, LKAB, SKF, Airbus, Volvo Aero and IBM, as well as with other leading international universities.

The municipality wants to be a national beacon within mathematics, technology, natural sciences and digital skills. The goal here is for at least 15 per cent of those who leave post-16 education to apply for a place on a technical course.

## > FACTS

### MUNICIPALITY

> **77,470**

Population

> **0.9%**

Population growth  
2017

### COUNTY

> **64.9%**

Employment rate

> **6.4%**

Unemployment

Source: Statistics Sweden

### MARKET RENTS<sup>1</sup>

		Rent SEK/sq.m	Yield, %
Office	A-location	1,100–1,750	5.50–6.50
	B-location	800–1,300	6.25–7.25
Retail	A-location	1,400–3,600	5.75–6.75
	B-location	900–1,800	6.00–7.00
Warehouse/ industrial	A-location	500–900	6.75–8.25
	B-location	350–600	8.00–10.00

<sup>1</sup> Data taken from Datscha AB.



JOHAN LÅNG

# ON URBAN DEVELOPMENT IN LULEÅ



> Johan Lång, Business Area Manager for Luleå

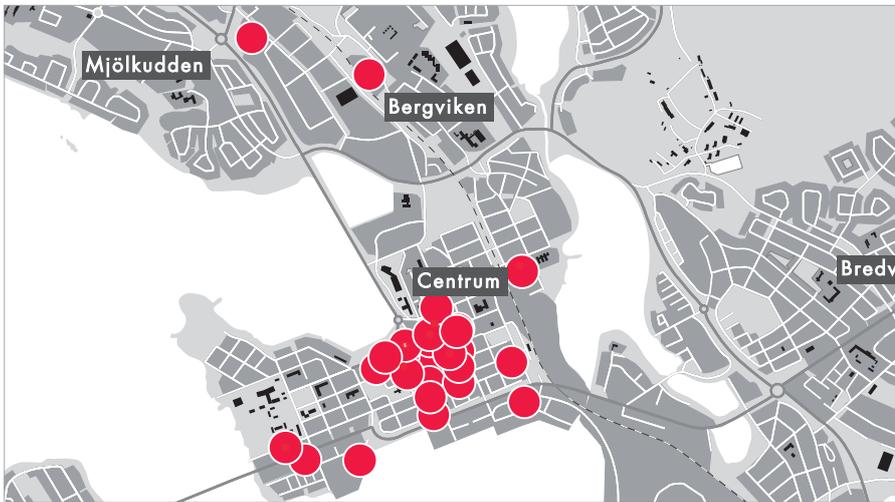
> Since we have three shopping centres in Luleå, our main focus is on creating a good mix of experiences and retail by optimising the shopping spaces and complementing these with experiences for all ages in the form of restaurants, meeting places and cafés.

While retail is being given an extra boost in the area around Storgatan, we are investing in densifying homes and offices in other central parts of the city. Our ambition here is to build around another 100 new apartments by extending the Tjädern property. The Biet property is the subject of a planning application for additional apartments. We are also considering the possibility of

building homes in the Stören district. All building plans concern central Luleå.

The vision for Luleå Science Park, which is strategically important for Luleå's growth, is also incredibly exciting. As an active property owner, we want to be involved in developing the innovation hub of the future. Our role will be to develop the premises so that the university, research and entrepreneurship can come together and new business ideas blossom. We are also helping to drive forward the work on links between the university area and Luleå Science Park.

## > OUR PROPERTIES

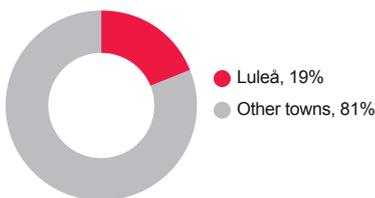


> **28**  
No. of properties

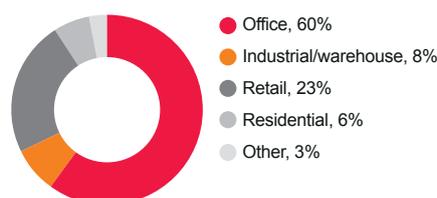
> **205,000 sq.m**  
Leasable area

> **SEK 3,778 m**  
Market value

### SHARE OF TOTAL PROPERTY VALUE



### FLOOR AREA BY TYPE OF PREMISES



# DIRECTORS' REPORT



# DIRECTORS' REPORT

*The Board of Directors and CEO of Diös Fastigheter AB (publ), company registration number 556501-1771, hereby present their annual report for the Group and parent company for the financial year 2017.*

The Board's report on internal control concerning financial reporting, i.e. the corporate governance report, covers both the parent company and the Group and has been prepared in accordance with the Swedish Annual Accounts Act, see pages 93–98. In accordance with chapter 6, section 11 of the Act, the company has opted to draw up the statutory Sustainability Report separately from the Directors' Report. Sections of the Sustainability Report can be found on pages 10–11, 17–24, 60–61 and 93–96.

## OPERATIONS

We are one of northern Sweden's leading private property companies with a total property value of SEK 19,457 million (13,683). The property portfolio consists of commercial premises and residential properties in central locations. Operations were organised into seven business areas in 2017: Dalarna, Gävleborg, Västernorrland, Jämtland, Västerbotten, Norrbotten and Retail. The head office is located in Östersund. The company has been listed on NASDAQ OMX Stockholm since 2006. The largest shareholder is AB Persson Invest, which holds 15.4 per cent of the shares and votes. From the financial year 2018 onwards, the Retail business area will be dissolved and its properties will then be subsumed into the appropriate business area for the geographic location. To clarify the geographic location of the property portfolio, we will be changing the names of our business areas to the cities in which the properties are mainly found. This change will take effect from the report for Q1 2018.

## ENVIRONMENT

Property management and exploitation have an impact on the environment and leave ecological footprints. Under the Swedish Environmental Code, an entity which has

engaged in operations or taken measures that have caused pollution or serious environmental damage is obliged to conduct investigations and bear the cost of remedial measures. For more information, see pages 17–21.

## ANTICIPATED FUTURE GROWTH

The focus of operations in 2018 will be the same as before. Our continued strategy is urban development, which means that we are developing our properties to allow for growth.

## PARENT COMPANY

Parent company operations are made up of shared corporate functions, such as IT, economy and finance, HR, rental administration, communications and energy optimisation, as well as the ownership and operation of the Group's subsidiaries. Sales totalled SEK 170 million (137) and the profit after tax was SEK 436 million (-311). Profit after tax includes dividends from Group companies in the amount of SEK 300 million (300) and received Group contributions of SEK 154 million (0). Net revenue refers chiefly to services sold to subsidiaries.

## PERSONNEL

The number of employees as at 31 December 2017 was 156 (148), of whom 61 were women (60). The majority of the Group's employees, 106 (97), work in property management at our locations, of whom 40 (39) are involved in the physical management of properties. For more information, see page 23.

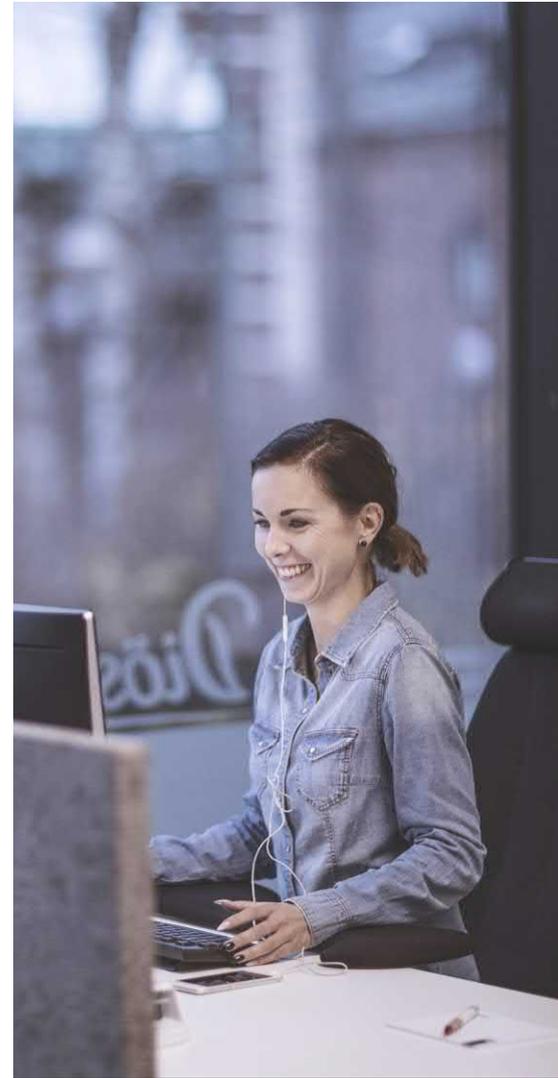
For decisions on remuneration for senior executives and the latest approved guidelines, see Note 5 and the Corporate Governance Report on pages 93–98.

## FINANCIAL TARGETS 2017

The financial targets for the Group are designed to ensure the company's financial stability. The measurable and risk-limiting financial targets for 2017 were:

- Equity/assets ratio of at least 30 per cent.
- Loan-to-value ratio of no more than 60 per cent.

The company achieved its financial targets for 2017. All financial key ratios improved, and the company is comfortably meeting the financial



➤ Madelene Thiger, Centre Manager in Umeå.

stability requirements defined by the banks. The equity/assets ratio amounted to 34.9 per cent (31.0) in the Group, and 22.7 per cent (12.5) in the parent company. After the proposed dividend, the equity/assets ratio as at 31 December 2017 would be 33.6 per cent (29.6) in the Group and 20.4 per cent (9.8) in the parent company.

## SHARE BUY-BACKS

The 2017 AGM authorised the company to buy back shares of the company, subject to a limit of 10 per cent of all outstanding shares. No share buybacks were made during the year.

# PROPERTY PORTFOLIO AND RESULTS

With 339 properties and a leasable area of 1,553,000 square metres, we are one of the largest property owners in Sweden. The value of the property portfolio amounted to SEK 19,457 million at year-end. Property management income increased by 53 per cent to SEK 822 million.

## PROPERTY PORTFOLIO

As at 31 December 2017, the property portfolio consisted of 339 properties (314) with a total leasable area of 1,553,000 square metres (1,354,000). The market value was SEK 19,457 million (13,683). At the end of the year, the holding consisted of 93 per cent (92) commercial properties with the total rental value broken down as follows: 50 per cent (47) offices, 23 per cent (23) retail, 5 per cent (7) warehouse/industry and 15 per cent (15) other. Residential properties comprised 7 per cent (8) of holdings. Changes in the property portfolio and the revenue and expenses for the year were primarily affected by an acquisition of 32 apartments worth SEK 4,500 million with a completion date of 1 February 2017.

## RENTAL VALUE AND RENTAL INCOME

The total rental value of the property portfolio amounted to SEK 1,875 million (1,478), while

the estimated rental value of vacant premises was SEK 153 million (137). The rental income amounted to SEK 1,700 million (1 323), representing a 91 per cent (90) economic occupancy rate. For comparable properties rental income increased by 3.7 per cent year on year. Other property management income totalled SEK 19 million (17) and consisted mainly of costs for work in leased premises that are passed on to tenants.

## PROPERTY COSTS

Total property costs were SEK 639 million (534). Of total property costs, SEK 9 million (10) refers to work in leased premises for which the costs are passed on to tenants. Bad debts remained low and totalled SEK 6 million (3), representing 0.4 per cent (0.2) of total revenues.

## OPERATING SURPLUS AND SURPLUS RATIO

The operating surplus was SEK 1,080 million (806), representing a surplus ratio of 64 per cent (61). The main explanation for the improved surplus ratio is an improvement in the occupancy rate, completed transactions and good cost control. For comparable properties, our operating surplus increased by 5.8 per cent compared with the previous year.

## CENTRAL ADMINISTRATION AND NET FINANCIAL ITEMS

The central administration expense was SEK 73 million (63). This includes a non-recurring item of SEK 4 million, which refers to restructuring costs incurred in connection with acquisitions. Net financial items for the year totalled

SEK -185 million (-204). The financial expenses fell to SEK -190 million (-206) despite a higher volume of interest-bearing liabilities once the average interest rate fell to 1.8 per cent (2.4). Total revenues amounted to SEK 5 million (2).

## PROPERTY MANAGEMENT INCOME

Property management income for the year came to SEK 822 million (539), which was an increase of 53 per cent. For comparable properties, our property management income increased by 19 per cent.

## CHANGES IN VALUE, PROPERTIES

The positive change in value of SEK 412 million (327) primarily consists of improvements to the property portfolio as well as one-off effects of a discount on deferred tax in connection with property transactions. The unrealised change in value was SEK 402 million (337), which represents 2.1 per cent (2.5) of the market value at year-end. During the year, 40 properties (5) were acquired, while 15 properties (42) were disposed of. The realised change in value was SEK 10 million (-10).

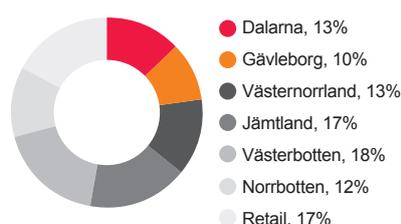
## CHANGES IN VALUE, DERIVATIVES

The portfolio of interest rate derivatives has been measured at fair value. During the period unrealised changes in value on derivatives totalled SEK 27 million (91), which have been fully recognised in the income statement. The change in the market values of derivatives is primarily attributable to the time effect.

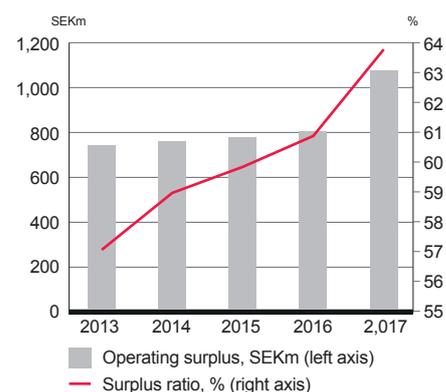
## RENTAL VALUE BY TYPE OF PREMISES



## RENTAL VALUE BY BUSINESS AREA



## OPERATING SURPLUS AND SURPLUS RATIO



**PROFIT BEFORE TAX**

The profit before tax was SEK 1,261 million (957). The improved profit is chiefly due to a larger property portfolio, unrealised changes in the value of properties and improved net financial items.

**PROFIT AFTER TAX**

The profit after tax was SEK 1,029 million (832). Current tax totalled SEK -43 million (11). This is mainly attributable to tax in subsidiaries which do not have the right to offset losses against Group contributions. The positive tax effect in the previous year is attributable to a partial

reversal of tax provisions related to a tax case. The deferred tax was SEK -189 million (-136).

**CONTRACT STRUCTURE**

The total number of leases at year-end was 8,823 (7,508), of which 1,643 (1,508) related to residential units and 4,109 (3,342) to parking spaces. The number of leases for premises amounted to 3,071 (2,658) with contracted rental income of SEK 1,544 million (1,176). The total average lease term of leases for premises amounted to SEK 3.6 years (3.4). Out of the total contract value for premises, 13 per cent (15) will fall due in 2018.

**NET LEASING**

Net leasing was SEK 55 million (26). The largest leases signed during the year were those with Gävleborg County Council and Tyréns in Umeå.

**VACANCIES**

Vacancies fell and as at 31 December the economic vacancy rate was 9 per cent (10) while the vacant area was 14 per cent (16). Economic vacancies were highest in office and retail premises while physical vacancies were highest in office and industrial premises. The economic vacancy rate, excluding discounts, was 8 per cent (9) as at 31 December.

**PROPERTY PORTFOLIO BY BUSINESS AREA<sup>1</sup>**

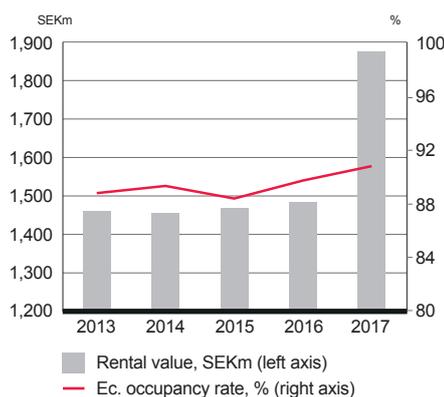
Income statement items, SEKm	Retail	Dalarna	Gävleborg	Väster-norrland	Jämtland	Väster-botten	Norr-botten	The Diös Group
Rental income	282	215	177	208	284	317	217	1,700
Other income	1	5	4	1	2	1	4	19
Repairs and maintenance	-9	-12	-9	-9	-15	-16	-8	-77
Tariff-based costs	-32	-30	-21	-27	-45	-40	-21	-216
Property tax	-19	-8	-9	-10	-13	-16	-12	-86
Other property costs	-48	-20	-16	-20	-28	-28	-20	-180
Property management	-13	-10	-8	-14	-13	-12	-10	-80
<b>Operating surplus</b>	<b>164</b>	<b>140</b>	<b>118</b>	<b>130</b>	<b>172</b>	<b>206</b>	<b>151</b>	<b>1,080</b>
Realised change in value of properties	-	-	-1	1	-	10	-	10
Unrealised change in value, properties	-64	27	86	100	139	71	43	402
<b>PROFIT AFTER CHANGES IN VALUE OF PROPERTIES</b>	<b>100</b>	<b>167</b>	<b>203</b>	<b>231</b>	<b>311</b>	<b>287</b>	<b>194</b>	<b>1,492</b>

Balance sheet items and key ratios								
No. of properties	15	43	44	50	113	49	25	339
Leasable area, thousand sq.m	167	225	228	192	289	287	165	1,553
Investments, SEKm	86	66	41	71	92	89	60	505
Fair value, SEKm	3,112	2,097	1,847	2,583	3,007	4,042	2,769	19,457
Rental value, SEKm	314	237	199	238	313	345	228	1,875
Surplus ratio, %	58	65	66	63	60	65	70	64
Economic occupancy rate, %	90	91	89	87	91	92	95	91

<sup>1</sup> Columns/rows may not add up due to rounding.

**RENTAL VALUE AND OCCUPANCY**



**PROPERTY VALUE AND CHANGES IN VALUE**



# TRANSACTIONS AND PROPERTY DEVELOPMENT

The value of the property portfolio increased by 42 per cent, primarily driven by transactions and property development. Acquisitions amounted to SEK 5,094, while disposals came to SEK 227 million. Investments in existing property holdings totalled SEK 505 million. Potential and existing development rights amounted to a gross area of approx. 150,000 square metres and a potential investment volume of approx. SEK 4,000 million.

## TRANSACTIONS

Making improvements to the property portfolio is a key element of our business model, which is creating attractive towns and cities. Properties are being acquired in order to achieve synergies, market presence and good value growth while properties outside the city centre with limited potential to add more value may be suitable for disposal.

## ACQUISITIONS

Given that urban development is our strategy, during the year we have continued to acquire centrally located properties in our priority cities. During the year we acquired 40 properties (5) for a total underlying property value of SEK 5,144 million (206). On 10 January 2017, we took possession of Kajan 18, also referred to as

Luleå Office Building. On 1 February, we took possession of the 32 properties we acquired in Umeå, Luleå and Sundsvall for an underlying property value of SEK 4,500 million. This acquisition, which was the second largest in our history, strengthened our market position thanks to an expanded offering to tenants and economies of scale. We took possession of the property Släggan 6 in Umeå on 15 August, Vinsten 3 and Norrmalm 2:28 in Sundsvall at the start of September and the properties Njord 28 and Dyckerter 3 in Umeå on 1 October. The property Falun 7:7 in Falun, which was acquired through the establishment of a three-dimensional property, was taken over at the start of September.

## SALES

During the year we acquired 15 properties (42) for a total underlying property value of SEK 240 million (684). In Umeå, the properties Grubbe 9:55, Pumpen 3, Röbbäck 30:94 and 30:113 and Syllen 14 were sold on 15 August, with Krukan 16 and Krukan 18 being sold on 1 October. In Sundsvall, three properties in the Birsta shopping area were sold on 1 September. On 1 September, we completed on the sale of the entire portfolio in Söderhamn of four properties.

## INVESTMENTS IN PROPERTY PORTFOLIO

By continually investing in our existing properties via property development and by converting our development rights into new build projects, we are creating value growth and contributing to the evolution of our cities. Our geographic spread gives us a huge amount of flexibility when it comes to steering our

investments towards whichever market is showing the strongest outlook.

## PROPERTY DEVELOPMENT

We invested a total of SEK 505 million (420), primarily in conversions and extensions as well as energy-saving measures in our existing portfolio. At the end of the year, 18 major<sup>1</sup> development projects were ongoing, with a remaining investment volume of SEK 134 million and a total investment volume of SEK 208 million. The return on completed investments for 2017 was 9.0 per cent on the invested amount while the return on our ongoing projects at year-end was 6.8 per cent.

## POTENTIAL PROJECTS

Existing and potential development rights covered a gross area of around 150,000 square metres, split equally between development rights for homes and for commercial premises. This means a total potential future investment volume of approx. SEK 4,000 million. Where we decide to exercise the development rights depends on the planning processes, building permit processing times and our own risk assessment. Whenever we build new premises, we make every effort to have the property environmentally certified.

## APPROVED PROJECTS

Diös made limited use of its own development rights during the year but work is expected to start on previously announced projects such as the Falan 20 residential property in Falun and the Riverside hotel project in Sundsvall in 2018.

<sup>1</sup>Initial investment volume > SEK 4 million.

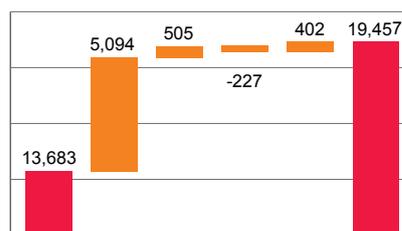
## DISTRIBUTION OF DEVELOPMENT RIGHTS



- Residential, 50%
- Commercial premises, 50%

## CHANGE IN PROPERTY VALUE

SEKm



**ACQUISITIONS IN 2017**

Property	Number	Property type	Rentable area, sq.m	Purchase price <sup>1</sup> , SEKm	Occupancy
Kajan 18, Luleå	1	Office	8,943	290.0	10 Jan 2017
Portfolio in Umeå, Luleå and Sundsvall	32	Office, retail, residential	217,099	4,500.0	1 Feb 2017
Slaggan 6, Umeå	1	Hotel, office	7,036	200.0	15 Aug 2017
Portfolio in Sundsvall	2	Offices, homes	2,756	43.0	1 Sep 2017
Gamla Bergskolan 4, Falun	2	Car parking, land	400	1.4	6 Sep 2017
Portfolio in Umeå	2	Office	6,443	110.0	1 Oct 2017
<b>TOTAL</b>	<b>40</b>		<b>242,677</b>	<b>5,144.4</b>	

**DISPOSALS IN 2017**

Property	Number	Property type	Rentable area, sq.m	Sale price <sup>1</sup> , SEKm	Handover date
Näringen 22:3, Gävle	1	Land	-	3.3	28 Apr 2017
Portfolio in Umeå	5	Industrial/warehouse, office	19,112	65.0	15 Aug 2017
Portfolio in Sundsvall	3	Industrial/warehouse	7,669	33.0	1 Sep 2017
Portfolio in Söderhamn	4	Office, retail, residential	10,034	51.0	4 Sep 2017
Portfolio in Umeå	2	Residential	6,463	87.2	1 Oct 2017
<b>TOTAL</b>	<b>15</b>		<b>43,278</b>	<b>239.5</b>	

<sup>1</sup> Underlying property value.

**LARGER ONGOING PROJECTS 31 DECEMBER 2017**

Municipality	Property	Type of premises	Project area, sq.m	Planned investment, SEKm	Remaining investment, SEKm	Estimated return on investment, %	Increase in rental value <sup>1</sup> , SEKm	Year of completion
LULEÅ	Porsön 1:423	Office	3,395	38.1	37.7	6.4	2.5	2018
LULEÅ	Porsön 1:423	Office	2,213	19.5	15.0	11.3	2.2	2018
ÅRE	Mörviken 2:91	Retail	2,602	15.0	11.0	11.3	1.7	2018
ÖSTERSUND	Gästgivaren 3	Restaurant	723	14.7	14.3	5.8	0.9	2018
MORA	Stranden 20:4	Office	1,588	14.2	11.1	8.1	1.1	2018
GÄVLE	Norr 29:5	Office	1,094	12.9	8.2	8.1	1.0	2018
ÖSTERSUND	Befälhavaren 2	Office	1,023	9.8	3.3	9.1	0.9	2018
LULEÅ	Gösen 7	Office	1,423	9.6	9.5	13.4	1.3	2018
UMEÅ	Arken 1	Office	1,035	7.6	0.5	14.5	1.1	2018
LULEÅ	Gösen 7	Office	670	7.0	4.2	4.5	0.3	2018
SUNDSVALL	Cupido 7	Office	1,110	6.0	0.7	17.8	1.1	2018
GÄVLE	Norr 31:9	Retail	3,540	5.7	5.5	23.0	1.3	2018
UMEÅ	Arken 1	Office	852	5.5	0.5	12.8	0.7	2018
FALUN	Bergskolan 15	Retail	10,098	5.6	2.4	11.7	0.7	2018
SUNDSVALL	Skönsberg 1:73	Gym	1,708	5.1	3.9	13.3	0.7	2018
<b>Total</b>			<b>33,074</b>	<b>176.1</b>	<b>127.8</b>	<b>9.9</b>	<b>17.4</b>	
<b>Total other 385 projects</b>				<b>856.9</b>	<b>332.6</b>			
<b>TOTAL</b>				<b>1,033.0</b>	<b>460.4</b>			

<sup>1</sup> Where applicable, reduced operating costs.

# FINANCING

*During the year, stable financing solutions and one of the industry's lowest financing rates have resulted in an excellent framework for continued investments and a high dividend for the shareholders. The equity/assets ratio was 34.9 per cent and the interest coverage ratio 5.3 times.*

## CAPITAL STRUCTURE

The property market is capital-intensive and the availability of capital is a prerequisite for continued development. Assets primarily consist of properties which, depending on the company's stability, the type of property and the level of risk aversion among both shareholders and lenders, as well as the rate of return required by the shareholders, are financed via equity, interest-bearing liabilities and other liabilities. Factors such as levels of economic activity, the tax situation and the design of leases also have an impact. The largest share of properties is financed via interest-bearing liabilities. As shareholders require a relatively high return, equity capital is the most expensive form of finance. Good long-term relationships with all of the company's backers is key to future success. Financial management and financial risk management follow the financial policy set by the Board each year.

## EQUITY

Equity and the balance sheet total amounted to SEK 6,887 million (4,313) and SEK 19,708 million (13,920) respectively, giving an equity/assets ratio of 34.9 per cent (31.0). The Castellum property acquisition, for which the completion date was 1 February, was part-financed through a rights issue of 59,783,304 shares. The issue raised around SEK 1,853 million in new equity. There is only one class of share and each share holds the same voting rights. The number of shares at year-end was 134,512,438 (74,729,134).

## INTEREST-BEARING LIABILITIES

Interest-bearing liabilities in the form of bank loans, bonds and certificates amounted to SEK 11,104 million (8,013) as at 31 December. The increase in liabilities is due to the properties acquired during the year, primarily the Castellum acquisition. The loan-to-value ratio, i.e. the proportion of interest-bearing liabilities in relation to the value of the properties, was 57.1 per cent (58.6). The net liability in relation to the cash flow shows how quickly the company's debts can be repaid with its current level of earnings. This can be measured by dividing the interest-bearing liabilities by the operating surplus, less the expense of central administration; this is also known as the debt ratio. At the turn of the year this ratio was 11 times (11).

## > BANK LOANS

Bank loans, which are the main source of finance, accounted for 47 per cent of the balance sheet total. Borrowing has been arranged with five Nordic banks and includes renewable credit, time-slice loans and unutilised credit agreements. The unutilised credit agreements for SEK 1,754 million represent a limit that can be utilised as and when necessary.

## > BONDS

Bond financing has been done within the framework of the MTN programme of a jointly controlled company, Svensk Fastighets-Finansiering AB (SFF). SFF is owned in equal parts by Diös Fastigheter AB, Catena AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB. The MTN programme, with property mortgage deeds as collateral, has a total outstanding loan volume of SEK 9,172 million (6,260) where Diös' volume amounts to SEK 1,206 million (1,015).

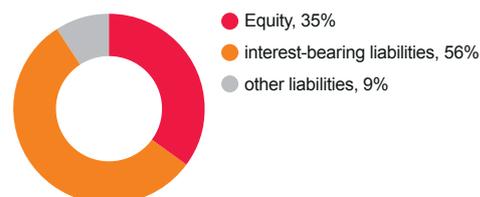
## > CERTIFICATE PROGRAMME

The certificate programme is a Swedish company's certificate programme with a maximum limit of SEK 2,000 million. As at 31 December 2017, outstanding certificates accounted for SEK 600 million (0) with maximum maturities of 12 months. The programme was established in November 2017 and has secured back-up bank facilities to manage the refinancing risk.

## FINANCIAL POLICY

Policy	Target	Outcome
Loan-to-value ratio	Capped at 65%	57.1%
Interest coverage ratio	At least 1.8 times	5.3 times
Currency risk	Not allowed	No exposure
Liquidity risk	Liquidity reserve to meet payment obligations	SEK 1,754 million in committed unutilised credit facilities
Equity/assets ratio	At least 30%	34.9%

## CAPITAL STRUCTURE



## OTHER LIABILITIES

Other liabilities in the form of deferred tax liability, trade payables, deferred rents and accrued interest expenses amounted to SEK 1,717 million (1,594), representing 9 per cent (11) of the balance sheet total.

## DERIVATIVES

The derivative portfolio consists of one interest rate swap and interest rate caps whose purpose is to protect against higher interest expenses in the event of rising market interest rates and thus financing rates. Of total interest-bearing liabilities in the Group, SEK 4,600 million (2,200) had been hedged through derivatives, including SEK 4,000 million (0) through interest rate caps.

### > INTEREST RATE SWAPS

The basis of nominal interest rate swaps is a variable interest rate with three-month STIBOR, which is then swapped for a fixed annual interest rate. As at 31 December, there is one interest rate swap outstanding with a nominal amount of SEK 600 million (2,200) for which the fixed annual interest rate is 3.7 per cent (1.9–3.7). During the year an interest rate swap matured, reducing the total volume.

### > INTEREST RATE CAPS

The interest rate caps, which mean a cap on the variable interest rate based on the three-month STIBOR rate, covered a nominal volume of SEK 4,000 million (0).

### > VALUATION OF DERIVATIVES

Diös' derivatives portfolio excluding interest rate caps had a market value of SEK -16 million (-43). Interest rate caps had a market value of SEK 1 million (0). All financial instruments are measured at fair value and classified at level 2 in accordance with IFRS 13. This means that the valuation is based on observable market data (see Note 21). Changes in value are recognised in the income statement and upon expiration the market value of the derivatives will be zero. Hedge accounting has not been applied.

### FIXED-RATE TERMS AND LOAN MATURITIES

The Group's interest-bearing liabilities had an average annual interest rate of 1.2 per cent (1.2), including loan commitments. The actual average annual interest rate, including costs related to derivative instruments and loan commitments, amounted to 1.8 per cent (2.4). During the year, parts of the loan portfolio were expanded, renegotiated and extended, which resulted in lower interest expenses. This year's interest coverage ratio of 5.3 times (3.6) far exceeds the financial target of 1.8 times. The loans had an average fixed-rate term, including derivatives, of 2.5 years (0.9). The average capital commitment period amounted to 2.4 years (1.8). Of the Group's total interest-bearing liabilities, SEK 4,600 million (2,200) is hedged through derivative instruments. The average remaining term is 2.6 years (0.5). If interest rates had been increased by

1 percentage point on 31 December 2017, the company's average interest rate would have risen by 0.2 percentage points and the value of the derivatives would have increased by SEK 7 million (11).

### PLEGGED ASSETS

Property mortgage deeds represent the greatest collateral when procuring financing. Mortgage deeds on the property portfolio amounted to SEK 12,101 million (9,080). The company has also posted collateral in the form of shares in property-owning subsidiaries as well as a parent company guarantee in Diös Fastigheter AB.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to SEK 32 million (0) and utilised overdraft facilities totalled SEK 0 million (15). The agreed limit on the overdraft facility was SEK 600 million (450).

### COVENANTS

The agreements with lenders contain limits for various financial key ratios, so-called covenants, which are designed to limit the counterparty risk for the company's lenders. The Group's covenants are the equity/assets ratio, loan-to-value ratio and interest coverage ratio. The minimum equity/assets ratio is 25 per cent, the loan-to-value ratio must not exceed 65 per cent and the interest coverage ratio must be greater than 1.8 times.

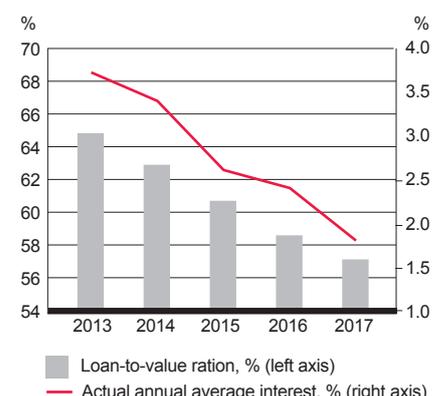
## INTEREST RATES AND LOAN MATURITY STRUCTURE

Maturity year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average annual interest rate <sup>1</sup> , %	Credit agreements, SEKm	Drawn, SEKm
2018	3,386	0.8	2,066	2,066
2019	2,426	1.2	2,224	2,224
2020	5,292	1.4	5,292	5,292
2021	-	-	525	23
2022	-	-	1,750	801
2027	-	-	1,000	697
<b>Drawn credit facilities</b>	<b>11,104</b>	<b>1.2</b>	<b>12,858</b>	<b>11,104</b>
Unutilised credit facilities <sup>2</sup>	1,754	0.1		
Financial instruments	4,600	0.2		
<b>TOTAL</b>		<b>1.5</b>		

<sup>1</sup> Average annual interest rate refers to the average interest rate based on interest rate terms and the outstanding liability as at 31 December 2017.

<sup>2</sup> The cost of unutilised credit facilities affects the average annual interest rate by 0.05 percentage points.

## LOAN-TO-VALUE RATIO AND INTEREST





# PROPERTY VALUATION

The market value of the property portfolio increased by SEK 5,774 million and at the turn of the year was SEK 19,457 million. The average valuation yield amounted to 6.08 per cent. The unrealised changes in value accounted for SEK 402 million and the investments in new builds, conversions and extensions for the year totalled SEK 505 million.

## PROPERTY MARKET

The property market benefited from a continued strong economy, low interest rates, good access to capital and a lack of alternative investments. The demand for, above all, centrally located and flexible premises, together with rising rents and a lower yield requirement, contributed to a positive trend in property values.

## MARKET VALUE

The value of the property portfolio amounted to SEK 19,457 million (13,683). The change comes from property acquisitions of SEK 5,094 million (206), the acquisition from Castellum being the largest of these, as well as investments in existing properties totalling SEK 505 million (420). The unrealised changes in value

amounted to SEK 402 million (337). Properties worth SEK 227 million (661) were sold and this has reduced the value of the property portfolio by the corresponding amount.

## CHANGES IN VALUE

Changes in value totalled SEK 412 million (327), of which SEK 10 million (-10) was realised and SEK 402 million (337) was unrealised. The unrealised changes in value represent a change of 2.1 per cent (2.5) in relation to the total property value. The average valuation yield was 6.08 per cent (6.40), which at portfolio level is a decrease of 0.32 percentage points viewed over the year. The positive change in value is primarily attributable to improvements to the property portfolio as well as one-off effects of a discount on deferred tax in connection with property transactions. The improvements are explained by improved cash flows as a result of higher rent levels, primarily due to tenant adaptations, re-negotiations and lower vacancies.

## VALUATION METHOD

All properties are valued at fair value at each closing date. The aim is to determine the properties' individual values in a sale executed through an orderly transaction between market players. Any portfolio effects are thus not taken into account. Diös' property portfolio is divided into a main portfolio and a subsidiary portfolio. The main portfolio comprises around

75 per cent of the property value, which represents SEK 14,666 million and includes the 120 largest properties in terms of value with a representative spread based on the property type and geographical location. The subsidiary portfolio covers the rest of the property portfolio.

## EXTERNAL VALUATION

The valuation method entails an annual external valuation of the entire main portfolio, which sees the valuation consultant Savills assess 25 per cent of the properties in the main portfolio each quarter. Savills also carry out a physical inspection of all properties within the framework of a three-year period, as well as regular inspections after major alterations. Properties in the subsidiary portfolio are valued quarterly with the help of Savills.

## VALUATION MODEL

A five-year cash flow model is applied to determine the value of the property portfolio. This means that the operating surpluses for the properties for the next five years are forecast based on leases, information about vacant premises, actual and budgeted operating and maintenance costs, property tax and property management, as well as information about ongoing and planned investments. The results of property inspections conducted regularly of the property portfolio for each area are taken into consideration here. A present value of each year's operating surplus, less the value of

## VALUATION ASSUMPTIONS

	31 Dec 2017					31 Dec 2016				
	Office	Retail	Residential	Industrial/ warehouse	Other	Office	Retail	Residential	Industrial/ warehouse	Other
Analysis period	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Yield for assessing residual value <sup>1</sup> , %	7.0-5.7	6.8-6.0	5.3-4.7	8.1-7.0	7.0-6.0	7.3-6.2	7.2-6.1	5.5-4.8	8.2-7.3	7.1-6.6
Cost of capital for discounting to present value, %	8.1	8.2	7.4	9.8	8.6	8.5	8.4	7.4	9.9	9.0
Long-term vacancy, %	5.0	3.7	1.8	12.0	5.5	5.3	3.5	1.7	11.9	6.4
Inflation, %	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

<sup>1</sup> From lower to upper quartiles in the portfolio.



➤ The tenant Psykologipartners in Magne 4, Umeå. Johanna Rådeström, certified psychologist and office manager

remaining investments for ongoing projects, and the present value of the properties' residual value in year 6 constitute the basis for the value of the properties. The yield requirement for determining the residual value is set for each property on the basis of several factors, including the property's technical status, estimated earnings, property type and geographic

market. The information on these factors is taken from internal property-specific data from the administration organisation and market-related information from Savills. In the valuation model, a long-term vacancy rate has been set at between 2 and 12 per cent depending on the property type, and inflation has been set at 2 per cent.

#### UNCERTAINTY RANGE

All property valuations are based on a number of assumptions about the future and the market, which entail a degree of uncertainty. Savills therefore indicate an uncertainty range of +/- 7.5 per cent, which results in a value range of SEK 17,998–20,917 million.

#### CHANGES IN VALUE OF PROPERTIES BY BUSINESS AREA

BUSINESS AREA	Market value 31 Dec 2017, SEKm	Market value 31 Dec 2016, SEKm	Change, %	Change, SEKm	Of which investments/acquisitions, SEKm	Of which sales, SEKm	Of which unrealised change in value, SEKm	Average cost of capital, %	Average yield requirement valuation, %
Retail	3,112	2,043	52.3	1,069	1,152	-19	-64	8.1	6.0
Dalarna	2,097	2,003	4.7	94	67	-	27	8.9	6.8
Gävleborg	1,847	1,756	5.2	91	41	-36	86	8.6	6.5
Västernorrland	2,583	1,397	84.9	1,186	1,118	-32	100	8.0	5.9
Jämtland	3,007	2,776	8.3	231	92	-	139	8.3	6.1
Västerbotten	4,042	2,219	82.2	1,823	1,892	-140	71	7.9	5.8
Norrbotten	2,769	1,489	86.0	1,280	1,237	-	43	7.9	5.8
<b>TOTAL</b>	<b>19,457</b>	<b>13,683</b>	<b>42.2</b>	<b>5,774</b>	<b>5,599</b>	<b>-227</b>	<b>402</b>	<b>8.2</b>	<b>6.0</b>

# TAX AND TAX LOSS CARRY-FORWARD

*It goes without saying that we need to comply with applicable tax regulations and this is a responsibility we have to all our stakeholders. Current tax for the year amounted to SEK -43 million and deferred tax to SEK -189 million. In addition to reported income tax, we also pay taxes through property tax, non-tax-deductible VAT, social security contributions, payroll tax, etc.*

## CURRENT TAX

Current tax in the income statement is calculated based on the taxable profit less any approved tax loss carry-forwards, tax reassessment from previous years and also properties and companies acquired and sold during the year. The taxable profit consists of the profit for the year after tax-deductible depreciation and amortisation and expenses relating to certain investments. Current tax affects cash flow as it must be paid, unlike deferred tax.

## DEFERRED TAX

Deferred tax affects both the income statement and the balance sheet, and arises by charging temporary differences which arise between the recognised and taxable value of assets and liabilities based on the applicable tax rate. Deferred tax relates to a calculated and possible future tax that can have both a positive and negative effect on the income statement and balance sheet. The change in deferred tax assets and deferred tax liabilities respectively is recognised net under Deferred tax liability in the balance sheet. In the income statement, deferred tax consists of the change in Deferred tax liability in the balance sheet.

The deferred tax assets refer to granted and approved tax loss carry-forwards multiplied by the applicable tax rate. A tax loss carry-forward is used to reduce the taxable profit, as tax assets decrease in line with the utilisation of the tax loss carry-forward. The options for utilising tax

loss carry-forward may be limited depending on opportunities to even out earnings among Group companies for tax purposes.

Deferred tax liabilities are calculated based on the difference between the properties' fair value and tax bases multiplied by the applicable tax rate. Other deferred taxes calculated on untaxed reserves are also added to these.

Acquired temporary differences from acquisitions, i.e. the difference between the properties' fair value and tax bases, are handled differently depending on whether an acquisition refers to an asset purchase or a business combination. In the case of an asset purchase, no deferred tax liability is recognised. For a business combination, a deferred tax liability is recognised for the full temporary difference.

## OTHER TAXES

Property tax, stamp duty, advertising tax, VAT and energy tax, in addition to current and deferred tax, are recognised under property costs while payroll taxes are recognised under property costs and central administration.

## TAX IN 2017

Current tax was SEK -43 million (-11). Current tax expense is primarily attributable to tax in subsidiaries which were prevented from offsetting losses against profits through Group contributions during the year. The amount for 2016 has been positively affected by SEK 37 million relating to previously reserved tax expenses that were reversed. In the third quarter of 2015 the company made a provision of SEK 137 million for tax and interest attributable to a previously communicated tax case. All rulings of the Administrative Court of Appeal relating to the case have now been delivered and, as the time limit for any consequential amendments has now expired, the need to maintain provisions no longer exists. The final cost of the tax case was SEK 100 million.

Deferred tax in the income statement amounts to SEK -189 million (-136). The tax is attributable to a decrease in the deferred tax asset of SEK -156 million (-20), an increase in the deferred liability on temporary differences for properties of SEK -691 million (-111) and an increase in other deferred tax liabilities of SEK -3 million (-5).

Deferred tax in the income statement amounted to SEK 1,197 million (1,009). The gross deferred tax liability amounted to SEK 1,202 million (1 047), of which SEK 1,175 million (1 023) consisted of temporary differences and SEK 27 million (24) of other deferred tax liabilities. The temporary differences were calculated according to the actual value of the properties minus residual tax value, SEK 5,339 million (4,648) multiplied by a 22 per cent tax rate. The effective tax rate is probably lower than 22 per cent.

## FUTURE CHANGES TO THE TAX REGULATIONS

The Swedish government is preparing two legislative changes which will have a major impact on the property industry. These concern not only proposals in the so-called packaging investigation but also proposed limits on interest deductions.

The packaging investigation entails the same tax burden in respect of tax on profits and stamp duty, regardless of whether or not the property is sold directly or via a company. The consultation period expired on 15 September and critics believe that in its current form the bill would lead to less construction, reduced investment in properties and an over-taxed property industry.

The changing regulations on interest deductions are part of the EU's directive on rules against tax avoidance, which was adopted on 12 July 2016. The proposal is that the change will enter into force no later than 31 December 2018. However, it is still unclear exactly what form the change implemented by Swedish legislators will take. The consultation period expired on 28 September 2017. A potentially stricter set of regulations will have a significant impact on capital-intensive industries such as the property industry, something which critics believe would have an adverse effect on the construction of new build homes. It could also have an adverse effect on investments from foreign capital.

Diös is monitoring developments and preparing for as favourable an application of the new regulations as possible from the perspective of our shareholders. There are regular communications on this issue via financial reporting.



# RISKS AND RISK MANAGEMENT

Our ability to involve our stakeholders in the management of risks and opportunities is critical for our success.

## PROPERTY PORTFOLIO

The company's assets consist mainly of properties whose growth in value, composition and technical state may constitute a risk.

### VALUE CHANGE IN PROPERTY PORTFOLIO

RISK	MANAGEMENT
The value of the property portfolio is affected by both internal and external factors. The internal factors are linked to our ability to refine the portfolio, increase the attraction and return of the properties and also to value the properties. The external factors are linked to the state of the overall economy, which determines supply, demand and the required return on the rental market.	To reduce the risks of high fluctuations in value, the company maintains a well diversified portfolio of properties concentrated in central locations in northern Sweden's growth areas. The well-balanced lease structure reduces the risk of high vacancy rates and loss of rental income, with the property valuations being conducted according to established and revised methods.

### PROPERTY PORTFOLIO COMPOSITION

RISK	MANAGEMENT
Risks that affect the portfolio composition are the geographical location of the properties, their position within the city, the mix of premises and the technical status of the properties. Operations in locations with a limited future outlook can constitute an exit risk when the limited basis for long-term tenant relations can make it difficult to dispose of non-desirable property holdings. Market trends similarly constitute a risk that affects the demand for certain types of premises. An outdated or substandard portfolio or one that is difficult to develop represents a risk affecting the opportunities to fill vacant spaces.	As a way of reducing these risks, the business model is based on the company's urban development strategy; the starting point here is to concentrate the well-diversified property portfolio on central locations in growth areas. The result is reduced fluctuations in value and a low vacancy rate thanks to demand being higher than supply.

### ACQUISITION OF COMPANIES AND PROPERTIES

RISK	MANAGEMENT
The objective of our acquisitions is to add value in excess of the purchase price. The planned acquisition strategy cannot always be guaranteed, given that external factors such as raising capital, stock market sentiment and political decisions may make it more difficult to execute. The risk inherent in acquisition is making incorrect assessments of the added value and synergies, and of the technical status.	By following our established acquisition strategy, we reduce the risk of making incorrect decisions and encountering surprises. In connection with each acquisition, extensive financial, legal and property inspections are performed in order to analyse and discover hidden risks and opportunities. We develop competence in our employees and bring in external expertise if necessary. This is why we carry out regular macro- and micro-analyses of the city in question.

### INVESTMENTS

RISK	MANAGEMENT
The purpose of making investments is to improve the quality of the property portfolio and to achieve a higher occupancy rate and thereby improved cash flows and also a higher property value. Investments that do not result in increased cash flow, that do not meet the desired requirements or that delay and increase the cost of production represent obvious risks.	Performing quality assurance on the contractors engaged provides predictability and security. All procurements are carried out in the form of a competitive procedure after careful internal calculation and decision-making processes. Our internal project managers manage and follow up on the investments. Long-term tenant relationships and written contracts prior to commencement of production reduce the risk of non-recoverable costs. Local presence and good knowledge of our locations and investments reduces the risk of making the wrong decision.

#### SENSITIVITY ANALYSIS PROPERTY VALUATIONS

	Change	Change in fair value, SEKm
Rental value	+/-SEK 50/sq.m	+1,211/-1,212
Operating costs	-/+SEK 25/sq.m	+587/-589
Yield	-/+0.5% percentage points	+1,326/-1,125
Cost of capital	-/+0.5% percentage points	+391/-382
Vacancy rate	-/+1.0% percentage points	+224/-225

#### SENSITIVITY ANALYSIS PROPERTY VALUE

	Change in property value, %		
	-7.5	0.0	7.5
Property value, SEKm	17,998	19,457	20,916
Equity/assets ratio, %	29.7%	34.9	39.4%
Loan-to-value ratio, %	61.7%	57.1	53.1%

## INCOME AND COSTS

The greatest operational risk is the income and costs associated with our business operations.

### RENTAL INCOME

RISK	MANAGEMENT
Contracted rental income is highly dependent on the ability of tenants to pay. Deficient internal processes and commitments may result in dissatisfied tenants and increased vacancies. The economic growth of the economy in general and that of the town or city, the construction of new premises and homes, other competition and the level of demand all have an impact on the occupancy rate and thus the rental income.	In order to reduce the risk of suspension of payments, in certain cases the tenant's obligation is guaranteed by a parent company or through a bank guarantee. Employees with a local presence and solid expertise in regard to their location create opportunities for building long-term tenant relationships. A relatively large and diversified property portfolio with a well-balanced tenant structure reduces the risk of significantly lower rental income if a particular tenant, industry or area should face economic setbacks. The risk of extensive renegotiations is handled by ensuring an even distribution of lease maturities. The majority of all leases include index compensation based on term. An active and close customer dialogue makes it possible to identify and deal with any dissatisfaction.

### PROPERTY COSTS

RISK	MANAGEMENT
Tariff-based costs that are not regulated in the lease and unexpected repair and maintenance costs represent obvious risks. This also applies to seasonal expenses that affect the property costs between quarters and years.	The risk of increased costs is managed by conducting ongoing reviews of the ability to pass on costs and/or perform lease indexation. Increasing the occupancy rate spreads the fixed costs across multiple tenants. An active management of electricity costs takes place through short and long term procurement. Our local presence gives the possibility of a proactive and cost-efficient administration. The properties follow multi-year maintenance plans and are insured based on assessed needs.

## SUSTAINABLE ENTERPRISE

Our ability to meet the expectations and requirements of sustainable enterprise may constitute a potential risk both to our financial performance and to our brand.

### SUSTAINABLE

RISK	MANAGEMENT
Running a business that is sustainable in the long-term requires a business model with a clear and profitable strategy. Uninformed decisions can result in lower earnings, difficulties in attracting competent staff, tangible and intangible damage and negative tenant relations, as well as harming confidence, reputation and brand.	The business model and business plan are followed up on an ongoing basis by the Board of Directors and management. As is the sustainability strategy, which includes options for responsible enterprise, sustainable management, sustainable urban development and employer branding. The right competence in the right place reduces the risk of incorrect decisions. In the absence of internal competence, external resources are appointed.

### ENVIRONMENTAL

RISK	MANAGEMENT
Property management and exploitation have an impact on the environment and leave ecological footprints. Under the Swedish Environmental Code, an entity which has engaged in operations or taken measures that have caused pollution or serious environmental damage is obliged to conduct investigations and bear the cost of remedial measures. Direct or indirect emissions and waste represent a potential risk to the brand, local environment and climate.	By taking an active approach to reducing energy consumption, we are doing our bit to help meet national and international environmental targets. Extensive analyses are performed to uncover any environmental risks before an acquisition is carried out. For new construction projects, conversions and extensions, we comply with Swedish construction standards in our choice of building materials. Any negative environmental impacts are addressed in accordance with internal procedures and external expertise is brought in when the need arises. We are not currently aware of any significant environmental claims that could be brought against the company.

### SENSITIVITY ANALYSIS RESULTS

	Change	Impact on earnings, SEKm
Contracted rental income	+/-1%	+/-13
Economic occupancy rate	+/-1%	+/-15
Property costs	-/+1%	+/-5
Interest rate on interest-bearing liabilities	-/+1%	+/-39

## »»» SOCIAL

### RISK

Our employees are important. Being unable to offer reasonable, equal and non-discriminatory employment conditions, as well as a safe and secure working environment, constitutes an obvious risk. Our subcontractors and partners' working conditions can also represent a risk that may affect us, whether directly or indirectly.

### MANAGEMENT

We use continuous updates to and communication of guidelines and policies, such as the equality and discrimination policy and our working environment policy, to help clarify the ideal corporate culture. Annual employee satisfaction index (ESI) surveys are carried out to identify and manage areas of improvement and development. Regular working environment checks are carried out at all our offices by an internal work environment group. Working conditions throughout the value chain are managed by following collective bargaining agreements, supporting the United Nations Global Compact and agreeing a code of conduct with suppliers.

## »»» ETHICS AND PROFESSIONALISM

### RISK

All deals and agreements shall be concluded without ethical uncertainties such as threats, bribes or other unreasonable or unhealthy requirements. Even if clear guidelines and policies have been set up and accepted by all employees, there is a risk that decisions are taken contrary to these. Our ability to ensure that our suppliers work in accordance with established policies constitutes a potential risk.

### MANAGEMENT

Through the use of clear conditions and continuous follow-up of compliance with our internal regulations and policies, we manage the risk of inappropriate conduct by employees and suppliers.

## » FINANCING

Access to financing and stable conditions represent a significant risk for the business. For more information, see Note 21 and Note 24.

### RISK

#### LIQUIDITY AND REFINANCING RISK:

Complicated or costly financing of the company's capital requirements represent a significant risk.

### MANAGEMENT

The aim of our financial policy is to govern and limit financial risks. Good contacts with banks and capital markets, not to mention forward planning for liquidity and refinancing needs, reduce the risk and establish trust between the company and its financiers and the market. The risk is spread by utilising several financial sources, including banking and capital marketing financing and liquidity reserve in the form of unutilised credit facilities.

#### INTEREST RATE RISK:

A change in the interest rate is a risk, as it may negatively affect the value of the company and/or cash flow.

Clear targets and strategies help us manage the interest rate risk. Maintaining a diversified maturity structure and securing fixed-rate terms reduces the risk that individual changes in interest rates will have a significant effect. Utilising derivatives and fixed-rate loans makes it possible to manage the interest rate risk.

#### CAPITAL STRUCTURE:

The relationship between equity and liabilities affects the risk structure as a higher share of borrowed capital is more risky.

Via the financial policy's equity/assets ratio target, we adapt our operations via a balanced allocation between flexibility and risk profile.

#### CREDIT RISK:

A counterparty to an agreement that is unable to fulfil its obligations represents a risk.

In order to spread the credit risks, the financial policy limits with which counterparties, and for what volume, an agreement may be entered into. An up-to-date individual assessment of the counterparty is performed for each contract entered into. We work with most banks and the capital market to reduce dependence on individual players.

### LOAN PORTFOLIO SENSITIVITY ANALYSIS AS AT 31 DECEMBER 2017

If market interest rates increase by 1 percentage point

	Fixed-rate term, years	Capital maturity, years	Average annual interest rate, %	Market value, SEKm	Change in average annual interest rate, %	Change in average annual interest rate, SEKm	Change in market value, SEKm
Loan portfolio excl. derivatives	1.4	2.4	1.3 <sup>1</sup>	11,106	0.3	+32	-
Derivatives portfolio	2.6	-	0.2	-16	-0.1	-6	+7
<b>Loan portfolio incl. derivatives</b>	<b>2.5</b>	<b>2.4</b>	<b>1.5</b>	<b>-</b>	<b>0.2</b>	<b>+26</b>	<b>+7</b>

<sup>1</sup> The cost of unutilised credit facilities has been included.

## LAWS AND REGULATIONS

Changes in laws and rules that govern our industry may directly or indirectly affect strategy, operation and results.

### »» TAXES, REGULATIONS AND CONTRIBUTIONS

#### RISK

Changes that affect corporation, property and value-added tax, housing benefit and interest deduction may result in additional costs.

#### MANAGEMENT

In order to comply with relevant legislation and regulations, external tax experts and legal advisers are consulted in order to round out our internal expertise. The leases contain provisions governing unforeseen costs as a result of decisions taken by Swedish Parliament, a municipality or government agency.

### »» LEGAL RISKS

#### RISK

Operations are subject to changes in legislation and regulations in several different areas. Errors and deficiencies in documentation and agreements represent obvious risks.

#### MANAGEMENT

External experts in specific fields will be consulted in the event of inadequate internal expertise. Clear procedures and processes are established in order to prevent errors and deficiencies. Follow-up, policy planning and action plans are established in the event that an undesirable risk exposure is detected.

## INTERNAL

Any deficiencies in our ability to staff our operations and align our internal processes to the current conditions represent a potential risk.

### »» EMPLOYEES AND KEY INDIVIDUALS

#### RISK

Any deficiencies in our ability to attract, develop and retain the right competence in order to operate the business effectively and sustainably in the long term represent a risk.

#### MANAGEMENT

A clear vision and active efforts to create a values-driven corporate culture help to ensure greater transparency and engagement. Annual employee satisfaction index (ESI) surveys are carried out to identify areas of improvement and development. Diös Academy offers continuous skills development to our employees. The aim of the profit-sharing foundation is to increase loyalty and create a sense of involvement in the company's success. Benefits are also provided to promote physical activity and good health.

### »» ADMINISTRATIVE RISKS

#### RISK

Inadequate or inappropriate procedures, poor reporting or control, human error and skills deficiencies as well as a poorly defined division of responsibilities represent risks that may prevent business from being conducted effectively.

#### MANAGEMENT

Procedures and guidelines are established in order to increase predictability and reduce the risk of errors. The four eyes principle is established for checking and approval of important documents. Having the appropriate expertise lays the groundwork for making the best decisions. Reviews of responsibilities as well as the structure and organisation are performed on an ongoing basis.

### »» RISKS IN IT SYSTEMS

#### RISK

Properly functioning IT systems are needed in order to make our day-to-day operations more efficient and to meet regulatory and legislative requirements in the form of reporting. There is a risk of information leakage, outages and other interference risks if critical IT systems are improperly handled.

#### MANAGEMENT

Continuous assessment and updating of the IT policy allows us to manage and limit risks in the IT structure. The company only uses standardised IT systems from large, stable suppliers with a good reputation. Potential risks are managed by purchasing robust IT systems and through continuous and proactive evaluation of the IT environment and its security. In the same vein, effective processes for preventing and managing potential threats are also developed.

# ALLOCATION OF PROFIT AND DIVIDEND

## DIVIDEND POLICY

Approx. 50 per cent of the company's annual profit after tax, excluding unrealised changes in value and deferred tax, will be distributed in the form of dividends.

## PROPOSED ALLOCATION OF PROFIT

The following profits in the parent company are at the disposal of the AGM:

Retained earnings	SEK 2,105,599,416
Profit for the year	SEK 435,683,838
<b>Total</b>	<b>SEK 2,541,283,254</b>

The Board of Directors proposes that the profits be allocated as follows:

To be distributed to ordinary shareholders	SEK 390,086,070
Carried forward	SEK 2,151,197,184
<b>Total</b>	<b>SEK 2,541,283,254</b>

As at 31 December 2017, the number of registered shares in Diös was 134,512,438.

## PROPOSED DIVIDEND

The Board of Directors proposes that the 2018 Annual General Meeting approve a dividend of SEK 2.90 per share, to be distributed in two separate payments of SEK 1.45 each. The proposal would mean that 49.5 per cent of the year's profit after tax, excluding unrealised changes in value and deferred taxes, is paid out to shareholders.

## THE BOARD OF DIRECTORS' STATEMENT ON THE PROPOSED DIVIDEND

The Group's equity has been calculated according to IFRS standards as adopted by the EU and in accordance with Swedish law by the application of the Swedish Financial Reporting Board's recommendation RFR 1. The parent company's equity has been calculated according to IFRS standards as adopted by the EU and in accordance with the laws of Sweden by the application of the Swedish Financial Reporting Board's recommendation RFR 2.

With reference to the calculation methods mentioned above and other disclosures, the Board deems the proposed dividend to be justifiable with regard to the requirements given in chapter 17, section 3, paragraphs 2 and 3 of the Swedish Companies Act. The nature and scope of the operations do not entail greater risk than what is normal for the industry. Based on the Board's assessment of the parent company's and the Group's financial position, the dividend is justifiable in view of the parent company and consolidated equity requirements arising from the nature, scope and risk of the operations and the consolidation needs, liquidity and position of the parent company and the Group.

The Board does not expect the proposed dividend to affect the company's ability to meet its short-term and long-term obligations or to make necessary investments. The proposed dividend constitutes 49.5 per cent of the consolidated profit after tax, excluding unrealised changes in value and deferred tax, which is in line with the stated objective. The Board finds there to be full coverage for the restricted equity after the proposed dividend. The parent company and the Group maintain sufficient reserves of cash and cash equivalents in the form of both short-term and long-term lines of credit. The lines of credit can be used at short notice. This means that the company and the Group are well prepared for fluctuations in liquidity and unexpected events. The Board has taken into account all other known circumstances that may have an impact on the financial position of the parent company and the Group and that have not been taken into account within the framework of the above considerations. In this respect, no circumstances have been found to indicate that the proposed dividend is not justified.

Östersund, 19 March 2018

The Board of Directors of Diös Fastigheter AB (publ)

Company registration number 556501-1771



➤ Magnus Öhman, maintenance technician, Luleå.



# FINANCIAL STATEMENTS

➤ Monumental dubbelväv, piece by Alf Munthe at the Court of Appeal for Northern Norrland, Läraren 1, Umeå.



# CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT, SEKm	Note	2017	2016
Rental income	3	1,700	1,323
Other property management income	3	19	17
Property costs	4	-639	-534
<b>Operating surplus</b>		<b>1,080</b>	<b>806</b>
Central administration	5, 6	-73	-63
Financial income	7	5	2
Financial costs	8	-190	-206
<b>Property management income</b>		<b>822</b>	<b>539</b>
Change in value, properties	9	412	327
Change in value of derivative instruments	8, 21	27	91
<b>Profit before tax</b>		<b>1,261</b>	<b>957</b>
Current tax	10	-43	11
Deferred tax	10	-189	-136
<b>PROFIT FOR THE YEAR</b>		<b>1,029</b>	<b>832</b>
Profit attributable to shareholders of the parent company		1,027	825
Profit attributable to non-controlling interests		2	7
<b>Total</b>		<b>1,029</b>	<b>832</b>

STATEMENT OF COMPREHENSIVE INCOME, SEKm	2017	2016
Profit for the year	1,029	832
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,029</b>	<b>832</b>
Comprehensive income attributable to shareholders of the parent company	1,027	825
Comprehensive income attributable to non-controlling interests	2	7
<b>Total</b>	<b>1,029</b>	<b>832</b>

DATA PER SHARE <sup>1</sup>	2017	2016
Earnings per share after tax, SEK	7.78	8.66
Average number of shares, thousands	132,041	95,290
Number of shares at end of period, thousands	134,512	95,290
Average number of treasury shares	-	-
Number of treasury shares at end of period	-	-
Dividend per share, SEK	2.90 <sup>2</sup>	2.00

<sup>1</sup> Historical data for the number of shares has been restated to factor in the effect of bonus issues (i.e. the value of the subscription rights) in issues of new shares, and has been used in all KPI calculations for SEK per share. The conversion factor is 1.28. There is no dilutive effect, as no potential shares (such as convertibles) exist.

<sup>2</sup> The Board's proposal.

Differences due to rounding off may arise in the following statements and notes.

# CONSOLIDATED BALANCE SHEET

ASSETS, SEKM	Note	2017	2016
<b>Non-current assets</b>			
<b>Property, plant and equipment and intangible assets</b>			
Investment properties	11	19,457	13,683
Intangible non-current assets	12	2	2
Other property, plant and equipment	13	4	3
<b>Total property, plant and equipment and intangible assets</b>		<b>19,463</b>	<b>13,688</b>
<b>Non-current financial assets</b>			
Interests in associates	15	6	1
Other non-current securities	16	4	10
Promissory notes		30	26
<b>Total non-current financial assets</b>		<b>40</b>	<b>36</b>
<b>Total non-current assets</b>		<b>19,503</b>	<b>13,724</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade receivables	18	34	11
Other receivables		99	155
Prepayments and accrued income		40	30
<b>Total current receivables</b>		<b>173</b>	<b>196</b>
Cash and bank balances		32	-
<b>Total current assets</b>		<b>205</b>	<b>196</b>
<b>TOTAL ASSETS</b>		<b>19,708</b>	<b>13,920</b>

EQUITY AND LIABILITIES, SEKm	Note	2017	2016
<b>Equity</b>			
Share capital	19	269	149
Capital contributed		3,513	1,820
Retained earnings		3,059	2,301
<b>Total attributable to shareholders of the parent company</b>		<b>6,841</b>	<b>4,270</b>
<b>Non-controlling interests</b>	19	<b>45</b>	<b>43</b>
<b>Total equity</b>		<b>6,887</b>	<b>4,313</b>
<b>Non-current liabilities</b>			
Deferred tax liability	17	1,197	1,009
Other provisions	20	9	9
Liabilities to credit institutions	21	9,038	5,706
<b>Total non-current liabilities</b>		<b>10,244</b>	<b>6,724</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities	21	2,066	2,307
Overdraft facilities	21	-	15
Trade payables		35	56
Derivative instruments	21	16	43
Other liabilities		64	116
Accruals and deferred income	22	396	346
<b>Total current liabilities</b>		<b>2,577</b>	<b>2,883</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,708</b>	<b>13,920</b>

*Liabilities to credit institutions that will fall due within the next year have been reclassified for 2016 as a current part of non-current liabilities.*



# STATEMENT OF CHANGES IN EQUITY AND CASH FLOW ANALYSIS THE GROUP

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the parent company

Amounts in SEKm	Number of outstanding shares, thousands	Share capital	Capital contributed	Retained earnings	Proportion of equity held by non-controlling interests	Total equity
<b>EQUITY 31 DECEMBER 2015</b>	<b>74,729</b>	<b>149</b>	<b>1,820</b>	<b>1,689</b>	<b>36</b>	<b>3,694</b>
Comprehensive income for the year after tax				825	7	832
Cash dividend				-213		-213
<b>EQUITY 31 DECEMBER 2016</b>	<b>74,729</b>	<b>149</b>	<b>1,820</b>	<b>2,301</b>	<b>43</b>	<b>4,313</b>
Comprehensive income for the year after tax				1,027	2	1,029
Issue of new shares	59,783	120	1,733			1,853
Issue costs			-51			-51
Tax effect of issue costs			11			11
Cash dividend				-269		-269
<b>EQUITY 31 DECEMBER 2017</b>	<b>134,512</b>	<b>269</b>	<b>3,513</b>	<b>3,059</b>	<b>45</b>	<b>6,887</b>

## CONSOLIDATED CASH FLOW STATEMENT

SEKm	Note	2017	2016
<b>Operating activities</b>			
Operating surplus		1,080	806
Central administration		-73	-63
Reversal of depreciation, amortisation and impairment		2	5
Interest received		4	1
Interest paid		-219	-184
Tax paid		-43	-26
<b>Operating cash flow before changes in working capital</b>		<b>751</b>	<b>539</b>
<b>Changes in working capital</b>			
Decrease (+)/increase (-) in receivables		82	-92
Decrease (-)/increase (+) in current liabilities		-142	35
<b>Total changes in working capital</b>		<b>-60</b>	<b>-57</b>
<b>Operating cash flow</b>		<b>691</b>	<b>482</b>
<b>Investing activities</b>			
Investments in new builds, conversions and extensions		-502	-452
Acquisition of properties		-2,581	-136
Sale of properties		240	641
Other financial assets		-	-26
<b>Cash flow from investing activities</b>		<b>-2,843</b>	<b>27</b>
<b>Financing activities</b>			
Dividend		-269	-213
Issue of new shares		1,802	-
New borrowing, interest-bearing liabilities		3,168	370
Repayment and redemption of interest-bearing liabilities		-2,502	-454
Change in overdraft facility		-15	-212
<b>Cash flow from financing activities</b>	23	<b>2,184</b>	<b>-509</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>32</b>	<b>0</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR <sup>1</sup></b>		<b>0</b>	<b>0</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR <sup>1</sup></b>		<b>32</b>	<b>0</b>

<sup>1</sup> Cash and cash equivalents comprise cash and bank balances.

# PARENT COMPANY INCOME STATEMENT

INCOME STATEMENT, SEKm	Note	2017	2016
Net revenue	3	170	137
<b>Gross profit</b>		<b>170</b>	<b>137</b>
Central administration	5.6	-214	-178
<b>Operating profit</b>		<b>-44</b>	<b>-41</b>
Financial income	7	672	536
Financial costs	8	-192	-184
Current tax	10	-	-
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>436</b>	<b>311</b>

STATEMENT OF COMPREHENSIVE INCOME	2017	2016
Profit after tax	436	311
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>436</b>	<b>311</b>

DATA PER SHARE <sup>1</sup>	2017	2016
Average number of shares, thousands	132,041	95,290
Number of shares at end of period, thousands	134,512	95,290
Average number of treasury shares	-	-
Number of treasury shares at end of period	-	-
Dividend per share, SEK	2.90 <sup>2</sup>	2.00

<sup>1</sup> Historical data for the number of shares has been restated to factor in the effect of bonus issues (i.e. the value of the subscription rights) in issues of new shares, and has been used in all KPI calculations for SEK per share. The conversion factor is 1.28. There is no dilutive effect, as no potential shares (such as convertibles) exist.

<sup>2</sup> The Board's proposal.



# PARENT COMPANY BALANCE SHEET

ASSETS, SEKm	Note	2017	2016
<b>Non-current assets</b>			
<b>Property, plant and equipment and intangible assets</b>			
Intangible non-current assets	12	2	3
Other property, plant and equipment	13	1	1
<b>Total property, plant and equipment and intangible assets</b>		<b>3</b>	<b>4</b>
<b>Non-current financial assets</b>			
Interests in Group companies	14	2,124	270
Receivables from Group companies		9,350	7,447
<b>Total non-current financial assets</b>		<b>11,474</b>	<b>7,717</b>
<b>Total non-current assets</b>		<b>11,477</b>	<b>7,721</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies		2,089	1,272
Other receivables		12	9
Prepayments and accrued income		11	15
<b>Total current receivables</b>		<b>2,112</b>	<b>1,296</b>
Cash and bank balances		29	-
<b>Total current assets</b>		<b>2,141</b>	<b>1,296</b>
<b>TOTAL ASSETS</b>		<b>13,618</b>	<b>9,017</b>

EQUITY AND LIABILITIES, SEKm	Note	2017	2016
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	19	269	149
Statutory reserve		285	285
<b>Total restricted equity</b>		<b>554</b>	<b>434</b>
<b>Unrestricted equity</b>			
Share premium reserve		3,173	1,492
Retained earnings		-1,068	-1,110
Profit for the year		436	311
<b>Total unrestricted equity</b>		<b>2,541</b>	<b>693</b>
<b>Total equity</b>		<b>3,095</b>	<b>1,127</b>
<b>Non-current liabilities</b>			
Liabilities to Group companies		5,173	3,633
Liabilities to credit institutions	21	1,803	1,517
<b>Total non-current liabilities</b>		<b>6,978</b>	<b>5,150</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities	21	1,403	628
Liabilities to Group companies		2,104	2,059
Overdraft facilities	21	-	17
Trade payables		2	2
Other liabilities		11	9
Accruals and deferred income	22	25	25
<b>Total current liabilities</b>		<b>3,545</b>	<b>2,740</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,618</b>	<b>9,017</b>

Liabilities to credit institutions that will fall due within the next year have been reclassified for 2016 as a current part of non-current liabilities.

# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY *AND* CASH FLOW ANALYSIS

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEKm	Number of outstanding shares, thousands	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Total equity
<b>EQUITY 31 DECEMBER 2015</b>	<b>74,729</b>	<b>149</b>	<b>285</b>	<b>1,492</b>	<b>-897</b>	<b>1,029</b>
Comprehensive income for the year after tax					311	311
Cash dividend					-213	-213
<b>EQUITY 31 DECEMBER 2016</b>	<b>74,729</b>	<b>149</b>	<b>285</b>	<b>1,492</b>	<b>-799</b>	<b>1,127</b>
Comprehensive income for the year after tax					436	436
Issue of new shares	59,783	120		1,681		1,801
Cash dividend					-269	-269
<b>EQUITY 31 DECEMBER 2017</b>	<b>134,512</b>	<b>269</b>	<b>285</b>	<b>3,173</b>	<b>-632</b>	<b>3,095</b>

## PARENT COMPANY CASH FLOW STATEMENT

SEKm	Note	2017	2016
<b>Operating activities</b>			
Operating profit		-44	-41
Reversal of amortisation of in intangible and depreciation of property, plant and equipment		1	1
Interest received		218	236
Interest paid		-192	-184
<b>Cash flow from operating activities before changes in working capital</b>		<b>-17</b>	<b>12</b>
<b>Changes in working capital</b>			
Decrease (+)/increase (-) in receivables		-662	-519
Decrease (-)/increase (+) in liabilities		47	621
<b>Total changes in working capital</b>		<b>-615</b>	<b>102</b>
<b>Operating cash flow</b>		<b>-632</b>	<b>114</b>
<b>Investing activities</b>			
Change in long-term receivables		-1,603	212
Acquisition of non-current financial assets		-1,854	-49
<b>Cash flow from investing activities</b>		<b>-3,457</b>	<b>163</b>
<b>Financing activities</b>			
Dividend		-269	-213
Issue of new shares		1,802	-
Change in non-current liabilities, Group companies		1,539	567
New borrowing, interest-bearing liabilities		1,398	108
Repayment and redemption of interest-bearing liabilities		-335	-671
Change in overdraft facility		-17	-68
<b>FINANCING CASH FLOW</b>	<b>23</b>	<b>4,118</b>	<b>-277</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>29</b>	<b>0</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR<sup>1</sup></b>		<b>0</b>	<b>0</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR<sup>1</sup></b>		<b>29</b>	<b>0</b>

<sup>1</sup> Cash and cash equivalents consist of cash and bank balances.

# NOTES

## NOTE 1 ►► ACCOUNTING POLICIES

### GENERAL INFORMATION

The annual report and consolidated financial statements were approved by the Board of Directors for publication at www.dios.se v. 14 2018. The consolidated and parent company income statements and balance sheets will be presented for approval at the Annual General Meeting on 24 April 2018. Diös Fastigheter AB (publ), corporate ID number 556501-1771, is a Swedish public limited company with its headquarters in Östersund. The company offers commercial and residential properties in central locations in towns in northern Sweden with considerable variation in terms of property type and floor space. The postal address of its head office is: PO Box 188, SE-831 22 Östersund, and the visiting address is Fritzhemsgatan 1A in Östersund.

### OPERATIONS

Activities are conducted within the framework of the Group's seven business areas: Dalarna, Gävleborg, Västernorrland, Jämtland, Västerbotten, Norrbotten and Retail. Each business area comprises an administrative district. The central administration, which includes general administration and Group-wide activities, are managed from the head office in Östersund.

### BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards (IFRS) and interpretations of these as they have been adopted by the European Union. Furthermore, the consolidated financial statements have been prepared in accordance with Swedish law and the Swedish Financial Reporting Board's recommendation RFR 1, "Supplementary Accounting Regulations for Groups". The accounts have been prepared under the historical cost convention, except for investment properties and derivative instruments, which are carried at fair value. The parent company's annual report has been prepared pursuant to Swedish law and Swedish Financial Reporting Board recommendation RFR 2, "Accounting for Legal Entities".

The recommendation states that a legal entity must apply IFRS, including interpretations from IFRIC/SIC, with exceptions for legislative provisions in the Swedish Annual Accounts Act, first and foremost, and taking into account the relationship between accounting and taxation. The parent company uses the same accounting and measurement policies as those used for the consolidated financial statements with the following exceptions. The parent company does not apply IAS 39 Financial Instruments: Recognition and Measurement. A method based on the acquisition cost is applied for the parent company in accordance with the Swedish Annual Accounts Act. Derivative instruments are not measured at fair value for the parent company, but rather at lowest value principle. Property, plant and equipment primarily constituting investment properties is recognised at acquisition cost less accumulated depreciation and impairment. For these, the carrying amount in the balance sheet increases if the conditions for revaluation are present. Shares in subsidiaries are recognised using the acquisition cost method where the carrying amount is continually reviewed against the subsidiaries' consolidated equity. In cases where the carrying amount exceeds the consolidated value, the resulting impairment is charged to the income statement. Impairment loss is reversed when it is no longer justified. Acquisition costs for subsidiaries that are written off in the consolidated financial statements are included as part of the acquisition cost of interests in subsidiaries. Group contributions are recognised as balance sheet appropriations for both the recipient and the contributor. Any subsequent impact on tax is recognised as current tax. Shareholder contributions are recognised by the contributor as an increase in shares in subsidiaries and by the recipient as an increase in unrestricted equity.

### NEW AND AMENDED STANDARDS AND INTERPRETATIONS 2017 the Group

From and including the financial year 2017, the Group has applied a number of new standards and interpretations. These new or amended standards and interpretations had no significant impact on the Group's 2017 financial reports.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

To be able to prepare the financial statements in accordance with IFRS, the Group management is required to produce estimates and assumptions that will result in material adjustment to the assets, liabilities, income and expense recognised in the financial statements. These estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances. The actual outcome may differ from these estimates if other assumptions are made or other factors exist. Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made. This is done if the change only affects that period, or if the change affects both the present and future periods, it is made both in the period in which the change is made and future periods. The estimates of the value of investment properties have a significant risk of causing a material adjustment to Group revenue and financial position. The measurement requires an estimation of the future cash flow as well as the determination of appropriate discount rates (required rate of return). The estimates and assumptions that form the basis of the applicable measurement are described in Note 11.

### DEFINITION OF SEGMENTS

Identification of reportable operating segments is done based on internal reporting to the chief operating decision maker, the CEO, and the Group CEO. The Group management and financial structure is grouped into seven segments. Group operations are organised by business area according to a geographic breakdown, apart from in the case of the Retail business area. Internal reporting systems are designed in order to facilitate follow-up of the returns generated by the respective business area. A geographic breakdown constitutes the primary basis of division. The company's operations are also monitored based on property type.

The accounting policies applied for segment reporting are consistent with those applied by the Group. Segment information is only provided for the Group. From and including the turn of the year 2017/2018, the number of business areas will be six, since the Retail business area will be recognised based on geographic division and therefore in each business area. This means that Borlänge, Falun and Mora will be included in Dalarna, Gävle in Gävleborg, Östersund and Åre in Jämtland, Sundsvall in Västernorrland, Umeå and Skellefteå in Västerbotten and Luleå in Norrbotten.

### CLASSIFICATION

Non-current assets and non-current liabilities consist, in all material respects, exclusively of amounts that are expected to be recovered or paid later than twelve months from the balance sheet date. Current assets and current liabilities consist, in all material respects, exclusively of amounts that are expected to be recovered or paid within twelve months of the balance sheet date.

### CONSOLIDATED FINANCIAL STATEMENTS

The Group's financial reports include both the parent company and the subsidiaries in which the parent company has a controlling influence. A controlling interest exists when the parent company has control over a company, is exposed to, or has the right to, a variable return on its interest in the company and has the opportunity to exercise its influence and control over the company in order to affect its return. In order to achieve this control, the parent company must own, directly or indirectly, at least half of the voting power of the company. In addition to the parent company, the Group comprises the subsidiaries and associated sub-groups specified in Note 14. The financial statements are based on accounting records that have been prepared for all Group companies as at 31 December 2017. Profit/loss for a subsidiary acquired during the year is included in the consolidated income statement from the effective date of acquisition. Profit/loss from subsidiaries disposed of during the year is included in the consolidated income statement up to the date of disposal. All inter-company transactions with regard to assets, liabilities, income and expense are eliminated entirely on consolidation. Corporate acquisitions are recognised using the acquisition method. The acquisition method means that assets acquired and liabilities assumed are recognised at their fair value on the acquisition date, which is the date on which the acquirer assumes control of the acquired entity. The difference between the acquisition cost and the value of any non-controlling interest as well as the fair value of any previous interest and the fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities is recognised as goodwill. Negative difference is recognised directly in the income statement. Non-controlling interests are recognised either as a proportional share of the net assets acquired or at fair value, which is estimated per acquisition. Additional consideration is recognised at estimated fair value with subsequent changes recognised in the income statement. Business combination achieved in stages (step acquisition) is measured at fair value on the date when control is obtained. Gain or loss resulting from remeasurement of previously held equity interest, before control was obtained, is recognised in the income statement. Increases or decreases in ownership interest are treated as changes in equity if control of the subsidiary is maintained. Non-controlling interests are recognised in the consolidated financial statements under equity, separate from the equity of the parent company. Non-controlling interests are included in the consolidated income statement and comprehensive income statement and are recognised separate from the parent company's income statement and comprehensive income statement as an allocation of the profit for the period.

### ASSET PURCHASES VERSUS BUSINESS COMBINATIONS

Acquisitions may be classified either as business combinations or asset purchases. Acquisitions whose primary purpose is to acquire the company's property and in which the company's management organisation and administration, if any, is of secondary importance to the acquisition, are classified as asset purchases. Other acquisitions are classified as business combinations. On asset acquisition, no deferred tax attributable to the property acquisition is recognised; instead, any discount reduces the property's acquisition cost. This means that the changes in value will be affected by discounts and transaction costs during initial measurement and recognised as an unrealised change in value.

### JOINT ARRANGEMENTS

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement is classified as either a joint venture or a joint operation. Diös has assessed its joint arrangements and determined that its interest in Nya Svensk Fastighetsfinansiering AB constitutes a joint operation. In respect of its interest in the joint operations, Diös has recognised its assets and liabilities, including its share of all joint assets and liabilities, as well as its income and expenses, including its share of all joint income and expenses. The Group's other joint arrangements constitute joint ventures and are accounted for in accordance with the equity method. Under the equity method, interests in joint ventures are recognised at cost in the balance sheet after adjusting for the Group's share of the profit or loss of joint ventures after the acquisition date. Dividends received reduce the carrying amount of the interest.

### OPERATING INCOME

Revenue is recognised in the income statement when the significant risks and rewards of goods and services have been passed to the buyer. Income is not recognised if there are significant uncertainties regarding payment, associated costs or risks, and if the seller retains involvement in the day-to-day management that is normally associated with the ownership.

Income is recognised at the fair value of the consideration received or receivable. Under IAS 17, the Group's leases are classified as operating leases. The rental income is recognised on a straight-line basis over the term of the lease. This means that only the portion of the rental income relevant to the current period is recognised. Rentals invoiced in advance are thus recognised as deferred rental income. Any payment in connection with premature termination of a lease is recognised immediately as income provided there are no remaining obligations towards the lessee. Discounts on leases are recognised on a straight-line basis over the term of the lease. Income from property transactions is recognised on the date of taking possession unless risks and benefits have already been transferred to the buyer. If risks and benefits associated with the asset have already been transferred, the property transaction is recognised as income at this earlier date. Income from the sale of property is recognised as the difference between the sale price received, less any costs directly related to the sale, and the latest carrying amount, plus any improvements made since the last valuation. Interest income is calculated on the basis of the number of days outstanding, current asset balance and the interest rate prevailing at the time. Income is reported for the period in which it is earned.

## CONT. NOTE 1 >>> ACCOUNTING POLICIES

### CENTRAL ADMINISTRATION

Central administration covers costs for general administration and group-wide activities. Parent company costs for Group management, human resources, IT, marketing activities, IR, audit fees and financial statements, as well as the costs of maintaining a stock exchange listing, are included in central administration.

### FINANCIAL COSTS

Financial costs relate to interest and other costs incurred in connection with borrowings. Costs for registering mortgage bonds are not considered a financial cost, but are disclosed on the balance sheet as investment properties. Financial costs are recognised in the period to which they relate. Financial costs also include costs for interest rate derivative contracts. Flows of payments under these contracts are recognised in the period in which they are incurred.

### FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are initially measured at fair value and subsequently at amortised cost or fair value depending on their initial classification. For financial assets and liabilities recognised at amortised cost, transaction costs are included at fair value. The company should recognise a financial asset or financial liability on its balance sheet when it becomes a party to the contractual provisions of the instrument. The company should derecognise a financial asset from its balance sheet when it realises the rights to benefits specified in the contract, the rights expire or when the company loses control of the contractual rights. The company should derecognise a financial liability from its balance sheet when the obligation specified in the contract is discharged, cancelled or otherwise expires. The same applies to part of a financial liability. Unless otherwise stated in a note, the carrying amount of all financial assets and liabilities is considered to be a good approximation of their fair values. Derivative instruments are recognised on the trade date. Spot purchases and sales of financial assets are recognised on the settlement date. The fair values of derivative instruments are determined using discounted future cash flows, with quoted market rates for the term of each instrument. The future cash flows of the derivative portfolio are calculated as the difference between the fixed rate agreed by the respective derivative contracts and the implied STIBOR reference rate for each period. The present value of the consequential interest flows are determined using the implied STIBOR curve. The option component of the callable swaps in the portfolio has not been assigned a value. This is because cancellation does not have an impact on Group earnings. The issuer decides whether to cancel the swap or not. When determining the fair value of loan liabilities, future cash flows are discounted with the interest rates noted for each term.

Shares and participations are classified as "Financial assets available-for-sale". These are measured at fair value with changes in value recognised in equity and in other comprehensive income. These shares have been measured at cost as the Group was not able to reliably determine their market value.

Receivables are carried at amortised cost less impairment.

Trade receivables are recognised in the balance sheet when the invoice is sent. They are measured at the lower of cost and net realisable value at their nominal amount and are not discounted as they are considered to have a short duration. Doubtful receivables are determined individually.

Cash and cash equivalents comprise cash on hand and deposits held with banks. These are categorised as "Loans and receivables", and recognition is subsequently at acquisition cost. Because bank deposits are payable on demand, amortised cost corresponds to nominal value.

Trade payables and other liabilities are recognised once the counterparty has performed and there is a contractual obligation to pay. This is the case even if an invoice has not yet been received. Trade payables are recognised in the balance sheet when an invoice has been received and are valued at nominal value without discounting as they are considered to have a short duration.

Loans are carried at amortised cost less allowances for any debt reductions.

Interest, dividends, gains and losses relating to financial instruments are recognised as income or expenses in the income statement.

If the company distributes dividends to shareholders, these are recognised directly in equity, taking into account any income tax consequences.

Derivatives are recognised and measured in the balance sheet at fair value. Derivatives that have a positive market value are recognised as other current receivables if the term is less than one year. Derivatives that have a negative market value are recognised as other current liabilities if the term is less than one year.

Equity instruments issued by the company are recognised at the consideration received less transaction costs.

### ACQUISITIONS AND SALES

On acquisition and sale of properties, the transaction is recognised on the date of takeover unless the risks and rewards of ownership have already been transferred to the purchaser or the Group. This applies regardless of whether the sale is in the form of a company or not.

### EQUITY

When the company repurchases its own shares, the company's equity is reduced by the amount of consideration paid for the shares plus any transaction costs.

Pursuant to the decision of the Annual General Meeting, dividends are recognised as a decrease in equity. The calculation of earnings per share is based on the Group's net earnings for the year attributable to the parent company's shareholders and on the average number of outstanding shares during the year.

### PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE NON-CURRENT ASSETS

#### INVESTMENT PROPERTIES

Investment properties are properties that are held for the purpose of generating income from rent or lease, or from an increase in value, or a combination of the two. On the balance sheet date, the property portfolio consists solely of investment properties. These are recognised in the balance sheet at fair value on the balance sheet date based on the property valuation performed. Their fair values are subsequently remeasured during the year at quarterly intervals on the basis of external and internal valuations. The change in value is recognised in

the income statement under change in value of properties. Fair values are based on market values. The market values are the estimated sale price of the properties as agreed upon between a willing and well-informed buyer and seller independent of each other with an interest in carrying out the transaction. No deductions are made for the selling transaction costs.

The cost of acquisition comprises the purchase price and costs directly attributable to the acquisition. Other costs that add value are capitalised for properties undergoing major new construction, extension or redevelopment work. This means that repair and maintenance costs are recognised as expenses in the period in which they are incurred. Estimates are conducted continuously throughout the year to ascertain how far ongoing investment projects have progressed. Value-adding expenditure is carried forward, other expenditure is charged to the current year's profit and loss. Changes in value are recognised in the income statement. Transactions concerning the acquisition of properties or companies are normally reported on the takeover date since that is the date on which the risks and rewards associated with ownership are usually passed on. For sales see Operating income.

### OTHER PROPERTY, PLANT AND EQUIPMENT

Other property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the company and the cost of the asset can be measured reliably. Other property, plant and equipment is recognised in the balance sheet at cost less accumulated depreciation and impairment. Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Subsequent expenditure is added to the cost to the extent that it improves the performance of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Scheduled depreciation is based on the original cost of the asset and, where applicable, taking into account other costs that add value and write-ups and write-downs. Items are depreciated on a straight-line basis over the estimated useful life of the asset. The date on which the depreciation starts is the date of acquisition.

The following percentages are applied:

Parent company and Group	
Equipment and vehicles	10–20%
Office equipment	20%
Computers	33%

### INTANGIBLE ASSETS

Intangible assets currently comprise IT systems. IT systems are stated at cost less accumulated amortisation and impairment. Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Items are depreciated on a straight-line basis over the estimated useful life of the asset.

The following percentages are applied:

Parent company and Group	
IT systems	20%

### EMPLOYEE BENEFITS

Short-term employee benefits include salaries, paid annual leave, paid sick leave and social security contributions. These are recognised as the employees perform the work that entitles them to such benefits.

### PENSIONS

Pensions and other post-employment benefits can be classified as defined contribution or defined benefit pension schemes. The Group only operates defined contribution pension schemes. This means that the legal or informal obligations are limited to the amount with which the company has agreed to participate. The scope of the employee's retirement benefits depends on the contributions that the Group pays to the scheme or to an insurance company compared to the return on capital that the contributions give. Hence, it is the employee who bears the actuarial risk and investment risk. The commitment to retirement and occupational pensions is covered by insurance with Alecta. In compliance with current regulations, these are classified as defined benefit ITP plans, which are covered by several employers.

A small number of people have defined benefit ITP plans, with continuous payments made to Alecta. These are recognised as a defined contribution plan as a result of Alecta not supplying the information required, thus leading to a lack of information required to recognise the plan as a defined benefit plan. However, there is nothing to indicate any significant commitments in excess of the amount paid to Alecta. Where there is insufficient information to recognise these as defined benefit plans, they are recognised as defined contribution plans. Obligations in respect of contributions to defined contribution plans are recognised as an expense in the income statement as they arise. For more information, see Note 5.

### TERMINATION BENEFITS

Termination benefits are recognised as a liability and an expense. This only applies if the Group is demonstrably obliged to either terminate employment before the usual retirement date or to provide compensation to encourage voluntary resignation. The benefits in connection with voluntary redundancy are calculated on the basis of the number of employees expected to accept the offer. This means that the compensation is written off on the basis of an obligation to work or directly if the employee is exempt from this.

### RELATED PARTIES

IAS 24, Related Party Disclosures requires the disclosure of related-party transactions and outstanding balances. A party is related to a company if the party directly or indirectly through one or more intermediaries controls, is controlled by, or is under the same controlling interest as the company. An associate is a party with an interest in the company that gives it significant influence or a joint controlling influence over the company. This includes parent companies, subsidiaries and sister companies.

A party is also related to a company if the party is an associate of the company, a joint venture in which the entity is a co-owner. The designation also includes key individuals in senior roles in the company or its parent company, close family members of anyone defined as an associate, companies under the controlling influence of, under a joint controlling



## CONT. NOTE 1 >>> ACCOUNTING POLICIES

influence of or significantly influenced by key individuals in senior roles in the company or close family members. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Controlling interest is the power to govern the financial and operating policies of a company so as to obtain financial benefits. Joint control is the contractually agreed sharing of controlling interest over an economic activity. Significant influence is the power to participate in the financial and operating policy decisions of a company without controlling interest over those policies. Significant influence may be gained by share ownership, statute or agreement. Key individuals in senior positions are those persons with the powers and responsibility for directly or indirectly planning, managing and controlling the operations of a company. Close members of the family of a person are the person's children and spouse or cohabiting partner, the children of that person's spouse or cohabiting partner, and dependants of that person or that person's spouse or cohabiting partner.

### TAX

The parent company and the Group apply IAS 12, Income Taxes. Aggregate tax is current and deferred tax. Tax is recognised in the income statement, unless it arises from transactions recognised in other comprehensive income or equity, in which case any related tax effect is also recognised directly in equity. Current tax is the amount of tax the company is liable to pay in respect of the taxable profit/loss for the year, including adjustments of any current tax pertaining to earlier periods. The parent company and Group calculate deferred tax according to the balance sheet method. This means that deferred tax is recognised on all temporary differences, except to the extent that the deferred tax is attributable to the initial recognition of goodwill or an asset or liability arising from a transaction that is not a business combination and at the time of acquisition affects neither recognised profit nor taxable profit. These amounts are calculated based on how the temporary differences are expected to be settled and using the tax rates and tax regulations that have been enacted or announced on the balance sheet date. Deferred taxes are measured using the tax rates and tax regulations enacted or substantively enacted on the balance sheet date.

Deferred tax assets are recognised for deductible temporary differences and loss carry-forward only to the extent that it is probable that they will result in lower tax payments in the future. Deferred tax assets are reduced to the extent that it is no longer probable that a sufficient taxable benefit will arise. Deferred tax is reported net when we have made the assessment that the unutilised deficit can be offset against future earnings.

### CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. This means that net earnings have been adjusted for transactions not involving incoming or outgoing payments during the period, and for any income and expenses associated with cash flows for investing or financing activities.

### PARENT COMPANY

The changes to RFR 2, which apply from and including the financial year 2017, have not had any impact on the parent company's financial statements.

### NEW STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board (IASB) has issued a number of new and amended standards and interpretations which are effective from the beginning of the 2018 financial year. These have not been applied when preparing the 2017 consolidated financial statements.

### IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, and contains rules for the recognition, classification, valuation, impairment and derecognition of financial instruments as well as general rules for hedge accounting. It is mandatory for periods beginning on or after 1 January 2018.

**Classification and measurement:** When first recognised, financial assets must be classified as fair value via the income statement, and as amortised cost or fair value via other comprehensive income.

- The classification assessment for debt instruments is based on two criteria:
  - (a) The company's business model for managing the financial asset.
  - (b) The instrument's contractual cash flows.
- The classification of equity instruments is fair value via the income statement, except when the company has elected to present such instruments at fair value via other comprehensive income.
- The rules for classifying and measuring financial liabilities are largely unchanged compared to IAS 39.

**Impairments:** removes the requirement to identify a loss event and introduces a model for expected credit losses. The model establishes a three-stage classification based on whether there has been a significant increase in the credit risk. For financial assets for which no significant increase of the credit risk has occurred, a credit loss relating to the loss that is expected to occur within 12 months will be reserved. For financial assets for which a significant increase of the credit risk has occurred and for those where this is uncertain, a credit loss relating to the loss that is expected to occur during the remaining term of the asset will be recognised.

**Hedge accounting:** The rules permit companies to better reflect the company's risk management activities in the financial statements and introduce less detailed rules on how the efficiency of the hedges should be assessed.

The Group conducted a project during the year to identify differences between the previously applied principles for the recognition of financial instruments and the IFRS 9 requirements. The new principles for classification of financial assets are based on an analysis of the business model on the basis of which the asset is managed and the asset's cash flow characteristics. The areas where Diös believes the standard could have an impact are impairment testing of trade receivables and the assessment of future bad debts. The analysis and Diös' application of the new model for impairment testing pursuant to the simplified model show that the transition will have no material impact on the reported values.

Senior management's general assessment is that IFRS 9 will have an immaterial impact on the Group's financial reporting. The Group will not be restating comparative figures.

### IFRS 15 Revenue from Contracts with Customers

IFRS 15 will replace IAS 18 Revenue, IAS 11 Construction Contracts and associated interpretations. IFRS 15 is mandatory for financial years beginning on or after 1 January 2018. The new standard introduces a new model for revenue recognition (five-stage model) that is based on when control of a good or service is transferred to the customer. The basic principle is that a company should recognise revenue so as to represent the transfer of promised goods and services to the customer in an amount which reflects the compensation which the company is expected to be entitled to in exchange for these goods or services. IFRS 15 introduces a five-stage model:

- Stage 1 Identify the contract
- Stage 2 Identify performance obligations
- Stage 3 Determination of transaction cost
- Stage 4 Allocation of transaction cost to performance obligations
- Stage 5 Recognise income when (or as) the company fulfils the performance obligation

IFRS 15 contains guidance and extensive disclosure requirements.

Diös conducted a project during the year to identify differences between the previously applied policies for revenue recognition and the IFRS 15 requirements. Diös' revenue essentially comprises rental income from properties. Diös has made an analysis to determine whether we act as principal or agent in respect of service income. Our assessment is that Diös, in its capacity as property owner, essentially acts as principal. IFRS 15 will therefore not have any material impact on Diös' financial statements from this perspective, as there is no change in net revenue. Sales income from properties is also included in the standard. Diös recognises sales income from property transactions on the completion date under the current rules, and IFRS 15 is therefore not deemed to have any impact on these transactions.

The Group will apply IFRS 15 from 1 January 2018. The transition method applied is the retroactive method. Group management's general assessment is that IFRS 15 will have an immaterial impact on the Group's financial reporting and financial statements. The comparative figures will therefore not be restated.

### IFRS 16 Leases

IFRS 16 Leases applies for financial years beginning on 1 January 2019. The accounting treatment for lessors will remain essentially unchanged. For lessees, the standard will have the effect that most leases will be recognised in the balance sheet. For Diös, the main impact will be on the recognition of leasehold contracts and car leases, which will be recognised in the balance sheet and will thus have an impact on total assets. The leasing cost will be recognised as amortisation of the usufruct and as an interest expense, and will thus no longer be included in net operating income. As Diös has a limited number of contracts, the impact on the financial statements is expected to be limited.

### Changes to IAS 40 Investment Property

The changes make it clear that a company must reclassify a property as being or ceasing to be an investment property when and only when there is evidence of a change to the field of application. A change to the field of application occurs when the property meets or ceases to meet the definition of an investment property.

The Group management's assessment is that the changes will not involve any significant change to the Group's reclassifications of investment properties.

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

### Parent company

Changes to RFR 2, Accounting for Legal Entities, which will take effect from 1 January 2018 or later, and which is described below, may have an effect on the parent company's financial statements. Other changes to RFR 2, which is not yet in effect, are not expected to have any significant impact when applied for the first time. IFRS 9, the new standard for financial instruments, deals with the classification, valuation and accounting of financial assets and liabilities. RFR 2 contains exceptions from applying IFRS 9 as a legal entity, and introduces provisions for presentation of financial instruments in RFR 2 which must be employed by the companies who choose to apply the exception. The change must be applied for financial years beginning 1 January 2018 or later.

## NOTE 2 >>> SEGMENT REPORTING 2017

By business area, SEKm	Retail	Dalarna	Gävleborg	Väster-norrland	Jämtland	Väster-botten	Norr-botten	The Diös Group
Rental income	282	215	177	208	284	317	217	1,700
Other income	1	5	4	1	2	1	4	19
Repair and maintenance	-9	-12	-9	-9	-15	-16	-8	-77
Tariff-based costs	-32	-30	-21	-27	-45	-40	-21	-216
Property tax	-19	-8	-9	-10	-13	-16	-12	-86
Other property costs	-48	-20	-16	-20	-28	-28	-20	-180
Property management	-13	-10	-8	-14	-13	-12	-10	-80
<b>Operating surplus</b>	<b>164</b>	<b>140</b>	<b>118</b>	<b>130</b>	<b>172</b>	<b>206</b>	<b>151</b>	<b>1,080</b>
<b>Undistributed items</b>								
Central administration	-	-	-	-	-	-	-	-73
Net financial items	-	-	-	-	-	-	-	-185
<b>Property management income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>822</b>
<b>CHANGES IN VALUE</b>								
Property, realised	-	-	-1	1	-	10	-	10
Property, unrealised	-64	27	86	100	139	71	43	402
Interest rate derivatives	-	-	-	-	-	-	-	27
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,261</b>
Current tax	-	-	-	-	-	-	-	-43
Deferred tax	-	-	-	-	-	-	-	-189
Non-controlling interests	-	-	-	-	-	-	-	-2
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,027</b>
Leasable area, sq.m	166,759	224,594	228,309	192,079	289,336	286,657	164,790	1,552,524
Rental value, SEKm	314	237	199	238	313	345	228	1,875
Economic occupancy rate, %	90	91	89	87	91	92	95	91
Surplus ratio, %	58	65	66	63	60	65	70	64
<b>Change in property portfolio</b>								
Property portfolio, 1 January 2017	2,043	2,003	1,756	1,397	2,776	2,219	1,489	13,683
Acquisitions	1,066	1	-	1,047	-	1,803	1,177	5,094
Investments in new builds, extensions and conversions	86	66	41	71	92	89	60	505
Sales	-19	-	-36	-32	-	-140	-	-227
Unrealised changes in value	-64	27	86	100	139	71	43	402
Property portfolio, 31 December 2017	3,112	2,097	1,847	2,583	3,007	4,042	2,769	19,457



## CONT. NOTE 2 &gt;&gt;&gt; SEGMENT REPORTING 2016

By business area, SEKm	Retail	Dalarna	Gävleborg	Väster-norrland	Jämtland	Väster-botten	Norr-botten	The Diös Group
Rental income	201	207	169	137	263	215	131	1,323
Other income	2	5	2	2	2	1	3	17
Repair and maintenance	-6	-11	-10	-9	-16	-13	-7	-71
Tariff-based costs	-25	-30	-21	-20	-45	-31	-13	-185
Property tax	-14	-8	-9	-6	-12	-11	-6	-67
Other property costs	-34	-22	-16	-17	-28	-20	-12	-149
Property management	-10	-8	-7	-8	-13	-10	-8	-64
<b>Operating surplus</b>	<b>115</b>	<b>133</b>	<b>109</b>	<b>80</b>	<b>151</b>	<b>131</b>	<b>89</b>	<b>806</b>
<b>Undistributed items</b>								
Central administration	-	-	-	-	-	-	-	-63
Net financial items	-	-	-	-	-	-	-	-204
<b>Property management income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>539</b>
<b>CHANGES IN VALUE</b>								
Property, realised	-	-	-	-3	-3	-4	-	-10
Property, unrealised	-71	1	54	70	85	71	127	337
Interest rate derivatives	-	-	-	-	-	-	-	91
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>957</b>
Current tax	-	-	-	-	-	-	-	11
Deferred tax	-	-	-	-	-	-	-	-136
Non-controlling interests	-	-	-	-	-	-	-	-7
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>825</b>
Leasable area, sq.m	123,260	224,594	235,862	143,994	289,336	226,119	110,360	1,353,525
Rental value, SEKm	223	230	193	162	295	235	140	1,478
Economic occupancy rate, %	90	90	88	85	89	91	94	90
Surplus ratio, %	57	64	64	58	58	61	67	61
<b>Change in property portfolio</b>								
Property portfolio, 1 January 2016	2,071	1,938	1,663	1,632	2,712	2,046	1,319	13,381
Acquisitions	-	-	-	-	138	68	-	206
Investments in new builds, extensions and conversions	43	64	39	36	97	98	43	420
Sales	-	-	-	-341	-256	-64	-	-661
Unrealised changes in value	-71	1	54	70	85	71	127	337
Property portfolio, 31 December 2016	2,043	2,003	1,756	1,397	2,776	2,219	1,489	13,683

## NOTE 3 >>> REVENUE

The total rental income for the Group amounted to SEK 1,700 million (1,323), corresponding to SEK 1,095/sq.m (978). Other revenue amounted to SEK 19 million (17). SEK 10 million (9) of this relates to invoices sent to lessees for work carried out on leased premises.

SEKm	2017	2016
<b>PARENT COMPANY</b>		
Inter-Group revenue	170	137
Other income	-	-
<b>TOTAL</b>	<b>170</b>	<b>137</b>

Inter-Group revenue in the parent company relates to invoiced administration and management fees. Contract maturity structure of the property portfolio is shown in the table below. Contracted rental income refers to annual value.

### Lease maturities at 31 December 2017

	Year of maturity	Concluded contracts	Rented area, sq.m	Contracted rental income, SEKm	Share of value, %
Leases for premises	2018	912	196,677	231	13
	2019	776	271,939	331	19
	2020	701	252,894	322	19
	2021	427	202,457	269	16
	2022+	255	302,518	391	23
<b>Total leases for premises</b>	<b>3,071</b>	<b>1,226,485</b>	<b>1,544</b>	<b>90</b>	
Residential leases	1,643	113,970	124	7	
Other leases	4,109	-	58	3	
<b>TOTAL</b>	<b>8,823</b>	<b>1,340,455</b>	<b>1,726</b>	<b>100</b>	

## NOTE 4 >>> PROPERTY COSTS

SEKm	2017	2016
<b>THE GROUP</b>		
Operating costs	-404	-332
Repair and maintenance costs	-70	-71
Property tax	-86	-67
Property management	-79	-64
<b>TOTAL</b>	<b>-639</b>	<b>-534</b>

Property costs amounted to SEK 639 million (534), corresponding to SEK 411/sq.m (394). The costs comprise direct property costs for operation, maintenance, property taxes, etc. and indirect property costs in the form of leasing and property management.

Operating costs include electricity, heating, water, property maintenance, cleaning, insurance and property-specific marketing costs. Some of the operating costs are charged to the tenants as additional rent. Operating costs amounted to SEK 404 million (332), corresponding to SEK 260/sq.m (245). SEK 9 million (10) of the operating costs is for work carried out on leased premises which is charged to lessees. This corresponds to SEK 6/sq.m (7).

Repair and maintenance costs comprise periodic and ongoing measures necessary to maintain the standards of the properties and their technical systems. Costs in 2017 amounted to SEK 70 million (71) or SEK 45/sq.m (52).

Property tax is a state tax based on the taxable value of a property. A large proportion of the property tax is charged to the tenants and lessees. The tax rate in 2017 was 1 per cent (1) of the taxable value for office/retail space and 0.5 per cent (0.5) for warehouse/industrial space. Property tax for residential properties is calculated at the lower of SEK 1,315/apartment or 0.3 per cent of 2017's taxable value. Property tax expenses amounted to SEK 86 million (67), corresponding to SEK 55/sq.m (49).

Property management costs are indirect costs for the ongoing management of the properties. These include costs for employees responsible for lease administration, lease negotiations, consumables and project administration. Consolidated expenses in 2017 amounted to SEK 79 million (64), corresponding to SEK 51/sq.m (47). SEK 20 million (21) of this sum relates to employee benefits.

## NOTE 5 >>> EMPLOYEES, STAFF COSTS AND DIRECTORS' FEES

Average number of employees	2017		2016	
	of whom men		of whom men	
Parent company	172	58%	169	60%
Other companies	-	-	-	-
<b>GROUP TOTAL</b>	<b>172</b>	<b>58%</b>	<b>169</b>	<b>60%</b>

At the end of 2017, the Board of the parent company consisted of five members, two of which were women. The number of senior executives in the parent company amounted to five (5) people, one (1) of which was female.

### Salaries, other remuneration and social security contributions

SEK '000	2017		2016	
	Salaries and benefits	Social security contributions	Salaries and benefits	Social security contributions
Parent company	89,211	28,361	77,733	24,779
(of which pension costs) <sup>1</sup>	(10,650)	(2,530)	(8,777)	(2,081)
<b>GROUP TOTAL</b>	<b>89,211</b>	<b>28,361</b>	<b>77,733</b>	<b>24,779</b>
(of which pension costs) <sup>2</sup>	(10,650)	(2,530)	(8,777)	(2,081)

<sup>1</sup> SEK 905,000 (841,000) of the parent company's pension costs relate to the CEO.

<sup>2</sup> SEK 905,000 (841,000) of the Group's pension costs relate to the CEO.

Diös has a profit-sharing foundation for all its employees. Provision for the profit-sharing foundation is based on a combination of Diös results, required return and dividend for shareholders and shall be a maximum of SEK 30,000 per year per employee. For 2017, this provision came to SEK 1,960,000.

### Salaries and other remuneration of the Board, the CEO and other employees

SEK '000	2017		2016	
	Board and CEO	Other employees	Board and CEO	Other employees
Parent company	4,474	84,738	4,056	73,677
(of which bonuses, etc.)	-	-	-	-
<b>GROUP TOTAL</b>	<b>4,474</b>	<b>84,737</b>	<b>4,056</b>	<b>73,677</b>
(of which bonuses, etc.)	-	-	-	-

### Remuneration and other benefits during 2017

SEK '000	Basic salary/Directors' fees	Other benefits	Pension expense	Other remuneration	Total
Chairman of the Board	200	-	-	-	200
Other Board members	600	-	-	-	600
Chief Executive Officer	2,480	363	905	-	3,749
Other senior executives	4,973	379	1,462	-	6,814
<b>TOTAL</b>	<b>8,253</b>	<b>742</b>	<b>2,367</b>	<b>-</b>	<b>11,363</b>

### Remuneration and other benefits during 2016

SEK '000	Basic salary/Directors' fees	Other benefits	Pension expense	Other remuneration	Total
Chairman of the Board	185	-	-	-	185
Other Board members	540	-	-	-	540
Chief Executive Officer	2,165	325	841	-	3,331
Other senior executives	4,704	375	1,158	-	6,238
<b>TOTAL</b>	<b>7,594</b>	<b>700</b>	<b>1,999</b>	<b>-</b>	<b>10,294</b>



## CONT. NOTE 5 >>> EMPLOYEES, STAFF COSTS AND DIRECTORS' FEES

Remuneration paid to the Board of Directors is decided at the Annual General Meeting. At the 2017 Annual General Meeting it was decided that the directors' fees would amount to SEK 800,000. SEK 200,000 to the Chairman of the Board. The other board members have received SEK 150,000 each. No other remuneration or benefits have been paid to the Board of Directors.

Group management refers to the Managing Director and other members of the management team. The group other senior executives consisted of 4 people. Remuneration and benefits to the CEO are decided by the company's Board of Directors and remuneration to other senior executives is decided by the CEO in consultation with the Board of Directors. Variable incentive remuneration plans were introduced in 2012 for the company's CEO and senior executives. During 2017, the CEO's right to variable remuneration was derecognised. For 2017, variable remuneration to Group management amounted to SEK 0 (0). There is no share-based payment. Variable remuneration is capped at one month's salary. For 2017 the company's CEO has received variable remuneration of SEK 0 (0). The CEO is entitled to a company car and insurance and retirement benefits in accordance with the ITP plan applicable during the period of employment. Individual investment options are available. Insurance and pension premiums are based on cash salary only. The retirement age for the CEO is 65 years. The period of notice given by the company to the CEO is 12 months. The period of notice given by the CEO to the company is 4 months. Remuneration during a period of notice is deducted from income from another employer. Other senior executives are entitled to a company car. During the period of employment with the company, other executives are entitled to insurance and pension benefits in accordance with the ITP plan applicable at the time. Individual investment options are available. Insurance and pension premiums are based on cash salary only. The retirement age for other senior executives is 65 years and the mutual notice period between the company and the employee is three to six months. For more information, see the Corporate Governance Report on pp. 93–96.

## NOTE 6 >>> CENTRAL ADMINISTRATION

Central administration includes costs for Group-wide functions such as senior management, IT, annual reports, auditors' fees, legal advice and so on. Central administration costs amounted to SEK 73 million (63), corresponding to SEK 47/sq.m (47). Of these costs, SEK 36 million (34) relates to employee benefits and SEK 2 million (2) relates to the amortisation/depreciation of intangible non-current assets and property, plant and equipment. Other items of SEK 35 (27) million are costs for IT and consulting fees, among other things.

### Auditors' fees and expenses

SEK '000	FOR THE GROUP		PARENT COMPANY	
	2017	2016	2017	2016
<b>Deloitte</b>				
Audit services	1,510	1,490	1,510	1,490
Audit activities in addition to audit assignment	54	600	54	600
Fiscal advice	68	134	68	134
Other services	185	135	185	135
<b>TOTAL</b>	<b>1,817</b>	<b>2,359</b>	<b>1,817</b>	<b>2,359</b>

Auditing refers to the examination of the Annual Report and accounting records and the administration of the Board of Directors and CEO. Audit activities other than the audit assignment involve other quality assurance services that must be performed according to statutes, Articles of Association or agreements, as well as consultation or other assistance resulting from observations made during an audit. Fiscal advice refers to consultations and quality assurance reviews relating to the area of taxation. All costs relating to audits and audit-related assignments are recognised in the parent company. Costs are then distributed among the subsidiaries through management fees.

## NOTE 7 >>> FINANCIAL INCOME

SEKm	2017	2016
<b>FOR THE GROUP</b>		
Interest income, other	5	2
<b>TOTAL</b>	<b>5</b>	<b>2</b>
<b>PARENT COMPANY</b>		
Interest income, Group companies	218	236
Dividends from Group companies	300	300
Group contributions	154	-
<b>TOTAL</b>	<b>672</b>	<b>536</b>

All interest income relates to financial instruments recognised at amortised cost.

## NOTE 8 >>> FINANCIAL COSTS

SEKm	2017	2016
<b>FOR THE GROUP</b>		
Interest expenses	-169	-192
Other financial expense	-21	-14
<b>TOTAL</b>	<b>-190</b>	<b>-206</b>
<b>PARENT COMPANY</b>		
Interest expenses, Group companies	-117	-89
Interest expenses	-66	-87
Other financial expense	-9	-8
<b>TOTAL</b>	<b>-192</b>	<b>-184</b>

Of the Group's interest expense, SEK 141 million (88) is interest attributable to liabilities measured at amortised cost. The corresponding expense for the parent company is SEK 157 million (111). The remaining interest expense is ongoing interest attributable to interest rate derivatives.

### INTEREST EXPENSE FOR 2017 INCLUDING WEIGHTED AVERAGE INTEREST

In 2017, average interest-bearing liabilities amounted to SEK 9,558 million (8,066). The actual interest expense, including cost of unused credit facilities and outcome regarding financial instruments, amounted to SEK 175 million (192), corresponding to an annual average interest of 1.8 per cent (2.4). During the year, unrealised changes in value for held derivative instruments totalled SEK 27 million (91), which have been fully recognised in the income statement.

GROUP, SEKm	Amount	Annual expense	Weighted average interest rate
Interest-bearing liabilities	9,558	143	1.5
Undrawn credit facilities <sup>1</sup>	1,333	4	0.1
Financial instruments	3,400	28	0.3
<b>TOTAL</b>		<b>175</b>	<b>1.8</b>

<sup>1</sup> The cost of unused credit facilities affects the average annual interest rate by 0.05 percentage points.

## NOTE 9 >>> CHANGES IN PROPERTY VALUES

SEKm	2017	2016
<b>THE GROUP</b>		
Realised changes in value	10	-10
Unrealised changes in value	402	337
<b>TOTAL</b>	<b>412</b>	<b>327</b>

In 2017, 15 properties were sold (42). The sales price for these exceeded the latest valuation by SEK 10 million (-10), resulting in a realised change in value. During the year, 40 properties (5) were acquired. A valuation of all properties was carried out at year-end in line with annual business plans and based on a 5-year cash flow model with a valuation of future earnings capacity and required rate of return for each individual property. See Note 11. Diös' property portfolio is divided into a main portfolio and a subsidiary portfolio. The main portfolio comprises around 75 per cent of the property value, or SEK 14,666 million, and 120 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. All properties in the main portfolio are also physically inspected by Savills for a three-year period. In addition to the regular inspections, physical visits are also made after major changes. Properties in the secondary portfolio are valued with the help of Savills. These valuations have resulted in unrealised changes in value of SEK 402 million (337) to the properties' market values.

## NOTE 10 >>> TAX ON PROFIT FOR THE YEAR

Tax is reported in the income statement in two items, current tax and deferred tax. Current and deferred tax for 2017 have been calculated based on a nominal tax rate of 22 per cent.

The rate of income tax for Swedish limited companies is 22 per cent. Tax is reported in the income statement as current tax and deferred tax. Current tax expense is attributable to tax in subsidiaries which were prevented from offsetting losses against profits through Group contributions during the year. It is thought that accumulated remaining tax losses could be set against future taxable profits and offset against deferred tax liabilities; see also Note 17. Current tax is based on taxable profit for the year, which is low. This is largely due to the opportunity to utilise tax depreciation on properties, tax deductions for certain conversions carried out on properties which have been capitalised for accounting purposes, tax-free sales of properties and existing tax loss carry-forward.

Deferred tax is a provision for the tax that will be paid on a direct sale of the properties when a reversal of tax depreciation and deducted investments is carried out.

Swedish accounting legislation does not permit the recognition of the properties at fair value in the legal entity. This means that the value of properties can only change at Group level and therefore does not affect taxation. As shown in the table below, the taxable profit for 2017 is lower than the profit according to the books. This is because Diös Fastigheter can utilise the above tax depreciation and tax-deductible investments, while completed sales have mainly taken place in the form of tax-free share transfers. Paid tax arises when a number of subsidiaries do not have the option of tax-based group contributions.

SEKm	FOR THE GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Current tax	-43	11	-	-
Deferred tax	-189	-136	-	-
<b>Total tax</b>	<b>-232</b>	<b>-125</b>	<b>-</b>	<b>-</b>

GROUP, SEKm	2017		2016	
	Basis for current tax	Basis for deferred tax	Basis for current tax	Basis for deferred tax
Property management income	822		539	
Conversion projects	-56	56	-80	80
Tax-deductible depreciation	-227	227	-179	179
Other tax adjustments	-140	-41	-89	69
<b>Taxable property management income</b>	<b>399</b>	<b>242</b>	<b>191</b>	<b>328</b>
Sale of properties	3	-3	11	-130
Change in value, properties	0	412	0	337
Issue costs	-51	51	0	0
<b>Taxable profit before tax losses</b>	<b>351</b>	<b>702</b>	<b>202</b>	<b>535</b>
Tax losses, opening balance	-177	177	-262	262
Tax losses, closing balance	21	-21	177	-177
<b>Taxable profit</b>	<b>195</b>	<b>858</b>	<b>117</b>	<b>620</b>
Changed tax attributable to tax case	0	0	-168	0
<b>Taxable profit incl. tax case</b>	<b>195</b>	<b>858</b>	<b>-51</b>	<b>620</b>
<b>Tax for the period as per income statement</b>	<b>-43</b>	<b>-189</b>	<b>11</b>	<b>-136</b>

Current tax for 2016 includes a positive item relating to reversal of a previous reservation of tax relating to a previously communicated tax case of SEK 36 million.

Loss carry-forwards comprise the previous year's tax losses. The losses, which are not limited in time, roll onto the next year and are utilised by being offset against future taxable gains. Remaining loss carry-forwards are calculated to be SEK 21 million (177).

CURRENT TAX SEKm	FOR THE GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Pre-tax profit for the year	1,261	957	436	311
Tax at the applicable rate of 22%	-277	-211	-96	-68
Taxation relating to tax case	0	37	-	-
Tax effect of adjustments:				
Changes in value, properties	91	72	-	-
Tax-related depreciation, properties	50	39	-	-
Direct deductions lessee improvements etc.	12	18	-	-
Sale of properties	-1	-3	-	-
Other business	48	40	76	66
<b>TAX ON PROFIT FOR THE YEAR BEFORE LOSS CARRY-FORWARDS</b>	<b>-77</b>	<b>-7</b>	<b>-20</b>	<b>-2</b>
Loss carry-forwards, opening balance	177	262	91	102
Loss carry-forwards, closing balance	-21	-177	-2	-90
Tax effect of loss carry-forwards	34	19	20	3
<b>CURRENT TAX</b>	<b>-43</b>	<b>11</b>	<b>0</b>	<b>0</b>

## NOTE 11 >>> INVESTMENT PROPERTIES

SEKm	FOR THE GROUP	
	2017	2016
Opening carrying amount	13,683	13,381
Acquisitions	5,094	206
Investment in existing properties	505	420
Sales	-227	-661
Value movement	402	337
<b>CLOSING CARRYING AMOUNT</b>	<b>19,457</b>	<b>13,683</b>

The closing carrying amount is consistent with the value in accordance with the property valuation as at 31 December 2017.

Investments amounting to SEK 505 million (420) have been made in new construction, extensions and conversions. During the year, 40 properties have been acquired (5) and 15 properties have been sold (42).

For information on pledged properties, see Note 25.

Major investments in progress			
PROPERTY	Investment, SEKm	Uninvested, SEKm	Completed
Porsön 1:423	38.1	37.7	2018
Porsön 1:423	19.5	15.0	2018
Glädjen 4	18.3	1.3	2018
Mörviken 2:91	15.0	11.0	2018
Gästgivaren 3	14.7	14.3	2018
Stranden 20:4	14.2	11.1	2018
Norr 29:5	12.9	8.2	2018
Befälhavaren 2	9.8	3.3	2018
Gösen 7	9.6	9.5	2018
Arken 1	7.6	0.5	2018
Norrbacka 1	7.4	0.5	2018
Gösen 7	7.0	4.2	2018
Arken 1	6.4	4.2	2018
Cupido 7	6.0	0.7	2018
Norr 31:9	5.7	5.5	2018
G:a Bergskolan 15	5.6	2.4	2018
Arken 1	5.5	0.5	2018
Skönsberg 1:73	5.1	3.9	2018

**CONT. NOTE 11**  **INVESTMENT PROPERTIES****Valuation**

The value of an asset is the discounted present value of the expected cash flows that the asset is expected to generate. The value of the property portfolio is calculated as the sum of the present value of net operating profit, less the value of remaining investments for ongoing projects over the next five years, and the present value of the estimated residual value in year 6. The residual value in year 6 is the sum of the present value of the operating surplus over the remaining economic life. The estimated market value of undeveloped land is added to this. The measurement is thus made according to level 3 of the measurement hierarchy in IFRS 13.

The required rate of return and the assumption regarding future real growth are crucial to the calculated value of the property portfolio. These are the most important value-driving factors in the valuation model. The required rate of return is the weighted cost of borrowed capital and equity. The cost of borrowed capital is based on the market interest rate for loans. The cost of equity is based on a risk-free interest rate equivalent to a long-term government bond rate with the addition of a risk premium. Each investment has a unique risk premium which depends on the investor's perception of future risks and potential.

The investment properties are recognised at fair value. A valuation of all properties was conducted in the year. The fair market value is the most probable price for which a property will sell in a competitive and open market. However, a property's fair value does not become a reality until it is sold.

The valuation was carried out in a uniform manner and was based on a five-year cash flow model. The valuation was based on an individual assessment of future earnings capacity and the required rate of return for each individual property. The assessment of a property's future earnings capacity takes into account an assumed inflation of 2 per cent and any changes in rental levels based on each contract's rent and expiry date compared with the estimated current market rent, as well as changes in occupancy rate and property costs. The property costs comprise costs for operation, maintenance, property taxes, ground rent fees and property management.

According to Savills, the demand for real estate investment was very high in 2017. The total transaction volume amounted to SEK 153 billion, which was a decline from 2016, when the volume amounted to SEK 203 billion. However, this decline should not be interpreted as reduced interest, but rather as 2016 being an exceptional year with many major transactions and the volume being well above the long-term average. The number of transactions completed went down by a moderate seven per cent compared to 2016, indicating continued good liquidity and high demand. Interest in property investments is still very high and the market is well supplied with equity; current low interest rates also mean that the interest is increasing further.

The fact that Sweden has an efficient property transaction market is important in many respects, not only for the actual property owners but also for the buyers and sellers so that they feel confident about what they are buying and selling. All property transactions offer valuable information that leads to improvements and provides important guidelines when determining the required rates of return that form the basis of the valuations carried out.

The required rate of return on equity is unique for each property and is based on assumptions about real interest rates, inflation and risk premiums. The risk premium is unique for each property and can be divided into general and individual risk. The general risk makes up for the fact that a property investment is not as liquid as a bond and that the asset is affected by the general economic situation. The individual risk is specific to each property and comprises the market's overall assessment of the property's category, the town in which it is located, its location within the town with regard to the property's category, whether it is properly designed, appropriate and makes efficient use of space, its technical standard in respect of materials, quality of general installations, furnishing, equipment, etc. in premises and apartments, and the nature of lease contracts, taking length, size, number and other aspects of the contracts into account. The length, size and number of contracts are taken into account.

The average required rate of return on comparable holdings has been lowered by 0.32 percentage points (0.27). This reflects the market trends during the year. Projects in progress have been measured at cost. Sites with building rights and land have been valued on the basis of an estimated market value per square metre.

**Value of property holding**

An estimation of the market value of all properties has been performed. The date of valuation is 31 December 2017. The valuation model means that the 120 largest properties in terms of value are valued externally over the course of the year, with around 25 per cent being valued in each quarter. For the remaining 75 per cent and for the other properties in the portfolio a breakdown is made between properties in which material changes have taken place, such as the signing or termination of leases or major projects, and properties where no material changes have taken place. The former are valued internally with the help of the external valuation firm while the latter are valued internally without external assistance.

The details on which the valuations are based are all lease contracts, information about premises to let, actual operations and maintenance costs, property taxes and property management as well as information about ongoing and planned investments. Physical inspections were also carried out on the properties upon completion of major investment projects or in conjunction with other changes that would probably have an effect on the value. These valuations showed a fair value of SEK 19,457 million (13,683) and resulted in unrealised changes in value of SEK 402 million (337) on the market values of the properties, an increase of 2.1 per cent (2.5). The table below presents the breakdown of fair value by property category and business area.

Property value, SEKm 31 Dec 2017	Office	Retail	Residential	Industrial/warehouse	Other	Total
Retail	-	3,112	-	-	-	3,112
Dalarna	1,304	300	233	80	182	2,097
Gävleborg	844	387	105	383	127	1,847
Västernorrland	1,970	142	147	47	276	2,583
Jämtland	1,057	746	495	113	595	3,007
Västerbotten	3,135	437	125	68	277	4,042
Norrbottn	1,958	658	113	41	-	2,769
<b>TOTAL</b>	<b>10,268</b>	<b>5,782</b>	<b>1,218</b>	<b>732</b>	<b>1,457</b>	<b>19,457</b>

Property value, SEKm 31 Dec 2016	Office	Retail	Residential	Industrial/warehouse	Other	Total
Retail	-	2,043	-	-	-	2,043
Dalarna	1,249	272	228	80	174	2,003
Gävleborg	763	388	110	373	121	1,756
Västernorrland	962	126	133	81	95	1,397
Jämtland	954	712	475	104	532	2,776
Västerbotten	1,387	419	203	121	90	2,219
Norrbottn	1,116	222	109	41	-	1,489
<b>TOTAL</b>	<b>6,431</b>	<b>4,182</b>	<b>1,258</b>	<b>800</b>	<b>1,012</b>	<b>13,683</b>

**UNCERTAINTY RANGE**

A property's market value can only be determined when it is sold. Property values are calculated according to accepted principles based on certain assumptions. The value range specified in property valuations is often within  $\pm 5$ – $10$  per cent and should be seen as a measure of the uncertainty in the assumptions and calculations. Savills has estimated the current uncertainty range at  $\pm 7.5$  per cent. This results in a value range of SEK 17,998–20,917 million.

		2017	2016
Sensitivity analysis, property valuations	Change	Change in fair value, SEKm	Change in fair value, SEKm
Rental value	$\pm$ SEK 50/sq.m	+1,211/-1,212	+1,000/-1,008
Operating costs	$\pm$ SEK 25/sq.m	+587/-589	+485/-493
Yield	$\pm 0.5$ percentage points	+1,326/-1,125	+881/-761
Cost of capital	$\pm 0.5$ percentage points	+391/-382	+272/-274
Vacancy rate	$\pm 1$ percentage points	$\pm 225$	+/-165

	2017					2016				
Valuation assumptions	Office	Retail	Residential	Industrial/warehouse	Other	Office	Retail	Residential	Industrial/warehouse	Other
Analysis period	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Yield for assessing residual value <sup>1</sup> . %	7.0-5.7	6.8-6.0	5.3-4.7	8.1-7.0	7.0-6.0	7.3-6.2	7.2-6.1	5.5-4.8	8.2-7.3	7.1-6.6
Cost of capital for discounting to present value, %	8.1	8.2	7.4	9.8	8.6	8.5	8.4	7.4	9.9	9.0
Long-term vacancy, %	5.0	3.7	1.8	12.0	5.5	5.3	3.5	1.7	11.9	6.4
Inflation, %	2	2	2	2	2	2	2	2	2	2

<sup>1</sup> From lower to upper quartiles in the portfolio.

## NOTE 12 >>> NON-CURRENT INTANGIBLE ASSETS

SEKm	FOR THE GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Opening cost	4	4	4	4
<b>Closing cost</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Opening depreciation	-2	-1	-2	-1
Depreciation for the year	0	-1	0	-1
<b>Closing accumulated depreciation</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>
<b>CLOSING RESIDUAL VALUE</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

## NOTE 13 >>> OTHER PROPERTY, PLANT AND EQUIPMENT

SEKm	FOR THE GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Opening cost	43	43	7	7
Acquisition for the year	2	0	0	0
<b>Closing cost</b>	<b>45</b>	<b>43</b>	<b>7</b>	<b>7</b>
Opening depreciation	-40	-39	-5	-5
Depreciation for the year	-1	-1	-1	0
<b>Closing accumulated depreciation</b>	<b>-41</b>	<b>-40</b>	<b>-6</b>	<b>-5</b>
<b>CLOSING RESIDUAL VALUE</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>2</b>

## NOTE 14 >>> INTERESTS IN GROUP COMPANIES

SEKm	2017	2016
<b>PARENT COMPANY</b>		
Accumulated cost	270	171
Impairment	-	-
Purchases	1,854	99
<b>CARRYING AMOUNT AT END OF PERIOD</b>	<b>2,124</b>	<b>270</b>

A specification of the parent company's directly owned subsidiaries is given below. Other Group companies can be found in the annual reports of each subsidiary. The policy for consolidation of Group companies is presented in the accounting policies in Note 1.

SUBSIDIARIES				
Name	CRN	Reg. office	Share of equity in %	Carrying amount, SEKm
Diös Fastigheter I AB	556544-4998	ÖSTERSUND	100	16
Diös Fastigheter II AB	556610-9111	ÖSTERSUND	100	13
Diös Fastigheter V AB	556571-9969	ÖSTERSUND	100	0
Diös Fastigheter VI AB	556561-0861	ÖSTERSUND	100	3
Diös Fastigheter VII AB	556589-8433	ÖSTERSUND	100	11
Åre Centrum AB	556624-4678	ÅRE	72	88
Fastighets AB Upprum	556711-2619	ÖSTERSUND	100	40
Diös Obligation Holding AB	556912-4471	ÖSTERSUND	100	99
Diös Åre AB	559000-9279	ÖSTERSUND	100	0
Diös Projektering AB	559015-7649	ÖSTERSUND	100	0
Diös Old Bergsskolan AB	559041-8355	ÖSTERSUND	100	934
Diös Struktur 1 AB	559067-1912	ÖSTERSUND	100	920
<b>TOTAL CARRYING AMOUNT</b>				<b>2,124</b>

## Subsidiaries with non-controlling interests

The Group has a small number of non-wholly owned subsidiaries, of which one is deemed to have a significant non-controlling interest representing 28.2 per cent of the shares and votes of the company. During the financial year the profit attributable to the non-controlling interest amounts to SEK 2 million (7). The accumulated non-controlling interest in Åre Centrum AB as at 31 December 2017 was SEK 45 million (43). Condensed financial information for Åre Centrum AB (the Group) is presented below.

SEKm	2017	2016
<b>Condensed income statement</b>		
Net revenue	40	36
Operating profit	15	8
Profit for the period	10	1
Comprehensive income for the period	10	1

SEKm	2017	2016
<b>Condensed balance sheet</b>		
Non-current assets	414	412
Current assets	29	31
<b>TOTAL ASSETS</b>	<b>443</b>	<b>443</b>
Non-current liabilities	295	297
Current liabilities	19	26
<b>TOTAL LIABILITIES</b>	<b>314</b>	<b>323</b>
Equity attributable to parent company shareholders	84	77
Non-controlling interest	45	43

## NOTE 15 >>> INTERESTS IN ASSOCIATES AND JOINT OPERATIONS

SEKm	FOR THE GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Opening cost	1	1	-	-
ACQUISITIONS	-	-	-	-
Reclassifications	5	-	-	-
SALES	-	-	-	-
<b>Closing cost</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>-</b>

Name/Company reg. no	Reg. office	Share of equity in %	Carrying amount
Fastighetsaktiebolaget Norkom, 556483-5337 <sup>1</sup>	Härjedalen	50.0	0.5
Kabin Väst Holding AB, 559004-6313 <sup>2</sup>	ÖSTERSUND	50.0	0.5
Idun Samfällighetsförening, 716415-4358	SKELLEFTEÅ	25.0	5.0
<b>TOTAL</b>			<b>6</b>

<sup>1</sup> Diös' interest in Fastighetsaktiebolaget Norkom is owned indirectly through Diös Norrland AB. <sup>2</sup>Diös' interest in Kabin Väst Holding AB is owned indirectly through Diös Åre AB.

### Joint operations

The group has significant joint operations. Diös has significant joint operations in an associate company, Nya Svensk FastighetsFinansiering AB, which was formed in 2015. The company is jointly owned by Catena AB, Diös Fastigheter AB, Fabega AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB, all of which own 20 per cent. The intention is to broaden the company's funding base. Diös Fastigheter's interest in Nya Svensk FastighetsFinansiering AB is owned indirectly through Diös Obligation AB. Operations comprise deposit-taking activities in the form of raising loans in the capital market through issuing bonds (Medium-Term Notes, MTN), as well as lending activities in the form of the provision of cash loans.

In the second quarter, bonds amounting to SEK 191 million were issued through Nya Svensk FastighetsFinansiering AB (SFF). The bonds have a fixed rate with a margin of 0.35 per cent and mature on 25 September 2019. As at 31 December 2017, the bonds had an effective rate of 0.7 per cent.



## CONT. NOTE 15 >>> INTERESTS IN ASSOCIATES AND JOINT OPERATIONS

Condensed income statement and balance sheet for associates, SEKm (100%)

SEKm	2017	2016
<b>the Group</b>		
<b>Income statement</b>		
Rental income	4	2
Operating surplus	2	2
Profit for the year	1	1
<b>balance sheet</b>		
Non-current assets	10	9
Current assets	6	4
<b>TOTAL ASSETS</b>	<b>16</b>	<b>13</b>
Equity	9	6
Non-current liabilities	6	6
Other liabilities	2	1
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16</b>	<b>13</b>

## NOTE 16 >>> OTHER SECURITIES HELD AS NON-CURRENT ASSETS

SEKm	FOR THE GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Opening cost	10	10	0	0
Acquisitions	-	-	-	-
Impairment	-1	-	-	-
Reclassifications	-5	-	-	-
Sales	0	0	-	-
<b>Closing cost</b>	<b>4</b>	<b>10</b>	<b>0</b>	<b>0</b>
<b>Carrying amount</b>	<b>4</b>	<b>10</b>	<b>0</b>	<b>0</b>

Name/Company reg. no	Reg. office	Share of equity in %	Carrying amount
Destination Östersund AB, 556798-5592	ÖSTERSUND	4.4	0
Investa Företagskapital AB, 556651-6471	SUNDSVALL	4.6	3
Offerdalsvind ekonomisk förening, 769606-0719	Krokom	16.2	1
Åre Destination AB, 556171-5961	ÅRE	2.4	0
<b>TOTAL</b>			<b>4</b>

## NOTE 17 >>> DEFERRED TAX ASSETS/ TAX LIABILITY

SEKm	2017	2016
<b>FOR THE GROUP</b>		
Deferred tax assets relating to tax loss carry-forward	5	38
Deferred tax liability relating to temporary differences in properties	-1,175	-1,023
Deferred tax liability relating to other items	-27	-24
<b>TOTAL DEFERRED TAX ASSETS/LIABILITIES</b>	<b>-1,197</b>	<b>-1,009</b>

The reported deferred tax liability was SEK -1,197 million (-1,009) as at 31 December 2017. The value of a deferred tax assets/liabilities will be assessed at the end of each accounting period and, if necessary, re-valuation will be carried out. The tax loss carry-forward is estimated at SEK 21 million (177). At a tax rate of 22 per cent, deferred tax assets relating to tax loss carry-forward amounted to SEK 5 million (38), which is considered to be useable against future taxable surpluses and resulting temporary differences.

Reported temporary differences, i.e. the real value of properties less tax residual values, amounted to SEK 5,339 million (4,648). At a tax rate of 22 per cent, the deferred tax liability on temporary differences was SEK 1,175 million (1,023). In the financial statements, deferred tax assets have been offset against deferred tax liabilities. Other deferred taxes are reported at SEK 27 million (24). Other deferred taxes are calculated on untaxed reserves.

## NOTE 18 >>> TRADE RECEIVABLES

SEKm	2017	2016
<b>FOR THE GROUP</b>		
<b>Age structure of trade receivables</b>		
Trade receivables not past due and up to 30 days past due	17	6
Trade receivables between 31–60 days past due	3	6
Trade receivables more than 61 days past due	25	7
Doubtful trade receivables	-11	-8
<b>TOTAL</b>	<b>34</b>	<b>11</b>
<b>Doubtful trade receivables</b>		
Doubtful debts at the beginning of the year	8	8
Reserves for the year	7	4
Reversal of reserves	-1	-1
Actual credit losses	-3	-3
<b>CLOSING BALANCE</b>	<b>11</b>	<b>8</b>

## NOTE 19 >>> EQUITY

As at 31 December 2017, Diös Fastigheter AB (publ) had a share capital of SEK 269,024,276. The total number of shares at year-end was 134,512,438 with a face value of SEK 2 per share. A rights issue was carried out in the early stages of 2017, where the number of shares was increased by 59,783,304 to a total of 134,512,438 shares. All shares give equal rights to assets and profits. Each share entitles the holder to one vote. There are no potential shares (e.g. convertible bonds), nor any preferential rights to cumulative dividends (preference shares).

### Change in share capital

Date	Event	Increase in number of shares	Total number of shares	Increase in share capital, SEK	Total share capital, SEK	Face value, SEK
1 Jan 2005	At the start of the period	-	10,000	-	100,000	10.00
21 Jun 2005	Share split	990,000	1,000,000	-	100,000	0.10
21 Jun 2005	Issue of new shares	1,489,903	2,489,903	148,990	248,990	0.10
14 Sep 2005	Non-cash issue	1,503,760	3,993,663	150,376	399,366	0.10
2 Jan 2006	Bonus issue	-	3,993,663	39,537,264	39,936,630	10.00
2 Jan 2006	Share split	15,974,652	19,968,315	-	39,936,630	2.00
18 May 2006	Issue of new shares	8,333,400	28,301,715	16,666,800	56,603,430	2.00
11 Jul 2006	Non-cash issue	5,000,000	33,301,715	10,000,000	66,603,430	2.00
19 Apr 2007	Non-cash issue	666,250	33,967,965	1,332,500	67,935,930	2.00
29 Oct 2010	Non-cash issue	99,729	34,067,694	199,458	68,135,388	2.00
14 Dec 2010	Issue of new shares	3,285,466	37,353,160	6,570,332	74,705,720	2.00
17 Dec 2010	Issue of new shares	11,407	37,364,567	22,814	74,728,534	2.00
5 Dec 2011	Issue of new shares	22,854,136	60,218,703	45,708,272	120,436,806	2.00
14 Dec 2011	Issue of new shares	14,510,431	74,729,134	29,020,862	149,457,668	2.00
27 Jan 2017	Issue of new shares	59,629,748	134,358,882	119,259,496	268,717,164	2.00
31 Jan 2017	Issue of new shares	153,556	134,512,438	307,112	269,024,276	2.00
<b>31 DEC 2017</b>	<b>AT YEAR-END</b>		<b>134,512,438</b>		<b>269,024,276</b>	<b>2.00</b>

Diös Fastigheter did not hold any of its own shares at the end of 2017. A dividend payout is proposed by the Board of Directors in conformity with the provisions of the Swedish Companies Act and is adopted by the Annual General Meeting. The Diös Fastigheter Board of Directors proposes that a dividend for the 2017 financial year of SEK 2.90 (2.00) per share be paid out, split into two payments of SEK 1.45 each, representing a total payout of SEK 390 million (269). The proposal means that 49.5 per cent (53) of earnings, excluding unrealised gains or losses and deferred taxes, will be paid out to shareholders. The amount is reported as a liability since the Annual General Meeting has resolved on the dividend.

### The following profits in the parent company are at the disposal of the Annual General Meeting:

Retained earnings	SEK 2,105,599,416
Profit for the year	SEK 435,683,838
<b>Total</b>	<b>SEK 2,541,283,254</b>

### The Board of Directors proposes that the profits be allocated as follows:

Distributed to ordinary shareholders	SEK 390,086,070
Carried forward	SEK 2,151,197,184
<b>Total</b>	<b>SEK 2,541,283,254</b>

## NOTE 20 >>> OTHER PROVISIONS

Provisions relate to deferred stamp duty in connection with inter-company sales of properties.

SEKm	2017	2016
FOR THE GROUP		
At beginning of year	9	9
Provision for pensions	-	-
Change in tax	-	-
<b>CARRYING AMOUNT AT END OF PERIOD</b>	<b>9</b>	<b>9</b>

## NOTE 21 >>> LIABILITIES TO CREDIT INSTITUTIONS

### Interest and loan maturity as at 31 December 2017

Maturity, year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average annual interest rate, %	Credit agreements, SEKm	Drawn, SEKm
2018	3,386	0.8	2,066	2,066
2019	2,426	1.2	2,224	2,224
2020	5,292	1.4	5,292	5,292
2021	-	-	525	23
2022	-	-	1,750	801
2027	-	-	1,000	697
<b>TOTAL</b>	<b>11,104</b>	<b>1.2</b>	<b>12,858</b>	<b>11,104</b>

	FOR THE GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Interest-bearing liabilities, SEKm				
Maturity date from the balance sheet date:				
< 1 year	2,066	2,307	1,403	628
1–2 years	2,224	2,170	988	1,502
2–3 years	5,292	2,312	-	-
3–4 years	-	574	-	-
> 4 year	1,521	650	816	15
<b>TOTAL</b>	<b>11,104</b>	<b>8,012</b>	<b>3,208</b>	<b>2,145</b>

## CONT. NOTE 21 &gt;&gt;&gt;

	FOR THE GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Overdraft facilities, SEKm				
Credit limit granted	600	450	600	450
Undrawn	600	435	600	435
Drawn	0	15	0	15

All borrowings have mortgage collateral in the form of mortgage deeds. The parent company maintains promissory notes with its subsidiaries with the mortgage collateral pledged therein. In addition to mortgages, there are financial covenants which require the loan-to-value, equity/assets and interest coverage ratios to be maintained. All forms of loan agreement include the usual cancellation terms and conditions for renegotiation if there is a change in business focus and this exposes the lender to an unacceptable level of risk. The credit utilisation may increase or decrease at short notice during the term of the loan agreements. The agreements with lenders contain limits for various financial key ratios, known as covenants, which are designed to limit the counterparty risk for the company's lenders. Financial key ratios with limit values are equity/assets, loan-to-value and interest coverage ratios. The minimum equity/assets ratio is 25 per cent, the loan-to-value ratio must not exceed 65 per cent, while the interest coverage ratio must be greater than 1.8 times. At year-end, the equity/assets ratio was 34.9 per cent, the loan-to-value ratio amounted to 57.1 per cent and the interest coverage ratio was 5.3 times, meaning that all the limits were achieved.

**LIABILITIES TO CREDIT INSTITUTIONS**

As a net borrower, we are exposed to financial risks, primarily interest rate risk, refinancing risk and credit risk. As at 31 December 2017, there was no foreign currency exposure risk. Diös' funding and financial risk management is conducted in accordance with the Board's established financial policy. For a more detailed description of our financial policy, see Note 24.

**INTEREST RATE RISK**

Interest rate risk is the risk associated with changes in interest rates that affect the cost of borrowing for the Group and the value of interest-rate derivatives. Interest expense is one of the major cost items. The Group's interest-bearing liabilities totalled SEK 11,104 million (8,012) with an average annual interest rate of 1.3 per cent (1.2), including loan commitments. The loans had an average fixed-rate term of 1.4 years (0.7). The average interest rate commitment period was 2.5 years (0.9) when the impact of the derivative portfolio is included. The average capital commitment period was 2.4 years (1.8). Of the Group's total interest-bearing liabilities, SEK 4,600 million (2,200) is hedged through derivative instruments. The average remaining term is 2.6 years (0.5). Of the Group's outstanding loans, SEK 7,965 million (1,926) is subject to fixed interest rates. The average annual interest rate, including costs related to derivative instruments, amounted to 1.5 per cent (2.0), including loan commitments.

Financial instruments limit the impact of a change in interest rates on the average interest expense. If interest rates had been increased by 1 percentage point on 31 December 2017, the interest expense, excluding effects of derivatives, would have increased by SEK 32 million annually. The effect of the derivative instruments would mean a reduction in interest expenses by SEK 6 million on an annual basis. This would cause interest expenses to increase by SEK 26 million on an annual basis, including the effect of derivative instruments. If interest rates had been increased by 1 percentage point on 31 December 2017, the average interest rate would have risen by 0.2 percentage points and the value of derivative instruments would have increased by SEK 7 million. Unrealised changes in the value of derivatives held amounted to SEK 27 million (91) for the period, which has been fully recognised in the income statement.

**FINANCING AND LIQUIDITY RISKS**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. Borrowing risk is the risk that it will be costly or difficult to

refinance borrowings outstanding. The financial policy states that cash and cash equivalents and undrawn credit facilities must be available to ensure sufficient liquidity levels. The Group's cash and cash equivalents are managed through instruments with good liquidity or short-term maturity. At the end of the year, the Group had non-utilised credit facilities of SEK 1,754 million, of which SEK 1,154 million pertains to non-utilised credit commitments, and a non-utilised bank overdraft facility of SEK 600 million. Access to liquidity is deemed to be adequate to meet liquidity requirements over the coming 12 months. Future refinancing requirements will be managed in accordance with the applicable financial policy.

**CREDIT RISK**

Credit risk is the risk of financial loss to the Group due to the failure of a counterparty to meet its contractual obligations. In order to spread credit risks, the financial policy limits with which counterparties, and for what volume, an agreement may be entered into. We only enter into agreements with well-known and transparent counterparties who have a high external credit rating. Normal credit checks should be carried out before a new tenant is accepted. The carrying amount of trade receivables and promissory notes represents the maximum credit exposure for the Group. The credit risk in financial counterparties corresponds to the carrying amount for cash and bank balances. At year-end, there were no concentrations of credit risk with respect to trade and other receivables. Impairment of trade receivables was SEK 11,000 (8). The 10 largest clients accounted for 16 per cent (16) of revenue.

**Financial instruments measured at fair value**

SEKm	31 Dec 2017	Level 2
FOR THE GROUP		
Derivative instruments	-15	-15
<b>TOTAL</b>	<b>-15</b>	<b>-15</b>

Financial instruments are measured at fair value on three different levels.

- 1: Measurement is based on quoted prices in an active market for identical assets and liabilities.
- 2: Measurement is primarily based on observable market data for the asset or liability.
- 3: Measurement is mainly based on the entity's own assumptions.

All financial instruments are measured in accordance with Level 2. The fair values of derivative instruments are determined using discounted future cash flows, with quoted market rates for the term of each instrument. The future cash flows of the derivative portfolio are calculated as the difference between the fixed rate agreed by the respective derivative contracts and the implied STIBOR reference rate for each period. The present value of the consequential interest flows are determined using the implied STIBOR curve. The option component of the callable swaps in the portfolio has not been assigned a value, as cancellation does not have an impact on earnings. The issuer decides whether to cancel the swap or not.

The fair value of a derivatives transaction can be described as the risk-free market value after adjusting for the value of counterparty risk. The value of the counterparty risk can be calculated by estimating the expected credit exposure at the date of default, the risk of default and the recovery rate for exposed credits. If a derivatives transaction is terminated prematurely due to the default of a counterparty, losses will be incurred on derivative instruments with positive market values. No loss is incurred on derivatives with negative market values.

To limit the counterparty risk, all derivatives transactions are covered by framework agreements with netting provisions. This enables us to offset positive and negative market values so that the amount owed by or to the counterparty comprises the net market value of all outstanding derivatives transactions between the parties. In view of the net liability, the counterparty risk in the derivatives transactions is deemed to be negligible in relation to the outstanding market values. The Group has signed up to ISDA's 2013 EMIR Protocol, which describes the risk mitigation techniques prescribed in EMIR.

SEKm	31 Dec 2017			31 Dec 2016		
	Asset	Liability	Net	Asset	Liability	Net
Interest rate derivatives	1	-16	-15	-	-43	-43
<b>Gross value derivatives</b>	<b>1</b>	<b>-16</b>	<b>-15</b>	<b>-</b>	<b>-43</b>	<b>-43</b>
Covered by netting	-	-	-	-	-	-
<b>NET VALUE DERIVATIVES</b>	<b>1</b>	<b>-16</b>	<b>-15</b>	<b>-</b>	<b>-43</b>	<b>-43</b>

## CONT. NOTE 21 >>>

The various categories of financial instruments included in the consolidated balance sheet are presented below

SEKm	Loans and receivables		Financial liabilities a measured at fair a value through profit or loss		Derivatives used in hedge accounting		Financial liabilities measured at amortised cost		Non-financial instruments	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>ASSETS</b>										
Rent receivables	34	11	-	-	-	-	-	-	-	-
Other receivables	73	54	-	-	-	-	-	-	-	-
Cash and bank balances	-	-	-	-	-	-	-	-	-	-
Other business	-	-	-	-	-	-	-	-	26	101
<b>LIABILITIES</b>										
Interest rate derivatives	-	-	16	43	-	-	-	-	-	-
Non-current liabilities	-	-	-	-	-	-	10,422	7,978	-	-
Trade payables	-	-	-	-	-	-	35	56	-	-
Other liabilities	-	-	-	-	-	-	699	52	-	-
Other business	-	-	-	-	-	-	-	-	46	114
<b>TOTAL</b>	<b>107</b>	<b>65</b>	<b>16</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>11,156</b>	<b>8,086</b>	<b>72</b>	<b>215</b>

The values indicated in the above table represent the total credit exposure.

Financial instruments, such as rent receivables, trade payables, etc. are reported at amortised cost with deductions for any impairments. Fair value is therefore deemed to be the same as the carrying amount. The Group's long-term interest-bearing liabilities mainly have a short interest rate duration. This means that amortised cost is essentially the same as fair value.

### Maturity analysis of financial assets

SEKm	2017				2016			
	0-1 month	1-3 months	3-12 months	1-3 years	0-1 month	1-3 months	3-12 months	1-3 years
<b>FOR THE GROUP</b>								
Promissory notes	-	-	-	26	-	-	-	26
Trade receivables	-	34	-	-	-	11	-	-
Other receivables	-	117	22	-	-	92	93	-
Cash and cash equivalents	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>151</b>	<b>22</b>	<b>26</b>	<b>-</b>	<b>103</b>	<b>93</b>	<b>26</b>

### Maturity analysis of financial assets

SEKm	2017				2016			
	0-1 month	1-3 months	3-12 months	1-3 years	0-1 month	1-3 months	3-12 months	1-3 years
<b>PARENT COMPANY</b>								
Trade receivables	-	-	-	-	-	-	-	-
Receivables from Group companies	-	-	958	-	-	-	541	-
Other receivables	-	1,143	12	-	-	748	7	-
Cash and cash equivalents	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>1,143</b>	<b>969</b>	<b>-</b>	<b>-</b>	<b>748</b>	<b>548</b>	<b>-</b>

### Maturity analysis of financial liabilities

SEKm	2017				2016			
	0-1 month	1-3 months	3-12 months	1-3 years	0-1 month	1-3 months	3-12 months	1-3 years
<b>FOR THE GROUP</b>								
Trade payables	-	35	-	-	-	56	-	-
Repayment of debt	-	222	1,844	7,681	-	1,632	675	4,587
Interest expenses	-	35	104	278	-	24	71	283
Derivative instruments	-	7	11	-	2	7	20	17
<b>TOTAL</b>	<b>-</b>	<b>299</b>	<b>1,959</b>	<b>7,959</b>	<b>2</b>	<b>1,719</b>	<b>766</b>	<b>4,887</b>

### Maturity analysis of financial liabilities

SEKm	2017				2016			
	0-1 month	1-3 months	3-12 months	1-3 years	0-1 month	1-3 months	3-12 months	1-3 years
<b>PARENT COMPANY</b>								
Trade payables	-	2	-	-	-	2	-	-
Repayment of debt	-	2	1,401	1,008	-	-	628	1,502
Interest expenses	-	9	28	76	-	5	14	56
Derivative instruments	-	7	11	-	-	7	20	17
<b>TOTAL</b>	<b>-</b>	<b>21</b>	<b>1,440</b>	<b>1,083</b>	<b>-</b>	<b>13</b>	<b>661</b>	<b>1,575</b>



## NOTE 22 >>> ACCRUALS AND DEFERRED INCOME

SEKm	FOR THE GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Prepaid rents	302	240	-	-
Accrued interest expenses	14	50	2	5
Other items	80	56	23	20
<b>TOTAL</b>	<b>396</b>	<b>346</b>	<b>25</b>	<b>25</b>

## NOTE 23 >>> CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES

SEKm	Carrying amount		Changes not affecting cash flow		Carrying amount
	2016	Cash flow	Unrealised changes in value	ACQUISITIONS	
FOR THE GROUP					
Non-current liabilities to credit institutions	7,978	19	-	2,425	10,422
Current portion of non-current liabilities	35	647	-	-	682
Overdraft facilities	15	-15	-	-	-
Derivative instruments	43	-	-27	-	16
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>8,071</b>	<b>651</b>	<b>-27</b>	<b>2,425</b>	<b>11,120</b>

SEKm	Carrying amount		Carrying amount
	2016	Cash flow	
PARENT COMPANY			
Non-current liabilities to Group companies	3,633	1,540	5,173
Non-current liabilities to credit institutions	2,145	453	2,598
Current portion of non-current liabilities	0	610	610
Overdraft facilities	17	-17	-
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>5,795</b>	<b>2,586</b>	<b>8,381</b>

## NOTE 24 >>> ASSET MANAGEMENT

The operations are financed by equity and liabilities. The relationship between equity and liabilities is regulated on the basis of a selected financial risk level and the amount of equity required to meet the lenders' requirements for loans received. The cost of capital is set at a level to meet the required rate of return on equity, to make it possible to obtain necessary loan financing and to ensure room for investment. The target for the capital structure is to maintain an equity ratio of at least 25 per cent over the short-term and at least 30 per cent over the long-term, with an interest coverage ratio of at least 1.8 times. As at 31 December 2017, the assets had a total value of SEK 19,708 million (13,920). These were financed partly through equity of SEK 6,887 million (4,313) and liabilities of SEK 12,821 million (9,607), of which SEK 11,104 million (8,013) were interest-bearing property credits. Diös' funding and financial risk management is conducted in accordance with the Board's established financial policy. The financial operations are centralised in the parent company. The finance department acts as the Group's internal bank, with responsibility for the Group's financing, financial risk management and cash management. The financial policy defines mandates and limits for managing the financial risks, as well as the general division of responsibility. The financial operations must be conducted so that the costs for financial risk management are minimised. This means that financial transactions are based on an estimate of the Group's requirements for funding, liquidity and interest rate risk. An inter-company transaction, such as an internal loan, does not therefore necessarily mean that an identical external loan transaction is also carried out. External loans are taken up once the Group's aggregate borrowing requirements have been assessed. A group accounts system enables net management of the Group's payment flows. The Group's interest rate risk is managed cost-effectively by assessing the interest rate risk that arises when an individual loan with a short fixed-interest term is raised. Interest-rate derivative transactions will subsequently be carried out as needed to achieve the desired fixed-rate term for the Group's overall loan portfolio.

Policy	Target	Outcome
Loan-to-value ratio	Capped at 65%	57.1%
Interest coverage ratio	At least 1.8 times	5.3 times
Currency risk	Not allowed	No exposure
Liquidity risk	Liquidity reserve to meet payment obligations	SEK 1,754 million in committed undrawn credit facilities
Equity/assets ratio	At least 30%	34.9%

The Group's covenants are the equity/assets ratio, loan-to-value ratio and interest coverage ratio. The minimum equity/assets ratio is 25 per cent, the loan-to-value ratio must not exceed 65 per cent and the interest coverage ratio must be greater than 1.8 times.



> Daniel Jansson Westblom, letting agent, Gävle.

## NOTE 25 >>> PLEDGED ASSETS

SEKm	FOR THE GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Shares in subsidiaries	3,737	3,193	1,937	84
Floating charges	239	239	-	-
Property mortgages	12,101	9,080	-	-
Non-current receivables in Group companies	-	-	3,620	2,397
<b>TOTAL</b>	<b>16,077</b>	<b>12,512</b>	<b>5,557</b>	<b>2,481</b>

## NOTE 26 >>> CONTINGENT LIABILITIES

SEKm	FOR THE GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Guarantees to Group companies	-	-	7,964	5,923
Other contingencies	1	1	1	1
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>7,965</b>	<b>5,924</b>

When borrowing takes place directly from property-owning companies, the parent company provides the guarantee.

## NOTE 27 >>> 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. None of the Board members, senior executives or auditors of Diös Fastigheter AB or its subsidiaries have themselves, via companies or related parties, had any involvement in business transactions which were or are unusual in nature or terms and which took place in 2017. Transactions with the company's largest owner, AB Persson Invest, represented 0.8 per cent (0.7) of the company's purchasing costs for the year and were concluded on market terms. Remuneration to the Board and senior executives is provided in Note 5.

## NOTE 28 >>> EVENTS AFTER THE END OF THE YEAR

### TRANSACTIONS

On 15 January, the commercial premises Idun 10 in Skellefteå were acquired. The acquisition was announced in December 2017. The underlying property value was SEK 34 million. On 1 February, the commercial premises Polaris 39 in Skellefteå were acquired. The acquisition was announced in December 2017. The underlying property value was SEK 36.5 million.



# ANNUAL REPORT SIGNATURES

The Board of Directors and Chief Executive Officer of Diös Fastigheter AB (publ) hereby certify that this annual report has been prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 of the Swedish Financial Reporting Board. The annual report gives a true and fair view of the company's financial position and results. The Directors' Report gives a true and fair overview of the performance, financial position and results of the company, and describes significant risks and uncertainties faced by the company.

The Board of Directors and Chief Executive Officer hereby certify that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The consolidated financial statements give a true and fair view of the Group's financial position and results. The Directors' Report gives a true and fair overview of the performance, financial position and results of the Group, and describes significant risks and uncertainties faced by the Group companies.

Östersund, 19 March 2018

Bob Persson  
*Chairman*

Maud Olofsson  
*Board member*

Ragnhild Backman  
*Board member*

Anders Nelson  
*Board member*

Anders Bengtsson  
*Board member*

Tomas Mellberg  
*Board member*  
*Employee representative*

Knut Rost  
*Chief Executive Officer*

Our auditors' report was submitted on 20 March 2018

Deloitte AB

Richard Peters  
*Authorised Public Accountant*

# AUDITORS' REPORT

THE BOARD OF DIRECTORS OF DIÖS FASTIGHETER AB (PUBL)

COMPANY REGISTRATION NUMBER 556501-1771

## STATEMENT ON THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

### OPINION

We have conducted an audit of the annual financial statements and consolidated financial statements of Diös Fastigheter AB (publ) for the financial year 1 January to 31 December 2017. The company's annual financial statements and consolidated financial statements can be found on pages 48–87 of this document.

In our opinion, the annual financial statements have been prepared as required pursuant to the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company on 31 December 2017, and its financial performance and its cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group on 31 December 2017, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other sections of the annual report and the consolidated financial statements.

We therefore recommend that the Annual General Meeting adopts the income statement and the balance sheet of the parent company and the Group.

Our statements in this report on the annual financial statements and consolidated financial statements are consistent with the contents of the supplementary report that has been delivered to the Board of the parent company in accordance with article 11 of the EU Audit Regulation (537/2014).

### BASIS FOR THE OPINION

We have conducted our audit in compliance with the requirements of the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility to these standards are described in greater detail in the section Auditor's responsibility. We are independent in relation to the parent company and Group in accordance with good auditing practices in Sweden and have completed our ethical responsibility in accordance with these requirements. This includes, to the best of our knowledge and conviction, that no prohibited services as per article 5.1 of the EU Audit Regulation (537/2014) have been provided by the audited company or, where applicable, the parent company or companies under its control within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### AREAS OF PARTICULAR IMPORTANCE

Areas of particular importance for the audit were those that in our professional estimation had most bearing on the audit of the annual financial statements and consolidated financial statements for the current period. These areas were handled within the framework for the auditing of, and our stance on, financial statements and consolidated financial statements as a whole, but we issue no separate opinions on these areas.

#### Valuation of properties

Diös Fastigheter AB recognises its investment property at fair value and the property portfolio was valued at SEK 19,457 million as at 31 Decem-

ber 2017. The properties have been valued internally, and as a quality control and for comparative purposes, the 125 properties with the greatest value, 25 per cent per quarter, have been valued externally. The starting point for the valuation consists of an individual assessment for each property of future earning capacity and the market's required rate of return. The assessment is based on estimates and assumptions that can significantly impact on the Group's earnings and financial position.

Our audit included the following audit procedures but were not limited to these:

- Review of Diös' internal valuation procedures and evaluation of assumptions made and their application in the internal valuation model.
- Review of input data and calculations in the internal valuation model at property level for a selection of properties to assess completeness and valuation.
- We have considered the external valuations and assessed whether the differences compared to the internal values are within the normal range of uncertainty.
- For a selection of acquired and sold properties, a review found that these should be reported in accordance with the underlying agreements, applicable tax regulations and accounting policies.
- Review to confirm that appropriate accounting policies are being applied and the necessary disclosures are being made in the relevant notes accompanying the financial statements.

For further information, please see the section on property valuation on page 56, the section on risks and risk management on pages 59–62, the Group's accounting policies and critical assessment areas on pages 71–73, and note 11 in the annual report.

#### Income tax reports

Diös Fastigheter AB's calculation of current and deferred taxes is complex and contains a significant number of estimates. The possibility of tax losses, tax depreciation, tax deductible conversions, sale of properties and changes in the value of property and derivatives must be taken into consideration. Incorrect estimates and assumptions may have a significant impact on the Group's earnings and financial position.

Our audit included, but was not limited to, the following review procedures:

- Review and assessment of Diös' procedures for calculating current and deferred tax.
- Review of the calculations of current and deferred taxes against documentation for legal companies in the Group, and evaluation of the calculations against applicable tax legislation.
- Review and assessment of concluded property transactions in tax calculations.
- Review to confirm that appropriate accounting policies are being applied and the necessary disclosures are being made in the relevant notes accompanying the financial statements.

For further information, see the section on taxes on page 58, the section on risks and risk management on pages 59–62, the Group's accounting policies on pages 71–73 and Notes 10 and 17 in the annual report.

#### Financing and credit qualifications

Diös's business model means there is a high requirement for access to funding as the operation is capital intensive. As at 31 December 2017, liabilities



to credit institutions amounted to SEK 11,104 million and the loan-to-value ratio was 57 per cent. When taking out loans, Diös Fastigheter AB has a number commitments in the form of credit qualifications. Violations of these covenants may result in higher interest rate margins or financing being stopped. Over the next financial year, Diös Fastigheter AB will need to refinance 20 per cent of its interest-bearing liabilities in its total loan portfolio.

Our audit included the following audit procedures but were not limited to these:

- Review and assessment of the procedure for financing and follow-up of key ratios and terms and conditions for loans, as well as a review of compliance with the Group's loan terms and conditions and financial policy.
- For all external loans, the carrying amounts have been reconciled with external statements of assets and liabilities obtained directly from the bank.
- All new loans raised during the financial year have been reconciled with loan agreements.
- Review to confirm that appropriate accounting policies are being applied and the necessary disclosures are being made in the relevant notes accompanying the financial statements.

For further information, please see the section on financing on pages 54–55, the section on risks and risk management on pages 59–62, the Group's accounting policies on pages 71–73 and Note 21 in the annual report.

#### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

This document also contains other information than that found in the financial statements and consolidated financial statements, which can be found on pages 3–47 and 99–118. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the financial statements and consolidated financial statements does not include this information and we will not express an opinion verifying this other information.

In connection with our audit of the financial statements and consolidated financial statements, it is our responsibility to read the information identified above and assess whether the information is materially inconsistent with the financial statements and consolidated financial statements. In this review, we also take into account the other information we have obtained in the audit and identify whether the information otherwise appears to contain material misstatement.

If, based on the work carried out with respect to this information, we conclude that there is material misstatement in the other information, we are required to report this. We have nothing to report in this respect.

#### RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and CEO are responsible for the preparation and fair presentation of financial statements and consolidated financial statements in accordance with the Swedish Annual Accounts Act and, with regard to the consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In their preparation of the financial statements and consolidated financial statements, the Board of Directors and CEO are responsible for the

assessment of the company's and the Group's ability to continue as a going concern. They disclose, where appropriate, information on conditions that may affect the ability to continue as a going concern and to use the going concern basis of accounting. However, the going concern basis of accounting is not used if the Board of Directors and CEO intend to wind up the company, discontinue operations or do not have a realistic alternative to either of these options.

#### AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the financial statements and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement in the financial statements and consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may include collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the part of the company's internal control relevant to our audit in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- come to a conclusion on the appropriateness of the Board of Directors' and CEO's use of the going concern basis of accounting when preparing the financial statements and consolidated financial statements. We will also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the relevant disclosures in the financial statements and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion on the financial statements and consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the company and the Group to be unable to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements and consolidated financial statements, including the disclosures, and whether the financial statements and consolidated financial



## »»» AUDITORS' REPORT CONT.

statements represent the underlying transactions and events in a manner that gives a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of, among other matters, the planned scope and timing of the audit. We also need to inform the Board of significant audit findings, including any significant deficiencies in internal control that we have identified.

We also need to provide the Board with a statement that we have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Board, we determine those matters that were of most significance to the audit of the financial statements and consolidated financial statements, including the most significant assessed risks of material misstatement and which therefore constitute the key audit matters. We describe these matters in the auditors' report unless laws or legal and regulatory requirements prevent disclosure on the matter.

### STATEMENT ON OTHER LEGAL AND STATUTORY REQUIREMENTS

#### OPINION

In addition to our audit of the financial statements and consolidated financial statements, we have also conducted an audit of the management of Diös Fastigheter AB (publ) by the Board of Directors and the Chief Executive Officer for the financial year 1 January 2017 to 31 December 2017, as well as of the proposed appropriation of the company's profit or loss.

We recommend to the Annual General Meeting that the profit be appropriated as proposed in the Directors' Report and that the members of the Board and the Chief Executive Officer be discharged from liability for the financial year.

#### BASIS FOR THE OPINION

We have conducted our audit in compliance with generally accepted auditing standards in Sweden. Our responsibility in accordance with this is described in greater detail in the section Auditor's responsibilities. We are independent in relation to the parent company and Group in accordance with good auditing practices in Sweden and have completed our ethical responsibility in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors is responsible for the proposed appropriation of the company's profit or loss. Dividend proposals include an assessment of whether the dividend is justifiable considering the demands that the nature, scope and risks of the operations place on the amount of equity and the parent company's and the Group consolidation requirements, liquidity and financial position in general.

The Board is responsible for the organisation of the company and the management of its affairs. Among other things, this includes continuously assessing the company's financial position and ensuring that the company's organisation is designed such that controls of accounting records, asset management and the company's financial circumstances in general are performed in a satisfactory manner. The CEO must take charge of the day-to-day management in accordance with the Board's guidelines and directives, including taking the necessary measures to ensure that the company's accounting records are complete according to law and that asset management is conducted satisfactorily.

#### AUDITOR'S RESPONSIBILITIES

Our objective for the management audit, and thereby our statement on discharge from liability, is to obtain audit evidence to enable us to determine with reasonable assurance whether any member of the Board or the CEO has, in any material respect:

- taken any action or been guilty of any negligence that may result in a claim for compensation being brought against the company, or
- in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective for the audit of the proposed appropriation of the company's profit or loss, and thereby our opinion on this matter, is to determine with reasonable assurance whether the proposal is consistent with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions which may result in a claim for compensation being brought against the company, or that a proposal for appropriation of the company's profit or loss is inconsistent with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The review of the management and the proposed appropriation of the company's profit or loss is largely based on the audit of the accounts. Any additional audit procedures performed are based on our professional assessment, with risk and materiality as the starting point. This means that our review focuses on such procedures, matters and conditions that are material to the business and where deviation and infringement would have special significance for the company's situation. We go through and examine decisions taken, documentation supporting decisions, actions taken and other conditions that are relevant to our statement on discharge from liability. As a basis for our opinion on the Board's proposed appropriation of the company's profit or loss, we examined the Board's statement of reasons and a selection of supporting evidence in order to assess whether the proposal is consistent with the Swedish Companies Act.

#### DELOITTE AB

SE-113 79 Stockholm was appointed Diös Fastigheter AB's auditor by the Annual General Meeting of 26 April 2017 and has been the company's auditor since 30 May 2005.

Östersund, 20 March 2018

Deloitte AB

Richard Peters, Authorised Public Accountant



> David Nygren and Sara Bergh, both letting agents in Umeå.



# CORPORATE GOVERNANCE REPORT

> Knut Rost, CEO, with members of the Diös Board of Directors: Anders Nelson, Maud Olafsson, Tomas Mellberg and Bob Persson.

# CORPORATE GOVERNANCE REPORT

*Diös Fastigheter AB (publ) is a Swedish property company listed on the Mid Cap list of the Nasdaq OMX Stockholm exchange. The company's corporate governance report describes the structure and processes for Diös' governance, management and control in 2017.*

## SWEDISH CORPORATE GOVERNANCE CODE

Diös applies the Swedish Corporate Governance Code. It covers, among other things, formalities for appointing the Board of Directors and auditors, the composition of the Board, financial reporting and information disclosure concerning corporate governance and internal control. Responsibility for the governance, management and control of Diös' operations is distributed between shareholders at the Annual General Meeting, the Board of Directors and the Chief Executive Officer. Some governance issues are regulated in the Articles of Association. Corporate governance describes how Diös' owners directly and indirectly govern the company and how risks are managed. The company's governance is based on external and internal regulations which are developed and improved continually. Diös deviates from the Code on several points:

- The Audit Committee consists of the entire Board. The Board of Directors consists of five members, all of whom perform the Audit Committee's tasks. The review process of financial reports, as well as its internal controls, are therefore both managed by the entire Board of Directors.
- Independent Nomination Committee. The Nomination Committee consists of representatives from the four largest shareholders. Three of the largest shareholders hold more than ten per cent of the company's shares and are therefore not deemed to be a position independent from the company.

In addition to this, it is the Board's opinion that Diös has in all respects followed the Code in 2017 and has no deviations to report.

## EXTERNAL REGULATIONS

- The Swedish Companies Act
- NASDAQ OMX Stockholm's regulations for the issuance of shares
- The Swedish Corporate Governance Code
- Applicable accounting legislation

## INTERNAL REGULATIONS

- The company's Articles of Association
- Instructions and rules of procedure for the Board and CEO
- Internal guidelines, policies and handbooks

## ANNUAL GENERAL MEETING

Diös' highest decision-making body is the Annual General Meeting (AGM), which, along with any extraordinary general meetings, give the shareholders an opportunity to govern the company by exercising their decision-making power. The AGM appoints the Board of Directors and Chairman of the Board, and adopts principles for the composition of the Nomination Committee and for remuneration of senior executives. The AGM also appoints auditors for the auditing of the consolidated financial statements and the Board of Directors' and CEO's management. The Board appoints the CEO as well as representatives to the Remuneration Committee and Audit Committee.

## ARTICLES OF ASSOCIATION

In accordance with the Articles of Association, Diös is a public limited company with its registered office in Östersund. The company's business is to own and manage properties, either directly or indirectly through subsidiaries, and engage in related business activities. The Board of Directors is elected each year at the AGM and must consist of no less than three and no more than ten members, with a maximum of ten deputies. Diös is required to maintain share capital of at least SEK 149 million and no more than SEK 596 million.

The number of shares may amount to no less than 74,000,000 and no more than 296,000,000 shares.

The full text of the Articles of Association is available at [www.dios.se](http://www.dios.se).

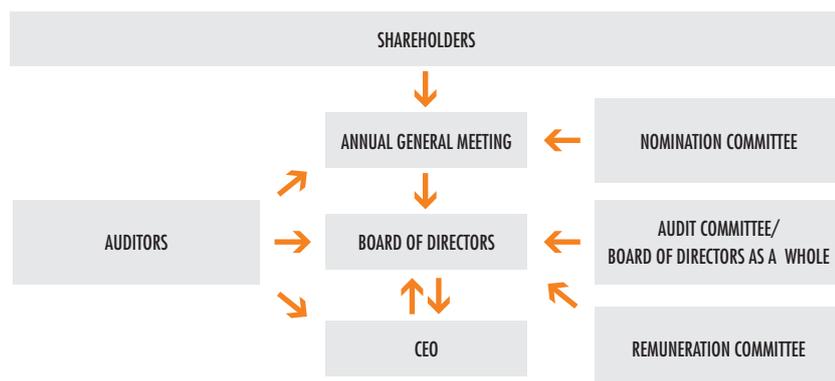
## SHARE CAPITAL AND SHAREHOLDERS

At year-end, Diös had 14,513 shareholders holding a total of 134,512,438 shares. Each share has a face value of SEK 2. The proportion of foreign shareholders was 21.5 per cent. The largest individual shareholders as at 31 December 2017 were AB Persson Invest with 15.4 per cent of the votes and capital, Backahill Inter AB with 10.5 per cent, Bengtssons Tidnings AB with 10.1 per cent and Pensionskassan SHB Försäkringsförening with 6.0 per cent. The company's ten largest shareholders together owned 57.4 per cent of the votes and capital. Each share entitles the holder to one vote and refers to a portion of Diös' share capital.

## ANNUAL GENERAL MEETING 2017

The 2017 Annual General Meeting (AGM) was held on 26 April in Östersund. At the AGM, 126 shareholders participated, in person or by proxy. The number of shares represented was 68,340,520, which is approximately 51 per cent of the total number of shares. The AGM adopted the consolidated balance sheet and income statement for 2016 and discharged the Board of Directors and CEO from liability in respect of their management of the company in 2016. The AGM resolved:

- To re-elect Bob Persson, Anders Bengtsson, Maud Olofsson and Ragnhild Backman to the Board and appoint Anders Nelson as a new member.
- To appoint Bob Persson as Chairman of the Board.
- To approve a dividend payment of SEK 2.00 per share to the shareholders in accordance with the proposal of the Board with 28 April 2017 as record date.
- To approve the Board's proposed policies for remuneration and other terms of employment for the company's senior executives.
- To ensure the same principles apply in relation to appointing the Nomination Committee before the 2018 AGM.
- To authorise the Board to acquire and transfer treasury shares in accordance with the Board's proposal during a period ending no later than the next Annual General Meeting.
- To authorise the Board of Directors to decide on a new share issue in accordance with the Board's proposal during a period ending no later than the next Annual General Meeting.



## NOMINATION COMMITTEE

The composition and duties of the Nomination Committee are defined by the AGM based on the report submitted by the Nomination Committee. The relevant instructions state that the Nomination Committee must be appointed annually and consist of the Chairman of the Board and one representative for each of the four largest shareholders. The members of the Nomination Committee jointly represent around 42 per cent of the shares and votes in the company as at 31 December 2017. The chairman of the Nomination Committee may not be a member of the Board. If a member of the Nomination Committee steps down from the committee during the course of the year, he or she must be replaced by another representative of the same shareholder. A member who no longer represents one of the four largest shareholders must be replaced by a representative of a new shareholder. If the applicable principles result in a Nomination Committee consisting of fewer than three members, a representative of the Swedish Shareholders' Association should be offered a seat on the committee.

### Duties of the Nominating Committee

All members of the Nomination Committee have carefully considered and established that there is no conflict of interest in accepting the duty as a member of the Diös Nomination Committee. Ahead of the 2018 Annual General Meeting, the Nomination Committee held five minuted meetings at which all matters were dealt with in accordance with the Swedish Corporate Governance Code. The Nomination Committee has, among other things, discussed and considered:

- the degree to which the current members of the Board of Directors, individually and as a group, satisfy the requirements that will be imposed on the Board of Directors as a result of Diös' operations and development,
- the size of the Board of Directors,
- which areas of expertise are and should be represented within the Board of Directors,
- the composition of the Board with regards to experience, gender and background,
- fees for Board members,

- proposals for the election of auditors,
- which model for the composition of a new Nomination Committee for the 2019 Annual General Meeting will be applied.

The Nomination Committee also prepared a proposal for electing auditors to the Board of Directors and the Annual General Meeting in accordance with the EU Audit Regulation (537/2014) and issues regarding remuneration to the auditor.

The Nomination Committee's work is based on the Chairman's report for the evaluation of the work of the Board over the past year and of the members' knowledge and experience. The CEO's presentations on the company's operations and strategic focus also constitute important supporting documentation. In accordance with the Nomination Committee's instructions, the members of the Committee, and the shareholders they represent, are announced no later than six months before the AGM. The election of representatives to the Nomination Committee is based on known shareholdings as at 31 August 2017.

### Composition of the Nomination Committee

In accordance with the principles adopted at the Annual General Meeting 2017, Diös' Nomination Committee consists of representatives for the company's four largest shareholders: Bob Persson (AB Persson Invest); Bo Forsén, chairman of the Nomination Committee (Backahill Inter AB); Jonas Bengtsson (Bengtssons Tidnings AB) and Stefan Nilsson (Pensionskassan SHB Försäkringsförening). Shareholders who wish to submit proposals to the Nomination Committee may do so by e-mail to [valberedningen@dios.se](mailto:valberedningen@dios.se) or by post to: Diös Fastigheter AB, Nomination Committee, PO Box 188, SE-831 22 Östersund.

## BOARD OF DIRECTORS

### Responsibilities of the Board of Directors and CEO

The Board of Directors consists of five members and one employee representative with no deputies. The members are elected annually by the Annual General Meeting for the period until the next Annual General Meeting. The Board has overall responsibility for the company's organisation and

management. This is done by ensuring that the guidelines for the company's management are properly formulated.

This includes a responsibility for developing and following up the company's strategies and goals, and for adopting the business plan and annual financial statements. Other responsibilities include deciding on the acquisition and sale of operations, major investments or appointments and remuneration of Group management. The Chairman's responsibilities include ensuring that the Board of Directors fulfils its duties through well-organised and efficient work.

### The work of the Board

The basis for the Board's work is the Chairman's dialogue with the CEO, along with documents provided to the members of the Board as a basis for discussion and resolutions. The Board's rules of procedure are drawn up annually at the inaugural Board meeting and are revised when necessary. The rules of procedure specify the responsibilities and duties of the Board, the duties of the Chairman and audit issues, and include the instructions for the CEO. They also specify which reports and financial information the Board should receive prior to each scheduled Board meeting. The most recent rules of procedure were adopted at the inaugural Board meeting on 26 April 2017 (see [www.dios.se](http://www.dios.se)). In 2017, 17 minuted Board meetings were held. Regular items of business at the Board meetings this year included company-wide policies, overall strategies, rules of procedure for the Board of Directors, capital structure and financing needs, transactions, raising of capital through share issues, sustainability, our business model and organisational issues. Forward-looking issues about market assessments, the focus of the company's commercial activities, gender equality and organisational issues were also discussed.

### Evaluation of the work of the Board

In accordance with the company's rules of procedure, the Chairman has ensured that the work of the Board has been evaluated and that the Chairman of the Nomination Committee has been

## BOARD OF DIRECTORS

	Age	Elected	Dependent/independent	Attendance, out of total no. of meetings			Fees, SEK '000
				Board meetings	Remuneration Committee	Audit Committee	
Bob Persson, Chairman	67	2007	Dependent in relation to owners	16/17	1/1	3/3	200
Anders Bengtsson, member	54	2011	Dependent in relation to owners	17/17	-	3/3	150
Maud Olofsson, member	62	2011	Independent	17/17	-	3/3	150
Ragnhild Backman, member	54	2011	Independent	17/17	1/1	3/3	150
Anders Nelson, Board Member	48	2017	Dependent in relation to owners	10/10	-	2/2	150
Tomas Mellberg, employee representative	59	2012	Dependent in relation to company	17/17	-	-	-
Svante Paulsson, Board Member <sup>1</sup>	46	2014	Dependent in relation to owners	7/7	-	1/1	135

<sup>1</sup> Svante Paulsson relinquished his role in conjunction with the AGM of 26 April 2017.

The number of Board meetings in 2017 consists of nine regular meetings, one constituent meeting and seven "per capsulam" meetings.



informed of the results of the evaluation prior to the nominating process of the Nomination Committee. The evaluation comprises a number of pre-defined and open questions, which each Board member answers individually.

#### Audit Committee

The Board of Directors has resolved that the Board as a whole should constitute the Audit Committee. The Committee's work is defined in the rules of procedure for the Board. The Audit Committee's duty includes quality-assuring the company's financial reporting as well as the effectiveness of the company's internal control and risk management. The Committee is also required to keep itself informed on the auditing of the annual report and consolidated financial statements. The Audit Committee ensures that the auditor is impartial and independent, evaluates the audit work and reports the results of the evaluation to the company's Nomination Committee. The company's auditor attended three meetings over the course of the year to report their audit findings and their assessment of the company's internal control concerning financial reporting. In addition to this, the Audit Committee assists the Nomination Committee in the organisation of elections for auditors and remuneration for them, with the remit of ensuring that the auditors' mandate period does not violate applicable regulations, procuring an audit and providing a justified recommendation in accordance with article 16 of the EU Audit Regulation.

#### Remuneration Committee

The Remuneration Committee consists of two Board representatives, namely Bob Persson and Ragnhild Backman. Its duties include preparing a proposal for remuneration of the CEO subject to the guidelines adopted by the 2017 AGM. The Remuneration Committee held one meeting in 2017, at which guidelines for remuneration of senior executives were reviewed.

#### Finance Committee

Diös has established a Finance Committee with the task of monitoring developments in the credit market and drafting matters of a financial nature. The Finance Committee submits proposals to the Board of Directors on an ongoing basis but has no decision-making powers on financial matters. The Committee consists of the board representatives Bob Persson and Anders Bengtsson, as well as CEO Knut Rost and CFO Rolf Larsson.

#### AUDITORS

The Annual General Meeting appoints one or two auditors and, at most, two deputies to audit the company's Annual Report, its accounts and the Board of Directors' and CEO's management of

the company. At the 2017 AGM, Deloitte AB was appointed with Lars Helgesson as chief auditor. In the autumn, the chief auditor was changed to Richard Peters for a period of time until the 2018 AGM. Remuneration for auditors is specified in Note 6.

#### GROUP MANAGEMENT

##### Responsibilities of senior group management and the CEO

In 2017, senior group management consisted of CEO Knut Rust, CFO Rolf Larsson, Director of Business Support Kristina Grahn-Persson, Business Development Manager Lars-Göran Dahl and Property Director Henrik Lundmark. The team's work is led by the CEO in accordance with the applicable instructions. The senior management team's duties include presenting relevant information and decision guidance documents prior to Board meetings as well as the reasoning behind their proposed resolutions. The Chairman of the Board annually conducts a performance appraisal with the CEO in accordance with the applicable instructions and the current requirements specification. The senior management team holds meetings at least once a month at which strategic and operational issues are discussed. Additionally, the senior management produces a business plan each year. This is followed up through monthly reports where the review focuses on the earnings trends, improvement, new investments and growth.

##### Principles of remuneration

The 2017 Annual General Meeting approved the following principles for remuneration to senior executives:

- Remuneration and benefits to the CEO decided by the Board of Directors.
- Remuneration to other senior executives decided by the CEO in consultation with the Board of Directors.
- As of 2012, an incentive plan has been in place, under which senior executives have the potential to earn variable remuneration. During 2017, the CEO's right to variable remuneration was derecognised. There is no share-based payment.
- The variable remuneration for the CEO and senior executives is capped at one month's salary.
- During their term of employment, the CEO and other members of the senior management team are entitled to a company car and receive insurance and retirement benefits in accordance with the applicable ITP plan. Individual investment options are available. Insurance and pension premiums are based on cash salary only.
- The retirement age for the CEO is 65 years. The notice period given by the company to the CEO is twelve months. The notice period given by the CEO to the company is four months.
- The contracts of other members of the senior management team may be terminated by either

party with three to six months' notice.

- Diös has a profit-sharing foundation for all its employees. Provision for the profit-sharing foundation is based on a combination of Diös' profit, required return and dividend for shareholders and shall be a maximum of SEK 30,000 per year per employee. For 2017, this provision came to SEK 1,960,000.

##### Remuneration for 2017

The CEO received fixed remuneration of SEK 2,480,000, other benefits worth SEK 363,000 and pension plan contributions of SEK 905,000. Other members of the senior management team received total fixed remuneration of SEK 4,973,000, variable remuneration of SEK 291,000, other benefits of SEK 379,000 and pension plan contributions of SEK 1,462,000. Other members of senior management comprised a group of four persons. For more information, see Note 5.

#### THE BOARD ON INTERNAL CONTROL

The Board of Directors is responsible for ensuring that Diös has effective internal control procedures in place. The Board fulfils this quality assurance duty by reviewing critical accounting issues as well as the financial reports prepared by the company. This means that the Board assesses compliance with applicable laws and regulations, material uncertainties in the carrying amounts, any irregularities or errors which are not corrected, events after the balance sheet date, changes in estimates and assessments, any noted inconsistencies and inaccuracies, and other circumstances that affect the quality of the financial statements. The internal control complies with the established Internal Control – Integrated Framework (COSO). The framework comprises the components: control environment, risk assessment, control activities, information and communication, and follow-up.

##### Control environment

Effective work by the Board of Directors is the basis for good internal control. The Board has therefore adopted rules of procedure along with defined working processes with the aim of creating clear guidelines for its work. The Board's responsibilities include formulating and adopting a number of fundamental policies, guidelines and frameworks relating to the company's financial reporting activities. The Company's main policy documents are instructions for the CEO, the financial policy and the credit policy. The instructions are monitored and reviewed on a regular basis and findings are communicated to all employees who are involved in the financial reporting process, all for the purpose of establishing a platform for good internal control.

The Board conducts regular evaluations of the company's performance and results through a reporting package, which includes an income statement, projected key ratios and other material operational and financial information. In its role as Audit Committee the Board has monitored the risk management and internal control systems in 2014. This is to ensure that the company's operations are conducted in compliance with relevant legislation and regulations, that they are efficient and that financial reporting is reliable. The Board has familiarised itself with and assessed the procedures for accounting and financial reporting, and has followed up and assessed the work, qualifications and independence of the external auditors. In 2017, the Board conducted a review with, and received a written report from, the company's external auditors.

#### Risk assessment

Diös works continuously and pro-actively with risk assessment and risk management activities to ensure that identified risks are managed in an appropriate manner subject to the defined criteria. Diös' Group management conducts an annual analysis which involves the analysis and assessment of the risks according to a risk scale. The risk assessment considers factors such as the company's administrative procedures for invoicing and contract management. Balance sheet and income statement items are also reviewed regularly wherever there is a risk of material misstatement.

#### Control activities

Control activities are performed at all stages of the accounting and reporting process in order to manage the risks that the Board considers may materially affect the internal control of financial reporting. Examples of control activities include reporting of processes and procedures for making critical decisions, such as decisions on major new tenants, major investments and current contracts. Reviewing submitted financial statements is another control activity. An organisation with a clear division of responsibilities and clearly defined procedures and roles constitutes the basis for company's control structure.

#### Information and communication

The company's general governing documents, including policies, guidelines and manuals, are updated continually and can be accessed through the company's Intranet. The company has developed a new Intranet with the aim of promoting

increased transparency and employee participation through an improved structure, search function and new communication functions. The company's external communications are formulated in accordance with Diös' communication policy, which sets out guidelines aimed at ensuring that the company meets its disclosure obligations.

#### Long-term value creation

A prerequisite for creating value over the long term is that the business is operated on a basis of sustainability. Our sustainability work involves environmental considerations such as decreasing our use of resources and proper management of our property holdings, as well as exercising social responsibility through contributions to the development of the communities Diös operates in. This work also entails providing our employees with a good working environment. The sustainability work is carried out in partnership with customers and other stakeholders, a feature which is a prerequisite for success. Diös reports this work in accordance with GRI G4. See pages 114–115 for more information. Guidelines for how value-creating sustainability work should be executed can be found in the company's environmental policy and code of conduct. Feedback on this work is regularly given to Diös' Board of Directors.

#### Follow-up

Internal control is followed up continuously at individual property, subsidiary company and Group level. The Board reviews the current situation with the company's auditor at least once a year. This is done without the presence of the CEO or any other member of senior management. The Board also ensures that the company's auditors conduct a general review of the third quarter interim report. The need to appoint a separate internal audit function is assessed each year. So far, the need has been deemed to be negligible. Diös' financing operations, as well as financial and rental administration, is run from its head office, which means that routines and processes are standardised. This also provides opportunities for different sections of the operations to review each other's processes to enhance and improve the company's internal control. The company's balance sheets and income statements are reviewed quarterly by accounts staff as well as by the senior management team and Board of Directors. The Board of Directors reviews interim reports and annual reports before publication. The Board of Directors is also continuously informed of risk management, internal control and financial reporting by the auditors.

#### AUDITORS' STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Shareholders in Diös Fastigheter AB (publ), corporate ID no. 556501-1771.

#### Assignment and allocation of responsibility

The Board of Directors is responsible for the Corporate Governance Report for the financial year 1 January 2017 to 31 December 2017 on pages 93–98, and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

#### Focus and scope of the review

Our review has been carried out in accordance with FAR's statement RevU 16 Auditors' review of the corporate governance report. This means that our review of the Corporate Governance Report has a different aim and is of significantly smaller scope than the aim and scope of an audit compliant with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides sufficient grounds for our opinions.

#### Opinion

A corporate governance report has been prepared. Disclosures in accordance with chapter 6, section 6(2), nos. 2–6 of the Swedish Annual Accounts Act, and chapter 7, section 31(2) of the same Act are consistent with the annual financial statements and consolidated financial statements and comply with the Swedish Annual Accounts Act.

Östersund, 20 March 2018

Deloitte AB

Richard Peters, *Authorised Public Accountant*



# BOARD OF DIRECTORS



➤ Anders Bengtsson, Anders Nelson, Maud Olofsson, Bob Persson, Ragnhild Backman and Tomas Mellberg.

## ➤ Bob Persson

*Chairman of the Board since 2011, Board member since 2007, born 1950.*  
 Current function: Chairman of the Board and partner in AB Persson Invest.  
 Previous experience: CEO and other positions at Persson Invest.  
 Other directorships: Board member of NHP Eiendom AS and Bergvik Skog AB.  
 Education: Economics degree, Umeå University.  
 Shareholding in Diös Fastigheter: 150,000 directly owned shares.  
 Indirect ownership of 20,699,443 shares via AB Persson Invest.

## ➤ Anders Bengtsson

*Board member since 2012, born 1963.*  
 Current function: Board member and partner of Bengtssons Tidnings AB.  
 Previous experience: 20 years as CEO of SMEs and several years as a management consultant for Semcon, etc.  
 Other directorships: Board member of Scandinavian Biogas Fuels International, Nordic Iron Ore and of a number of property development projects.  
 Education: MBA from Monterey Institute of International Studies, USA.  
 Shareholding in Diös Fastigheter: Indirect ownership of 13,574,748 shares through Bengtssons Tidnings Aktieföretag.

## ➤ Anders Nelson

*Board member since 2017, born 1969.*  
 Current function: CEO of Backahill AB.  
 Other directorships: External CEO of Båstadtennis & Hotell AB and a majority directorship in the Backahill Group.  
 Education: BBA Management, University of Arkansas at Little Rock, USA.  
 Shareholding in Diös Fastigheter: Indirect ownership of 14,095,354 shares via Backahill Inter AB.

## ➤ Ragnhild Backman

*Board member since 2012, born 1963.*  
 Current function: CEO, Byggnads AB O. Tjärnberg, Backmans Fastighets- och Företagsutveckling.  
 Previous experience: Property Management Director, Piren.  
 Other directorships: Deputy Chairman of Fastighetsägarna MittNord and Board member of Castanum Förvaltning AB, Malux AB and Fastighetsägarna Sverige.  
 Education: M.Sc. Engineering, KTH Royal Institute of Technology.  
 Shareholding in Diös Fastigheter: 22,140 directly owned shares.

## ➤ Maud Olofsson

*Board member since 2012, born 1955.*  
 Current function: Own company, RomoNorr.  
 Previous experience: Leader of the Swedish Centre Party, Deputy Prime Minister and Minister for Enterprise and Energy.  
 Other directorships: Chairman of Visita, Board member of Arise, the Confederation of Swedish Enterprise, Envac and AF.  
 Education: High school.  
 Shareholding in Diös Fastigheter: 19,800 shares via company.

## ➤ Tomas Mellberg

*Board member (employee representative) since 2012, born 1959.*  
 Current function: Project Controller, Diös Fastigheter AB.  
 Previous experience: Internal auditor and Accounts Manager at Skanska, Accounts Officer at Hallström & Nisses Fastigheter and Norrvidden Fastigheter.  
 Other directorships: None.  
 Education: Economics degree, Umeå University.  
 Shareholding in Diös Fastigheter: 1,800 directly owned shares.



# EXECUTIVE MANAGEMENT



> Henrik Lundmark, Lars-Göran Dahl, Knut Rost, Kristina Grahn-Persson and Rolf Larsson.

> **Knut Rost**

*CEO since 2014, born 1959.*  
 Previous experience: Various positions within ICA Fastigheter in Västerås and at Castellum.  
 Other posts: Member of the Board of Biathlon Events i Sverige AB and Destination Östersund AB.  
 Education: Master of Science in Engineering with a degree from the Royal Institute of Technology.  
 Shareholding in Diös: 13,540 directly owned shares.

> **Rolf Larsson**

*CFO since 2005, born 1964.*  
 Previous experience: Acting CEO of Inlandsbanan AB, Administrative Director of Haninge Bostäder and Director of Accounting at Haningehem.  
 Education: MBA and Executive MBA, Stockholm University.  
 Shareholding in Diös: 6,774 directly owned shares.

> **Kristina Grahn-Persson**

*Director of Business Support since 2016, HR and Sustainability Director since 2013 and employed since 2011, born 1973.*  
 Previous experience: Manpower Experis and McKinsey & Company.  
 Education: Degree in Human Resources and Labour Relations and Executive MBA, Lund University School of Economics and Management.  
 Shareholding in Diös: 1,008 directly owned shares.

> **Lars-Göran Dahl**

*Business Development Manager since 2016, formerly Property Director since 2014, born 1961.*  
 Previous experience: Responsible for Riksbyggen's commercial activities in Sweden.  
 Education: M.Sc. in Economics and Business.  
 Shareholding in Diös: 2,805 directly owned shares.

> **Henrik Lundmark**

*Property Director since 2016, formerly Business Area Manager, Jämtland since 2015, born 1973.*  
 Previous experience: Various positions within Akelius Fastigheter, most recently Regional Manager Norrland.  
 Education: University education in sociology, psychology and communications science.  
 Shareholding in Diös: None.

A man with short dark hair and a light beard, wearing a grey blazer over a blue button-down shirt, is leaning on a wooden railing. He is looking off to the side with a thoughtful expression. The background is a blurred interior space with large windows and modern lighting fixtures.

# PROPERTY REGISTER

> Johan Lång, Business Area Manager for Luleå.

# DALARNA

## BORLÄNGE

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEK/m	Ec. occupancy rate, %	Taxable value, SEK/m
				Office	Industrial/warehouse	Retail	Residential	Other business				
BORLÄNGE	Frigga 7	Mälaregatan 1	1983/1983	2,196	122	1,276	-	-	3,594	4.3	83.4	19.3
BORLÄNGE	Hammaren 6	Hammargatan 4-6	1973/1983	1,002	400	4,475	-	-	5,877	4.6	49.7	21.0
BORLÄNGE	Intagan 1	Röda Vägen 1	1978/1980	32,681	49	-	-	795	33,525	42.4	100.0	150.2
BORLÄNGE	Mimer 1	Stationsgatan 2-4	1967/1988	2,773	370	2,646	-	1,302	7,091	8.1	85.7	37.2
BORLÄNGE	Mälaren 3	Skomakargatan 18	1986/1986	883	-	-	-	350	1,233	1.6	97.4	10.7
BORLÄNGE	Rolf 2	Borganäsvägen 43	1952/1973	5,628	58	560	-	482	6,728	6.4	93.6	-
BORLÄNGE	Rolf 5	Borganäsvägen 37, 39, 41, Mälaregatan 5	1895/1973	2,119	-	341	207	335	3,002	2.0	82.4	9.8
BORLÄNGE	Saga 25	Borganäsvägen 30	1960/1960	1,631	823	3,589	401	-	6,444	5.2	76.7	22.9
BORLÄNGE	Sigrid 10	Borganäsvägen 26	1974/1974	3,466	275	2,431	-	-	6,172	7.2	93.2	29.6
BORLÄNGE	Sigrid 11	Stationsgatan 12	1971/1971	978	12	1,482	-	-	2,472	2.3	46.8	10.7
BORLÄNGE	Tyr 10, Valhall 1 (2 properties)	Wallingatan 37	1972/1974	6,534	32	72	-	-	6,638	6.3	100.0	25.6
BORLÄNGE	Verdandi 9	Borganäsvägen 42-44	1929/1949	861	2,727	834	-	4,701	9,123	3.5	81.8	12.9
BORLÄNGE	Verdandi 10	Borganäsvägen 46-48	1971/1971	1,415	361	1,192	195	-	3,163	9.3	87.0	35.2
<b>TOTAL BORLÄNGE: 14 PROPERTIES</b>				<b>62,167</b>	<b>5,229</b>	<b>18,898</b>	<b>803</b>	<b>7,965</b>	<b>95,062</b>	<b>103.1</b>	<b>90.5</b>	<b>385.1</b>

## MALUNG

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEK/m	Ec. occupancy rate, %	Taxable value, SEK/m
				Office	Industrial/warehouse	Retail	Residential	Other business				
Malung	Fisken 5	Grönlandsvägen 23	1967/1967	93	-	2,298	-	390	2,781	2.9	99.5	6.4
Malung	Mobyarna 113:4	Västra Industrigatan	1966/1977	15	24,413	-	-	-	24,428	9.2	78.7	21.0
<b>TOTAL MALUNG: 2 PROPERTIES</b>				<b>108</b>	<b>24,413</b>	<b>2,298</b>	<b>0</b>	<b>390</b>	<b>27,209</b>	<b>12.2</b>	<b>83.7</b>	<b>27.4</b>

## FALUN

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEK/m	Ec. occupancy rate, %	Taxable value, SEK/m
				Office	Industrial/warehouse	Retail	Residential	Other business				
FALUN	Björken 8	Bergmästaregatan 2	1981/1981	2,277	41	-	86	-	2,404	3.3	92.4	13.6
FALUN	Dalpien 10	Myntgatan 20	1989/1989	2,273	-	224	-	662	3,159	4.1	98.9	16.2
FALUN	Falan 22	Ö:a Hamngatan 16, 18	1938/2009	-	-	619	471	600	1,690	2.3	81.2	23.2
FALUN	G:a Bergsskolan 4	Trotzgatan 1, Holmgatan 10	1980/1980	-	-	-	-	-	-	0.1	100.0	7.7
FALUN	G:a Bergsskolan 15	Holmgatan 14,26	1979/1979	1,670	-	8,420	-	-	10,090	12.3	93.6	49.2
FALUN	Gullvivan 18	N Järnvägsgatan 2-4, Seminariegatan 3	1929/1929	-	-	-	-	6,000	6,000	8.4	100.0	-
FALUN	Hattmakaren 16	Nybrogatan 21, Slaggatan 19, Ö:a Hamngatan	1980/1980	2,263	60	709	-	259	3,291	4.3	77.6	19.2
FALUN	Holmen 7	Holmgatan 11	1978/1978	495	-	743	64	-	1,302	2.4	97.5	14.6
FALUN	Kansliet 20	Nybrogatan 20	1950/1950	15,314	342	-	124	4,979	20,759	24.7	94.0	107.8
FALUN	Köpmannen 3	Holmgatan 13	1929/1997	180	-	530	670	400	1,780	3.3	99.7	19.9
FALUN	Köpmannen 4	Falugatan 5	1984/1984	325	33	1,395	1,687	-	3,440	5.0	99.8	30.1
FALUN	Lasarettet 16	Svärdsjögatan 28	1987/1987	233	-	-	86	1,655	1,974	2.0	99.6	1.8
FALUN	Nedre Gruvriset 33:156	Krontallsvägen 1, 3, 16	2003/2003	-	5,325	-	-	-	5,325	5.7	93.0	18.5
FALUN	Nya Bergsskolan 4	Engelbretksgatan 25, Sturegatan 60, Stigaregatan 8 & 10	1929/1950	1,183	984	-	-	-	2,167	1.5	66.8	8.2
FALUN	Teatern 6	Engelbretksgatan 25; Stigaregatan 7A-B; Sturegatan 58	1929/1988	1,925	-	63	-	-	1,988	2.7	89.1	9.2
<b>TOTAL FALUN: 15 PROPERTIES</b>				<b>28,138</b>	<b>6,785</b>	<b>12,703</b>	<b>3,188</b>	<b>14,555</b>	<b>65,369</b>	<b>82.1</b>	<b>93.6</b>	<b>339.3</b>



## MORA

Municipality	Property name	Address	Year of construction/value year	sq.m					Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm	
				Office	Industrial/warehouse	Retail	Residential	Other business				Total
MORA	Stranden 11:4	Fridhemsgatan 9	1981/1981	2,816	89	-	-	-	2,905	3.8	99.0	14.3
MORA	Stranden 16:1	Kyrkogatan 31	1958/1958	349	327	713	2,389	156	3,934	3.7	99.0	15.4
MORA	Stranden 16:2	Kyrkogatan 27	1975/1975	1,026	105	447	-	223	1,801	2.3	94.3	9.0
MORA	Stranden 17:4	Moragatan 13	1960/1963	308	531	333	3,497	276	4,945	5.0	99.7	21.7
MORA	Stranden 17:6	Strandgatan 24	1964/1964	-	30	246	1,538	-	1,814	1.7	95.9	6.8
MORA	Stranden 18:2	Kyrkogatan 25	1970/1972	1,106	410	3,167	-	475	5,158	4.9	86.1	21.0
MORA	Stranden 19:5	Kyrkogatan 18 A	1966/1966	-	82	3,288	-	280	3,650	4.0	49.4	16.5
MORA	Stranden 19:6	Kyrkogatan 20	1977/1977	2,082	50	573	-	-	2,705	3.1	78.8	15.5
MORA	Stranden 20:2	Milläkersgatan 6	1968/1974	3,895	369	-	-	298	4,562	5.0	98.3	17.9
MORA	Stranden 20:4	Hantverkaregatan 14	1989/1989	2,365	-	-	-	507	2,872	3.1	57.9	15.8
MORA	Stranden 35:7, 35:8 (2 properties)	prop-Kyrkogatan 10	1920/2001	287	20	904	1,397	-	2,608	2.7	95.6	11.0
<b>TOTAL MORA: 12 PROPERTIES</b>				<b>14,234</b>	<b>2,013</b>	<b>9,671</b>	<b>8,821</b>	<b>2,215</b>	<b>36,954</b>	<b>39.3</b>	<b>86.9</b>	<b>164.9</b>

Municipality	Property name	Address	Year of construction/value year	sq.m					Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm	
				Office	Industrial/warehouse	Retail	Residential	Other business				Total
<b>43 PROPERTIES</b>				<b>104,647</b>	<b>38,440</b>	<b>43,570</b>	<b>12,812</b>	<b>25,125</b>	<b>224,594</b>	<b>236.7</b>	<b>90.6</b>	<b>916.7</b>

## GÄVLEBORG

## GÄVLE

Municipality	Property name	Address	Year of construction/value year	sq.m					Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm	
				Office	Industrial/warehouse	Retail	Residential	Other business				Total
GÄVLE	Alderholmen 18:1	Hamntorget 6, 2:a Magasinsgatan 1	1929/1970	1,829	1,180	-	-	-	3,009	2.6	95.2	13.4
GÄVLE	Alderholmen 19:2	Hamntorget 4, Första Magasinsgatan 1, Andra Magasinsgatan 2, 4A	1977/1977	793	-	-	-	-	793	1.6	100.0	-
GÄVLE	Alderholmen 19:3	1:a Magasinsgatan 3, 2:a Magasinsgatan 4	1929/1991	809	-	-	-	-	809	1.1	70.6	5.0
GÄVLE	Alderholmen 23:1	Elfbrinksgatan 2; Första Magasinsgatan 8; Norra Skeppsbron 7	1929/1950	1,766	-	-	-	-	1,766	2.0	85.5	10.4
GÄVLE	Alderholmen 24:3	Norra Skeppsbron 5 A	1929/1929	1,155	-	-	-	-	1,155	1.1	81.8	6.4
GÄVLE	Alderholmen 24:5	Norra Skeppsbron 5 B	1929/1950	1,181	-	-	-	-	1,181	1.2	91.0	6.9
GÄVLE	Brynäs 12:1	S:a Fältskärsgatan 10	1970/1972	3,425	1,995	1,026	-	-	6,446	6.2	90.5	20.6
GÄVLE	Brynäs 34:9	Atlasgatan 12	1968/1968	-	3,498	-	-	-	3,498	1.3	37.4	7.9
GÄVLE	Hemlingby 56:10	Kryddstigen 1-3	1980/1980	1,255	-	3,415	-	-	4,670	3.6	86.1	17.2
GÄVLE	Hemsta 12:16	Skolgången 18-20	1984/1989	2,384	-	625	-	-	3,009	2.7	29.1	14.1
GÄVLE	Hemsta 12:17	Skolgången 10	1988/1988	-	3,425	-	-	-	3,425	2.7	93.3	15.5
GÄVLE	Järvsta 63:3	Utjordsvägen 9A-H, 9J-O	1991/1991	848	2,232	-	-	-	3,080	1.9	100.0	9.0
GÄVLE	Kungsbäck 2:13	Nobelvägen 1	2001/2001	5,327	-	-	-	-	5,327	7.3	81.8	44.9
GÄVLE	Norr 11:4	Kaplansgatan 12, 14; Norra Stapeltorgsgatan 11-13; Nygatan 9-11, 9A-I, 9K-N, 11A-I, 11K-M (Gävle)	1964/1986	1,132	489	3,467	4,940	180	10,208	11.3	72.3	88.8
GÄVLE	Norr 16:5	Norra Köpmangatan 13; Norra Rådmansgatan 12, 12C; Nygatan 29-31 (Gävle)	1973/1973	6,385	479	258	-	-	7,122	9.4	89.2	62.0
GÄVLE	Norr 19:4	Hattmakargatan 10; Nygatan 41	1966/1966	2,000	0	866	-	-	2,866	4.3	91.9	21.5
GÄVLE	Norr 23:5	Nygatan 22, N Rådmansgatan 8A-C, Drottninggatan 21	1959/1959	2,358	5	2,211	1,415	136	6,125	7.6	97.8	50.3

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
				Office	Industrial/warehouse	Retail	Residential	Other business				
GÄVLE	Norr 26:3	Hattmakargatan 6, Drottninggatan 33	1990/1990	2,578	0	220	209	-	3,007	4.2	93.7	23.5
GÄVLE	Norr 29:5	Drottninggatan 6, N Skeppargatan 5, N Stapeltorgsgatan 6	1985/1985	2,911	25	332	-	2,289	5,557	8.3	68.3	49.0
GÄVLE	Norr 30:5	N:a Slottsgatan 3 A-B	1946/1946	-	-	303	1,464	1,245	3,012	3.1	99.4	23.2
GÄVLE	Norr 31:9	Kyrkogatan 17, Drottninggatan 16-18	1973/1973	6,491	1,572	11,500	-	2,972	22,535	32.4	92.9	172.0
GÄVLE	Norr 34:3	Kyrkogatan 25, N Kopparslagsgatan 3	1995/1995	89	-	-	-	5,991	6,080	1.2	100.0	5.2
GÄVLE	Norr 40:3	Kyrkogatan 16, 18; Norra Kungsgatan 1; Norra Strandgatan 15-17	1971/1981	5,172	-	1,920	-	-	7,092	8.9	97.2	55.8
GÄVLE	Norr 6:7	Norra Köpmangatan 21; Norra Rådmansgatan 20; Staketgatan 32, 34	1971/1971	2,473	-	959	-	68	3,500	3.6	88.2	20.4
GÄVLE	Näringen 11:3	Strömsbrovägen 18	1955/1977	1,981	2,057	-	-	-	4,038	2.3	98.6	8.1
GÄVLE	Näringen 12:2	Strömsbrovägen 12	1990/1990	-	592	-	-	-	592	0.5	82.5	2.3
GÄVLE	Näringen 13:11	Förrådsgatan 7	1968/1968	780	1,150	-	-	-	1,930	0.9	74.8	3.8
GÄVLE	Näringen 16:6	Kanalvägen 6	1981/1992	819	5,859	-	-	400	7,078	3.6	86.4	19.8
GÄVLE	Näringen 5:15	Lötångsgatan 6-12	1966/1976	-	25,400	-	-	-	25,400	3.8	96.9	38.5
GÄVLE	Näringen 6:4	Lötångsgatan 13	1968/1978	904	624	-	-	-	1,528	1.0	86.2	4.8
GÄVLE	Näringen 8:5	Strömsbrovägen 19	1965/1995	-	5,945	-	-	-	5,945	2.6	100.0	14.4
GÄVLE	Sätra 107:7	Bromsargatan 3, Marielundsvägen 2	1991/1991	3,134	75	-	-	-	3,209	3.7	99.8	23.5
GÄVLE	Söder 38:5	Södra Kansligatan 27; Södra Kungsgatan 32, 32A-H, 32J-P	1957/1978	-	130	1,401	-	-	1,531	2.4	97.0	16.6
GÄVLE	Södertull 33:1	S Kungsgatan 59, Helgöngatan 2,	1910/1970	2,466	791	3,113	-	4,678	11,048	11.5	90.7	23.5
GÄVLE	Sörby Urfjäll 27:2	Rälsgratan 2-4	1973/1973	354	4,688	-	-	-	5,042	3.0	72.8	11.7
GÄVLE	Sörby Urfjäll 28:3	Utmarksvägen 35	1979/1983	-	2,223	-	-	-	2,223	1.7	100.0	5.6
GÄVLE	Sörby Urfjäll 36:4	Utmarksvägen 15	1975/1991	1,295	5,087	142	-	-	6,524	4.4	100.0	21.2
GÄVLE	Sörby Urfjäll 37:3	Utmarksvägen 10	1979/1979	688	9,928	2,530	-	123	13,269	10.3	98.3	33.9
GÄVLE	Väster 4:17	V:a Vägen 52	1973/1980	159	2,336	-	-	-	2,495	1.5	93.9	6.6
GÄVLE	Öster 10:1	Ö Hantverkargatan 62	1988/1988	1,193	-	-	-	-	1,193	1.4	84.0	6.3
<b>TOTAL GÄVLE: 40 PROPERTIES</b>				<b>66,134</b>	<b>81,785</b>	<b>34,288</b>	<b>8,028</b>	<b>18,082</b>	<b>208,317</b>	<b>184.1</b>	<b>88.9</b>	<b>983.6</b>

## LJUSDAL, SANDVIKEN

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
				Office	Industrial/warehouse	Retail	Residential	Other business				
Ljusdal	Norrkämsta 16:3	Norrkämstaleden 6	1977/1982	1,924	13,515	500	50	8	15,997	7.5	91.9	22.6
Ljusdal	Norrkämsta 17:2	Norrkämstaleden 7	1992/1992	2,300	-	-	-	-	2,300	2.2	85.0	7.2
Ljusdal	Östernäs 14:4	Löjtnantsgatan 9	1965/1979	1,695	-	-	-	-	1,695	1.2	100.0	5.0
Sandviken	Klappsta 8:1	-	Land	-	-	-	-	-	-	-	-	-
<b>TOTAL LJUSDAL, SANDVIKEN: 4 PROPERTIES</b>				<b>5,919</b>	<b>13,515</b>	<b>500</b>	<b>50</b>	<b>8</b>	<b>19,992</b>	<b>10.9</b>	<b>91.4</b>	<b>34.8</b>

## TOTAL GÄVLEBORG

44 PROPERTIES	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
	Office	Industrial/warehouse	Retail	Residential	Other business				
	<b>72,053</b>	<b>95,300</b>	<b>34,788</b>	<b>8,078</b>	<b>18,090</b>	<b>228,309</b>	<b>195.0</b>	<b>89.0</b>	<b>1,018.4</b>



# VÄSTERNORRLAND

## SUNDSVALL

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEK/m	Ec. occupancy rate, %	Taxable value, SEK/m
				Office	Industrial/warehouse	Retail	Residential	Other business				
SUNDSVALL	Aesculapius 10	Bankkgatan 15, 17, Rådhusgatan 17, Trädgårdsgatan 18	1936/1954	2,114	82	247	-	329	2,772	3.2	90.1	19.3
SUNDSVALL	Aeolus 5	Köpmangatan 8B-C, 10; Tullgatan 18	1937/1982	2,722	110	332	-	-	3,163	4.3	78.5	22.0
SUNDSVALL	Aeolus 9	Trädgårdsgatan 7-9	1992/1992	2,768	-	-	-	-	2,768	4.1	99.4	23.8
SUNDSVALL	Alliero 20	Universitetsallén 14, Universitetsallén 20	1929/1929	314	1,288	787	-	-	2,389	1.6	70.9	7.8
SUNDSVALL	Apollo 3, 7, 8 (3 properties)	Trädgårdsgatan 1-3	1956/1956	77	1,201	1,005	933	193	3,409	2.8	88.4	19.5
SUNDSVALL	Arbetet 3	Centralgatan 11; Esplanaden 8-10; Rådhusgatan 25; Trädgårdsgatan 24	1969/1969	3,087	151	794	-	520	4,552	5.9	98.0	29.8
SUNDSVALL	Badhuset 1	Badhusparken 1	1991/1991	9,354	60	-	-	-	9,414	15.0	93.6	81.4
SUNDSVALL	Balder 3	Norrmalmsgatan 8-10	1957/1957	-	526	-	3,676	-	4,202	7.9	94.5	36.5
SUNDSVALL	Bisittaren 1	Thulegatan 25; Södra Järnvägsstationen 29	1929/1981	1,300	185	263	-	-	1,748	1.8	74.7	10.1
SUNDSVALL	Björneborg 11	Björneborgsgatan 37	1968/1968	6,709	-	-	-	-	6,709	2.1	3.2	11.2
SUNDSVALL	Borgmästaren 10	Köpmangatan 19, N:a Järnvägsstationen 24	1956/1956	4,244	368	-	-	873	5,485	7.6	99.2	37.2
SUNDSVALL	Bryggeriet 1	Grönborgsgatan 2, 4, Storgatan 49, 51, Åkerviksgatan 10	-/1998	10,187	535	218	-	73	11,013	17.7	90.6	93.4
SUNDSVALL	Cupido 5	Köpmangatan 16	1947/1957	100	-	700	1,052	-	1,852	1.9	98.7	12.5
SUNDSVALL	Cupido 7	Köpmangatan 14, Nybrogatan 20 A-C, Trädgårdsgatan 13, 15	1974/1974	2,684	221	166	777	807	4,655	4.7	73.4	29.0
SUNDSVALL	Fryshuset 2	Nya Hamngatan 12	2004/2004	5,853	-	-	-	-	5,853	10.3	100.0	64.6
SUNDSVALL	Högom 3:170	Bergsgatan 130	1993/1993	4,623	244	-	-	-	4,867	4.7	82.4	19.3
SUNDSVALL	Högom 3:186	Tegelvägen 20-22	1990/1990	1,500	1,888	-	-	-	3,388	3.0	94.4	9.5
SUNDSVALL	Högom 3:189	Tegelvägen 17	1990/1990	367	2,213	-	-	-	2,580	1.8	90.8	6.1
SUNDSVALL	Järnvägsstationen 1	Casinoparken 1	1885/1954	-	-	-	-	3,500	3,500	6.2	100.0	24.9
SUNDSVALL	Lagmannen 9	Fredsgatan 3-5; Södra Järnvägsstationen 23	1976/1976	4,501	22	-	-	-	4,523	6.3	96.3	26.6
SUNDSVALL	Lagret 4	Heffnersvägen 34	1942/1960	8,322	438	384	-	-	9,144	8.4	63.3	48.6
SUNDSVALL	Nolby 7:139	Sandslävägen 3	1970/1970	150	5,561	-	-	-	5,711	2.2	76.9	4.3
SUNDSVALL	Norrbacka 12	Baldersvägen 15; Kungsvägen 17A-D, 19A-C, 21, 23A-B, 25	1968/1968	2,172	24	-	90	6,164	8,450	10.8	92.4	1.8
SUNDSVALL	Norrmalm 1:24	Universitetsallén 32	1987/1987	11,771	199	462	-	1,467	13,898	18.8	75.6	92.0
SUNDSVALL	Norrmalm 2:28	Universitetsallén 22 A	-	1,614	-	-	-	-	1,614	0.7	98.1	-
SUNDSVALL	Penningen 12	Storgatan 29; Varvsgränd 3	1929/1970	1,522	-	-	-	-	1,522	1.9	74.9	14.0
SUNDSVALL	Penningen 9	Storgatan 23-27; Thulegatan 4	1929/1960	1,469	124	2,371	96	1,759	5,819	9.7	98.6	13.0
SUNDSVALL	Rätten 1	Centralgatan 9; Esplanaden 6; Kyrkogatan 17; Rådhusgatan 20	1929/1993	1,185	-	-	935	-	2,120	2.9	99.5	20.9
SUNDSVALL	Skandia 1	Bjälkvägen 1	1970/1979	8,023	-	-	-	-	8,023	12.9	100.0	48.8
SUNDSVALL	Sköns Prästbord 1:69	Norra Förmansvägen 22	1989/1989	0	-	2,632	-	-	2,632	2.4	80.1	13.0
SUNDSVALL	Skönsberg 1:7, 1:8 (2 properties)	Industrigatan 1; Ortviksvägen 2-4	1969/1969	3,333	73	1,252	-	-	4,658	3.5	8.6	22.7
SUNDSVALL	Skönsberg 1:73	Lagergatan 12-14	1988/1988	5,762	-	-	-	-	5,762	6.1	72.1	30.8
SUNDSVALL	Skönsmon 2:4	Kolvägen 15	1989/1989	2,215	300	850	-	-	3,365	3.7	90.8	15.4
SUNDSVALL	Skönsmon 2:5	Kolvägen 19-21	1930/1980	2,719	-	-	-	-	2,719	3.2	87.6	14.8
SUNDSVALL	Skönsmon 2:97	Kolvägen 17	1959/1999	2,560	11	-	-	-	2,571	5.1	99.6	21.6
SUNDSVALL	Stenhuggaren 5	Storgatan 44, Ågatan 6	1970/1970	3,255	253	-	2,399	352	6,259	7.9	90.2	45.0
SUNDSVALL	Stenstaden 1:14	Nya Hamngatan 21	2006/2006	1,488	-	-	-	73	1,561	2.3	100.0	1.2
SUNDSVALL	Venus 3	Storgatan 11; Kyrkogatan 12; Nybrogatan 9-11	1929/1950	2,380	13	1,624	1,202	-	5,219	6.5	89.9	39.5
SUNDSVALL	Vesta 1	Esplanaden 11, Rådhusgatan 21	1929/1930	1,001	90	218	-	-	1,309	1.6	53.9	8.0
SUNDSVALL	Vesta 3	Bankkgatan 12, Rådhusgatan 19, Trädgårdsgatan 20	1929/1958	1,043	-	-	536	92	1,671	2.1	97.0	13.0
SUNDSVALL	Vesta 4	Esplanaden 13 / Trädgårdsgatan 22	1892/1930	354	-	200	574	274	1,402	2.0	95.3	11.2
SUNDSVALL	Vinsten 3	Kyrkogatan 32 A-C, Skolhusallén 3	-/1929	513	-	-	629	-	1,142	0.5	89.8	9.5
SUNDSVALL	Västland 26:3	Finstavägen 36	1968/-	-	600	546	-	1,140	2,286	1.5	79.5	-
SUNDSVALL	Ödet 7	Kyrkogatan 21, 25, Thulegatan 9, Torggatan 10	1959/1959	-	116	1,405	580	2,281	4,382	5.7	77.0	34.8
<b>TOTAL SUNDSVALL: 47 PROPERTIES</b>				<b>125,354</b>	<b>16,894</b>	<b>16,455</b>	<b>13,479</b>	<b>19,897</b>	<b>192,079</b>	<b>235.2</b>	<b>87.2</b>	<b>1,108.1</b>

## HÄRNÖSAND

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
				Office	Industrial/warehouse	Retail	Residential	Other business				
Härnösand	Skepparen 6 and 7 (2 properties)	-	Land	-	-	-	-	-	-	-	-	-
<b>TOTAL HÄRNÖSAND: 2 PROPERTIES</b>				-	-	-	-	-	-	-	-	-

## SOLLEFTEÅ

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
				Office	Industrial/warehouse	Retail	Residential	Other business				
Sollefteå	Staden 2:29	-	Land	-	-	-	-	-	-	-	-	-
<b>TOTAL SOLLEFTEÅ: 1 PROPERTY</b>				-	-	-	-	-	-	-	-	-

## TOTAL VÄSTERNORRLAND

50 PROPERTIES	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
	Office	Industrial/warehouse	Retail	Residential	Other business				
50 PROPERTIES	125,354	16,894	16,455	13,479	19,897	192,079	235.2	87.2	1,108.1

## JÄMTLAND

### ÅRE

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
				Office	Industrial/warehouse	Retail	Residential	Other business				
ÅRE	Arvesund 2:185 and others (23 properties)	-	Land	-	-	-	-	-	-	-	-	3.5
ÅRE	Mörviken 1:107	Kabinbanevägen 22 (Hotell Åre Torg)	1985/2007	-	-	-	-	1,400	1,400	1.4	100.0	13.4
ÅRE	Mörviken 2:91	Årevägen 49-53	2006/2006	-	-	2,326	-	-	2,326	3.7	100.0	35.0
ÅRE	Totten 1:68	Kurortsvägen 20	1929/1929	3,173	830	-	-	6,870	10,873	12.5	94.5	82.4
ÅRE	Åre Prästbord 1:37	Årevägen 55	1990/1997	2,240	-	1,419	-	479	4,138	5.9	97.0	40.8
ÅRE	Åre Prästbord 1:76	Årevägen 78	2007/2007	-	22	2,006	648	399	3,075	8.6	89.7	67.2
<b>TOTAL ÅRE: 28 PROPERTIES</b>				5,413	852	5,751	648	9,148	21,812	32.1	94.5	242.3

## ÖSTERSUND

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
				Office	Industrial/warehouse	Retail	Residential	Other business				
ÖSTERSUND	Arken 8	Rådhusgatan 56; Tullgatan 18	1993/1993	2,803	260	-	-	-	3,063	3.7	99.6	16.6
ÖSTERSUND	Bandsågen 11	Hagvägen 17	1978/1978	1,106	299	-	-	-	1,405	1.3	80.6	4.9
ÖSTERSUND	Barberaren 7	Biblioteksgatan 11; Prästgatan 28-30	1917/2015	251	-	2,157	2,282	200	4,890	9.1	99.0	71.6
ÖSTERSUND	Befälhavaren 2	Frösövägen 3A-C	1983/1983	1,888	-	-	-	-	1,888	1.7	69.6	8.5
ÖSTERSUND	Bergvik 10	Bergsgatan 44	1948/1987	-	-	-	746	-	746	0.8	99.8	6.4
ÖSTERSUND	Boktryckaren 1	Köpmangatan 39; Biblioteksgatan 6A-C, 8; Storgatan 32-34, 34A-B	1929/1929	1,231	159	1,488	489	-	3,367	3.7	81.7	21.1
ÖSTERSUND	Boktryckaren 5	Köpmangatan 43; Postgränd 5	1929/1930	-	-	320	90	-	410	0.5	100.0	3.6
ÖSTERSUND	Boktryckaren 6	Köpmangatan 41, 41B	1930/1991	341	-	-	212	-	553	0.7	81.2	4.5
ÖSTERSUND	Bonden 3	Fritzhemsgatan 14	1988/1988	90	-	-	855	-	945	1.0	99.1	7.4
ÖSTERSUND	Brandenburg 5	Brunnsgränd 6; Storgatan 61A-C	1960/1969	-	15	38	1,225	887	2,165	2.2	98.7	14.2
ÖSTERSUND	Buntmakaren 2	Törnstens Gränd 11; Stortorget 8	1929/1950	842	124	575	153	-	1,694	2.1	97.1	15.1
ÖSTERSUND	Buntmakaren 3	Prästgatan 22-24; Stortorget 10; Törnstens Gränd 13	1963/1963	1,178	170	1,107	-	81	2,536	3.6	94.4	21.0



Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEK/m	Ec. occupancy rate, %	Taxable value, SEK/m
				Office	Industrial/warehouse	Retail	Residential	Other business				
ÖSTERSUND	Busken 1	Splintvägen 5	1991/1991	2,012	-	-	-	-	2,012	2.0	99.8	6.9
ÖSTERSUND	Fabrikören 3	Byvägen 74	1945/1986	-	-	-	458	-	458	0.5	98.5	3.7
ÖSTERSUND	Frösö 3:7	Öneslingen, Önevägen	1929/2004	12,884	1,670	140	1,418	23,879	39,991	42.5	91.9	47.8
ÖSTERSUND	Frösö 6:22, 6:30 (2 properties)	Fjällgatan 10A-B	1945/1984	-	10	-	926	-	936	1.0	99.5	7.5
ÖSTERSUND	Förskinet 6	S:a Gröngatan 39	1971/1971	208	-	-	1,431	-	1,639	1.8	98.5	12.1
ÖSTERSUND	Gubbakern 8	Frösövägen 19	1937/1937	-	-	94	561	5	660	0.7	100.0	4.5
ÖSTERSUND	Guckuskon 1	Lövstavigen 6	1992/1992	1,643	-	-	-	-	1,643	2.0	81.4	-
ÖSTERSUND	Gårdvaren 1	Eriksbergsvägen 19A-H, 21A-D	1963/2015	-	59	-	2,791	-	2,850	3.2	98.6	23.3
ÖSTERSUND	Gästgivaren 3,6 (2 properties)	Hanngatan 11; Prästgatan 40	1945/1945	449	-	1,162	465	182	2,258	2.8	89.5	20.7
ÖSTERSUND	Handlanden 4	Hornsgatan 16 A-B	1954/1954	-	30	-	1,225	-	1,255	1.3	99.3	9.1
ÖSTERSUND	Hejaren 5	Odenskogsvägen 35-37	1960/1978	617	9,733	725	-	-	11,075	6.1	81.0	27.2
ÖSTERSUND	Häradshövdingen 1	Prästgatan 29; Törnstens Gränd 14	1965/1965	173	49	697	465	432	1,816	2.3	98.8	16.6
ÖSTERSUND	Häradshövdingen 6	Prästgatan 31, 31A, 31C-D	1910/1948	476	70	691	416	624	2,277	3.1	100.0	18.7
ÖSTERSUND	Kommunalmannen 4	Bergsgatan 5; Fjällgatan 4A-C; Fritzhemsgatan 1A-F	1966/1971	3,461	1,710	-	-	-	5,171	6.6	88.5	27.5
ÖSTERSUND	Kopparslagaren 3	Prästgatan 21; Samuel Permans Gata 7-9	1929/1978	3,513	0	595	990	5	5,103	4.8	100.0	31.2
ÖSTERSUND	Kräftan 6	Rådhusgatan 82	1969/1989	1,203	-	-	-	1,615	2,818	4.5	97.1	21.6
ÖSTERSUND	Körfältet 11	Körfältsvägen 4	1973/1973	-	-	-	-	2,187	2,187	2.1	100.0	9.9
ÖSTERSUND	Logen 6	Kyrkgatan 47, 49, Thoméegränd 18 A-C	1938/1975	1,622	-	985	1,450	1,959	6,016	6.7	92.2	37.7
ÖSTERSUND	Lutfisken 2	Odensviksvägen 19; Brunflovsgränd 66	1987/1987	110	-	-	1,447	-	1,557	1.6	99.5	13.3
ÖSTERSUND	Lutfisken 4, 5 (2 properties)	Odensviksvägen 15A-B, Odensviksvägen 17	1989/1989	24	-	-	2,003	-	2,027	2.0	99.4	16.9
ÖSTERSUND	Lutfisken 9	Tjalmargatan 14-16, 18A-B	1988/1988	-	47	-	2,684	-	2,731	3.0	96.7	22.7
ÖSTERSUND	Läkaren 12, 13, 14 (3 properties)	Storgatan 27; Zätagränd 2-4, Biblioteksgatan 10; Storgatan 29; Zätagränd 1-11, 6-8; Postgränd 11; Prästgatan 32-36, Storgatan 31; Zätagränd 10-14	1970/1970	4,860	252	6,084	1,306	822	13,324	17.4	94.0	120.2
ÖSTERSUND	Magistern 1	Kyrkgatan 43, 43B	1984/1984	2,080	-	335	-	-	2,415	4.0	98.8	20.6
ÖSTERSUND	Magistern 2	Postgränd 20; Rådhusgatan 46	1990/1990	1,954	-	-	-	-	1,954	2.9	94.2	15.6
ÖSTERSUND	Magistern 5	Hamngatan 17-19; Kyrkgatan 45	1953/1964	1,843	65	1,408	86	-	3,402	4.5	95.2	23.7
ÖSTERSUND	Majoren 5	Örjansvägen 10; Östbergsvägen 11	1955/1955	-	-	-	488	-	488	0.5	97.0	3.4
ÖSTERSUND	Majoren 6	Örjansvägen 12	1991/1991	-	-	-	708	-	708	0.8	97.4	-
ÖSTERSUND	Majoren 9	Fritzhemsgatan 49; Östbergsvägen 13A-B	1956/1956	38	-	-	1,409	10	1,457	1.3	99.9	9.6
ÖSTERSUND	Motboken 1	Rådhusgatan 37	1984/1984	2,109	742	-	-	12	2,863	3.4	86.9	-
ÖSTERSUND	Motboken 3	Södra Gröngatan 38A-B	1939/1939	30	9	-	1,070	-	1,109	1.3	98.2	8.4
ÖSTERSUND	Motorsågen 2	Kolarevägen 2	1965/1988	-	918	-	-	-	918	0.6	59.8	2.4
ÖSTERSUND	Musslan 13	Bangårdsgatan 27	1956/1956	-	1,017	-	-	-	1,017	0.6	75.9	3.6
ÖSTERSUND	Musslan 16	Bangårdsgatan 21, 23-25; Fabriksgatan 3; Furutorpsgränd 2; Rådhusgatan 90, 94	1938/1977	1,252	1,558	3,929	145	-	6,884	4.3	82.0	25.7
ÖSTERSUND	Myrten 5	Allégatan 13; Bryggargränd 6; Ringvägen 31; Tingsgatan 12	1969/1979	2,835	-	-	-	-	2,835	3.9	100.0	17.5
ÖSTERSUND	Nejonögat 3	Rådhusgatan 104	1945/1973	4,991	630	-	-	-	5,621	7.0	98.7	37.5
ÖSTERSUND	Odlaren 5	Ruuthsvägen 3	1991/1991	-	-	-	938	-	938	1.1	98.6	8.4
ÖSTERSUND	Pantbanken 1	Hamngatan 10, 10B; Storgatan 39	1929/1929	1,429	100	661	337	-	2,527	3.3	89.5	19.0
ÖSTERSUND	Pantbanken 5	Prästgatan 46, 46B; Thoméegränd 11	1985/1985	698	-	640	597	-	1,935	3.0	97.9	20.6
ÖSTERSUND	Postiljonen 6	Kyrkgatan 60-62	1913/1967	6,261	1,541	175	-	18	7,995	9.9	95.9	50.4
ÖSTERSUND	Postiljonen 9	Hamngatan 13; Prästgatan 39-43	1966/1991	1,559	20	3,632	910	74	6,195	9.5	74.8	55.6
ÖSTERSUND	Riksbanken 7	Storgatan 46	1974/1979	4,153	-	-	-	-	4,153	5.0	99.8	28.6
ÖSTERSUND	Rudan 2	Tjalmargatan 4-8	1959/1972	1,726	977	855	-	-	3,558	2.2	45.9	13.3
ÖSTERSUND	Rudan 4	Bangårdsgatan 55-57; Odensviksvägen 5, 7; Tjalmargatan 2	1966/1966	2,483	100	1,375	-	-	3,958	3.7	90.8	1.6

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
				Office	Industrial/warehouse	Retail	Residential	Other business				
ÖSTERSUND	Sarven 21	Bangårdsgatan 41-43	1964/1964	-	450	3,709	-	-	4,159	2,8	53.4	16.2
ÖSTERSUND	Siken 10	Nedre Frejagatan 5	1989/1989	-	8	-	342	-	350	0.4	97.3	3.2
ÖSTERSUND	Sjökaptenen 8	Bergsgatan 30A-B	1946/1946	-	-	-	710	-	710	0.7	99.2	5.0
ÖSTERSUND	Skogsskiftet 5	Tullgatan 26; Regementsgatan 44-48	1986/1986	-	-	-	2,531	-	2,531	2.9	99.8	20.6
ÖSTERSUND	Snäckan 25	Rådhusgatan 100	1985/1985	1,519	1,949	-	-	-	3,468	3.1	81.3	18.8
ÖSTERSUND	Sprinten 4	Ställverksvägen 1	1975/1975	456	12,736	-	-	-	13,192	5.5	59.5	19.2
ÖSTERSUND	Spökis 1	Lugnviksvägen 3	1950/1999	-	1,045	-	-	-	1,045	1.4	93.8	3.3
ÖSTERSUND	Staben 14	Prästgatan 54, 54A-D; Storgatan 51A-B	1992/1992	180	-	262	3,181	30	3,653	4.3	98.4	13.2
ÖSTERSUND	Staben 2	Prästgatan 48A, 48B, 48C; Thomégränd 12	1985/1985	1,002	-	-	202	15	1,219	1.9	41.2	9.7
ÖSTERSUND	Stallet 12	Lingonvägen 7B	1951/1951	1,700	-	-	-	-	1,700	2.5	98.1	0.3
ÖSTERSUND	Svarvaren 1	Bergsgatan 31A-B	1948/1991	50	-	60	599	-	709	0.8	100.0	5.6
ÖSTERSUND	Svarvaren 2	Bergsgatan 29A-B	1948/1948	-	50	50	578	-	678	0.6	99.4	4.3
ÖSTERSUND	Svarvaren 4	Bergsgatan 25, 25A-B; Kaptensgatan 6A-E	1946/1988	48	-	141	976	-	1,165	1.2	99.3	9.0
ÖSTERSUND	Tivolit 2	Hornsgatan 8, 8A-B	1943/1986	93	24	-	1,110	-	1,227	1.2	99.6	9.1
ÖSTERSUND	Traktorn 6	Odenskogsvägen 13-17	1975/1990	2,351	-	-	-	-	2,351	3.3	97.1	9.6
ÖSTERSUND	Traktören 10	Prästgatan 25	1929/1960	1,520	23	-	667	10	2,220	2.8	95.4	19.2
ÖSTERSUND	Traktören 5	Prästgatan 27; Törnstens Gränd 15	1930/1930	426	-	994	260	-	1,680	2.2	99.8	13.5
ÖSTERSUND	Traktören 9	Kyrkgatan 42; Samuel Permans Gata 10	1937/1937	-	10	470	625	-	1,105	1.2	100.0	7.8
ÖSTERSUND	Tullvakten 2	Hamngatan 5; Köpmangatan 45 A-C, 47 A-C; Postgränd 6 A-B; Storgatan 38	1991/1991	1,300	10	-	2,717	1,325	5,352	6.3	99.7	45.4
ÖSTERSUND	Vadmalsväven 5	Regementsgatan 13-15	1988/1992	-	-	-	2,101	-	2,101	2.4	99.3	18.7
ÖSTERSUND	Valkyrian 1	Fritzhemsgatan 58-62; Östmundstigen 5-11	1963/1963	-	-	-	1,982	-	1,982	1.9	98.0	14.1
ÖSTERSUND	Åkeriet 11	Prästgatan 51	1974/1976	1,424	-	879	-	347	2,650	3.7	74.7	19.2
<b>TOTAL ÖSTERSUND: 82 PROPERTIES</b>				<b>90,493</b>	<b>38,638</b>	<b>36,433</b>	<b>51,356</b>	<b>34,719</b>	<b>251,640</b>	<b>275.0</b>	<b>91.3</b>	<b>1,344</b>

## BRÄCKE AND SVEG

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
				Office	Industrial/warehouse	Retail	Residential	Other business				
Bräcke	Bräcke 4:4	Svedjegatan 20	2000/2000	-	12,000	-	-	-	12,000	2.6	11.2	4.5
Sveg	Kilen 1	Fjällvägen 7; Envägen (1)	1960/1980	1,238	-	-	-	-	1,238	1.4	95.6	4.0
Sveg	Moroten 9	Grängsgatan 17	1979/1979	1,192	1,242	213	-	-	2,647	2.0	55.8	5.0
<b>TOTAL BRÄCKE AND SVEG: 3 PROPERTIES</b>				<b>2,430</b>	<b>13,242</b>	<b>213</b>	<b>0</b>	<b>0</b>	<b>15,885</b>	<b>6.0</b>	<b>46.0</b>	<b>13.6</b>

## ▶▶▶ TOTAL JÄMTLAND

	Office	Industrial/warehouse	Retail	Residential	Other business	Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
113 PROPERTIES	98,336	52,732	42,397	52,004	43,867	289,337	313.0	90.8	1,600.1

## VÄSTERBOTTEN

### SKELLEFTEÅ

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
				Office	Industrial/warehouse	Retail	Residential	Other business				
SKELLEFTEÅ	Hjorten 5	Nygatan 42	1958/1958	6,761	762	1,893	-	239	9,655	13.6	98.9	67.0
SKELLEFTEÅ	Höken 2	Stationsgatan 5, Storgatan 38-40	1944/1960	2,546	335	-	871	-	3,752	4.7	95.5	24.6
SKELLEFTEÅ	Idun 6	Nygatan 47	1933/1960	993	342	4,196	-	1,103	6,634	2.7	100.0	13.7
SKELLEFTEÅ	Idun 12	Kanalgatan 40, Trädgårdsgatan 13-15	1961/1985	30	13	1,485	240	-	1,768	7.7	98.8	44.2
SKELLEFTEÅ	Kastor 6	Stationsgatan 21	1966/1973	1,650	-	-	-	-	1,650	1.7	100.0	8.3
SKELLEFTEÅ	Lekatten 9	Nygatan 46-48, Storgatan 43 A-B, Trädgårdsgatan 8	1960/1960	2,423	171	7,117	2,893	710	13,314	16.1	98.3	92.4
SKELLEFTEÅ	Loke 7	Hörnelligatan 13, Nygatan 51, Torget 2	1975/1986	3,041	272	1,232	364	3,835	8,744	10.0	94.8	61.9



Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEK/m	Ec. occu-pancy rate, %	Taxable value, SEK/m
				Office	Industrial/warehouse	Retail	Residential	Other business				
SKELLEFTEÅ	Motorn 18	Plåtvägen 3	1990/1990	2,624	952	926	-	-	4,502	3.2	92.3	10.1
SKELLEFTEÅ	Orion 8	Kanalgatan 41 A-B, Kanalgatan 43, Trädgårdsgatan 17	1952/1985	883	397	873	979	394	3,526	3.8	90.2	20.5
SKELLEFTEÅ	Polaris 8	Kanalgatan 45 A-B, Kanalagatan 49, Torggatan 2	1945/1960	1,830	401	629	-	-	2,860	3.8	91.8	16.8
SKELLEFTEÅ	Service 1	Servicegatan 1	1991/1993	3,442	2,622	-	-	-	6,064	4.9	89.4	19.8
SKELLEFTEÅ	Sirius 25	Bäckgatan 1	1989/1993	12,930	124	0	-	11,575	24,629	32.9	96.7	109.4
SKELLEFTEÅ	Sleipner 5	Kyrkgränd 5	1975/1987	12,229	3,051	322	-	1,059	16,661	21.7	99.6	92.4
<b>TOTAL SKELLEFTEÅ: 13 PROPERTIES</b>				<b>51,382</b>	<b>9,442</b>	<b>18,673</b>	<b>5,347</b>	<b>18,915</b>	<b>103,760</b>	<b>126.9</b>	<b>97.0</b>	<b>581.3</b>

## UMEÅ

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEK/m	Ec. occu-pancy rate, %	Taxable value, SEK/m
				Office	Industrial/warehouse	Retail	Residential	Other business				
UMEÅ	Arken 1	Västra Norrlandsgatan 11	1,993	5,205	370	-	-	-	5,575	8.2	98.3	43.6
UMEÅ	Ask 5	Nygatan 8	1989/1989	2,678	57	-	43	-	2,778	4.6	72.4	37.8
UMEÅ	Björken 1	Döbelnsgatan 19, Östrakyrkogatan 16	1966/1991	4,002	55	-	-	130	4,187	7.3	92.0	39.1
UMEÅ	Björnjägaren 1	Björnvägen 9	1976/1981	-	-	4,008	-	0	4,008	4.4	75.2	29.0
UMEÅ	Cisternen 3, 4 (2 properties)	Läringsgatan 33, Läringsgatan 31	1981/1981	1,509	739	-	-	-	2,248	1.5	43.7	10.6
UMEÅ	Dyckerten 3	Magasingatan 7, Västra Norrlandsgatan 14	1963/1975	1,238	200	-	-	-	1,438	0.5	94.4	9.9
UMEÅ	Formen 2	Formvägen 3	1978/1978	-	-	1,941	-	-	1,941	2.8	83.8	15.2
UMEÅ	Hugin 4	Nygatan 45	1993/2000	4,430	-	-	-	-	4,430	8.5	99.6	51.6
UMEÅ	Kedjan 4	Gråddvägen 7	1991/1991	1,783	98	-	-	-	1,881	2.9	99.7	16.8
UMEÅ	Kolven 4	Spårvägen 8	1967/1975	1,007	1,861	2,697	-	-	5,565	4.8	81.0	12.5
UMEÅ	Kopplingen 6	Pendelgatan 2; Rondellgatan 3	1986/1986	3,815	399	-	-	-	4,214	4.5	86.2	23.0
UMEÅ	Kraften 12	Västra Norrlandsgatan 13	1959/1959	2,283	280	-	-	-	2,563	3.2	98.0	21.4
UMEÅ	Kärran 9	Löpevägen 15-17	1991/1991	-	955	-	-	-	955	0.8	94.9	4.3
UMEÅ	Läraren 1	Bankgatan 3, Hovrättsgatan 2, Storgatan 39	1887/1970	3,150	-	-	-	-	3,150	5.7	99.8	27.9
UMEÅ	Magne 4	Renmarksplanaden 1, 3, Storgatan 36 A-D, Västra Esplanaden 2 A-B, Västra Strandg 5 A-D, Västra Strandgatan 7 A-B	1960/1960	4,018	891	1,102	3,057	2,405	11,473	13.2	80.3	93.2
UMEÅ	Njord 28	Skolgatan 43 B-E, Västra Esplanaden 4 A-B	1957/1957	3,388	485	82	-	1,050	5,005	1.8	96.2	44.0
UMEÅ	Nytorget 2	Kungsgatan 80, Pilgatan 11, Storgatan 71 B, 73, 75	1960/1986	13,112	687	-	-	-	13,799	19.1	97.0	102.1
UMEÅ	Rind 5	Nygatan 23-25; Vasagatan 17-19	1964/1972	6,239	-	-	342	-	6,581	11.1	94.8	72.7
UMEÅ	Saga 3	Götgatan 1-3; Magasinsgatan 4; Nygatan 16; Skolgatan 47	1965/1980	2,466	101	1,119	-	630	4,316	7.7	85.1	35.6
UMEÅ	Skarpskytten 3	Bankgatan 10, 10A-B; Kungsgatan 45; Skolgatan 44; Västra Esplanaden 7A-B, 9A-B	1957/1990	1,508	286	1,142	2,884	556	6,376	7.3	94.7	58.2
UMEÅ	Skvadronen 2	Ridvägen 5, Västra Esplanaden 19	1978/1978	3,966	90	-	-	537	4,593	6.5	93.2	26.5
UMEÅ	Slaggan 6	V Norrlandsgatan 5, V Esplanaden 20, 22	1969/1969	343	854	4,409	-	1,430	7,036	3.6	93.5	49.6
UMEÅ	Slöjdaren 3	Hovrättsg 3, Kungsgatan 36, Slöjdgatan 2, 4 B-C, Storg 35	1929/1986	3,629	122	96	409	303	4,559	5.7	95.0	21.8
UMEÅ	Stigbygel 2	Signalvägen 12	1973/-	-	4,321	-	-	-	4,321	3.3	98.8	-
UMEÅ	Stipendiet 2	Ekonomstråket 1-3, 7, 11; Examensvägen 3	1970/1980	1,717	-	5,871	1,673	-	9,261	10.3	88.9	56.0
UMEÅ	Sågen 5	Sveagatan 13, Västra Norrlandsg 10 A-D	1980/1980	6,801	690	-	-	-	7,491	11.2	65.1	68.0
UMEÅ	Tändstiftet 2	Norra Obbolavägen 118	1987/1987	2,260	-	-	-	-	2,260	1.7	100.0	9.1
UMEÅ	Vale 17	Kungsgatan 69-73, 69B-C, 71B, 73B; Vasagatan 10, 10B-C; Västra Kyrkogatan 9	1969/1975	5,689	576	5,327	913	1,808	14,313	19.4	92.1	171.3
UMEÅ	Vipan 24	Storgatan 113-115	1965/1991	2,390	150	-	-	384	2,924	3.9	94.7	21.4
UMEÅ	Älvsbacka 9, 10 (2 properties)	Storgatan 58-60	1974/1979	8,664	799	-	-	1,224	10,687	13.6	92.5	66.8
<b>TOTAL UMEÅ: 32 PROPERTIES</b>				<b>97,290</b>	<b>15,066</b>	<b>27,794</b>	<b>9,321</b>	<b>8,849</b>	<b>159,928</b>	<b>199.2</b>	<b>89.8</b>	<b>1,239.0</b>

## VILHELMINA

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
				Office	Industrial/warehouse	Retail	Residential	Other business				
Vilhelmina	Matsdal 1:144	Matsdal 611	Land	-	-	-	-	-	-	-	-	-
Vilhelmina	Plasten 1	Sälggatan 1	1972/1972	374	12,732	-	-	-	13,106	1.7	100.0	6.3
Vilhelmina	Granberg 1:59, 1:76 (2 properties)	Terminalgatan 2A, 2B; Terminalgatan 2C-D, 4-6	1982/1988	2,737	7,127	-	-	-	9,864	4.9	59.7	12.0
<b>TOTAL VILHELMINA: 4 PROPERTIES</b>				<b>3,111</b>	<b>19,859</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,970</b>	<b>6.6</b>	<b>70.1</b>	<b>18.3</b>

## TOTAL VÄSTERBOTTEN

49 PROPERTIES	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
	Office	Industrial/warehouse	Retail	Residential	Other business				
	151,783	44,367	46,468	14,668	27,764	286,657	332.7	92.2	1,838.6

## NORRBOTTEN

### LULEÅ

Municipality	Property name	Address	Year of construction/value year	sq.m					Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
				Office	Industrial/warehouse	Retail	Residential	Other business				
LULEÅ	Bergnåset 2:671	Västra Skolgatan 10, Upplagsvägen 28 A-B	1962/1986	7,335	3,798	-	-	2,090	13,223	8.2	88.5	23.2
LULEÅ	Biet 1	Residensgatan 17, Sandviksgatan 11, 13, 15, Stationsgatan 10, 12, 3 A-C, 5 A-C, 7 A-E, 8	1800/1995	15,287	106	-	-	33	15,426	16.4	87.7	85.9
LULEÅ	Braxen 1	Köpmangatan (32), 34; Smedjegatan 12-16; Stationsgatan 45	1987/1987	7,468	174	324	-	144	8,110	12.2	99.5	73.6
LULEÅ	Braxen 2	Köpmangatan 36 A-; Stationsgatan 47 A-B	1985/1985	303	-	448	-	-	751	4.6	96.1	25.4
LULEÅ	Djuret 3	Blomgatan 17	1946/-	628	6,626	107	-	266	7,627	5.4	90.7	-
LULEÅ	Forellen 9	Köpmangatan 57, Timmermansgatan 16 A-B	1972/1977	1,639	208	600	-	-	2,447	3.1	93.9	25.4
LULEÅ	Gripen 1	Storgatan 30 A-D	1961/1961	1,986	118	1,006	-	-	3,110	4.4	79.0	36.4
LULEÅ	Gösen 7	Sandviksgatan 81	1987/1987	2,003	158	-	-	290	2,451	1.9	38.7	16.3
LULEÅ	Hermelinen 12	Skeppsbrogatan 25 A-D, Timmermansgatan 26 A-C, 30	1986/1986	1,165	111	431	-	165	1,872	3.6	98.4	20.2
LULEÅ	Humlan 6	Sandviksgatan 12; Varvsgatan 9A-D, 11, 11A	1970/1980	7,685	530	-	-	1,544	9,759	11.9	91.8	43.6
LULEÅ	Hunden 15	Skeppsbrogatan 34 A-D, Skomakargatan 23, 25 A-C, Smedjegatan 24 A, 26 A-C, Storgatan 39, 41 A, Storgatan 43 A-B	1929/2014	3,973	117	4,859	2,268	715	11,932	23.4	98.3	242.6
LULEÅ	Kajan 18	Sandviksgatan 28	-	8,679	-	-	-	264	8,943	18.8	100.0	83.6
LULEÅ	Katten 14	Skeppsbrogatan 38 A-B, Timmermansgatan 19 A-C	1987/1991	-	-	2,680	-	350	3,030	5.0	99.0	38.6
LULEÅ	Mörten 1	Köpmangatan 38, 40A-C	1985/1986	4,673	314	270	-	12	5,269	7.8	99.2	40.6
LULEÅ	Pelikanen 6	Smedjegatan 1	1942/1990	3,930	90	-	-	-	4,020	5.6	93.8	33.8
LULEÅ	Porsön 1:423	Aurorum	1989/2002	19,528	68	-	-	185	19,781	27.8	92.4	143.3
LULEÅ	Rudan 7	Skomakargatan 18B; Storgatan 40A-G	1936/1961	-	-	850	1,288	-	2,138	3.6	99.8	29.5
LULEÅ	Rättan 18	Storgatan 53, Kungsgatan 23	1953/1953	3,350	-	10	-	90	3,450	7.3	99.5	-
LULEÅ	Siken 7	Sandviksgatan 55; Smedjegatan 8-10, 10A; Stationsgatan 50 (52)	1989/1989	4,079	10	859	-	-	4,948	9.4	97.3	57.0
LULEÅ	Simpan 1	Köpmangatan 42, 44A-B, 46; Kungsgatan 11-13, 13A-B	1951/1960	3,721	-	385	675	5	4,786	7.3	99.8	42.0
LULEÅ	Strutsen 6	Nygatan 18; Storgatan 27, 27 A-C	1958/1958	1,023	-	436	1,598	20	3,077	4.3	98.6	33.8
LULEÅ	Stören 17	Banårdsgatan 12, 12A; Småbåtsgatan 3-7	1987/1990	4,630	2,781	5,230	-	10	12,651	11.3	97.9	69.4
LULEÅ	Tjädern 17	Nygatan 13-15; Skeppsbrogatan; 24; Storgatan 25, 25A	1964/1988	-	-	4,360	-	54	4,414	8.2	97.5	46.4



				sq.m								
Municipality	Property name	Address	Year of construction/value year	Office	Industrial/warehouse	Retail	Residential	Other business	Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
LULEÅ	Vattenormen 8	Midgårdsvägen 19	1964/1964	3,905	-	-	-	-	3,905	5.2	100.0	24.4
LULEÅ	Östermalm 6:16	Stundsbacken 2 A-D, Sundsbacken 4	1992/1998	7,670	-	-	-	-	7,670	11.2	99.8	54.8
<b>TOTAL LULEÅ: 25 PROPERTIES</b>				<b>114,661</b>	<b>15,209</b>	<b>22,854</b>	<b>5,829</b>	<b>6,237</b>	<b>164,790</b>	<b>227.8</b>	<b>95.2</b>	<b>1,289.8</b>

## ▶▶▶ TOTAL NORRBOTTEN

				sq.m						Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
Office	Industrial/warehouse	Retail	Residential	Other business	Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm				
<b>18 PROPERTIES</b>				<b>114,661</b>	<b>15,209</b>	<b>22,854</b>	<b>5,829</b>	<b>6,237</b>	<b>164,790</b>	<b>227.8</b>	<b>95.2</b>	<b>1,289.8</b>

## RETAIL

### RETAIL

				sq.m								
Municipality	Property name	Address	Year of construction/value year	Office	Industrial/warehouse	Retail	Residential	Other business	Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
LULEÅ	Abborren 11	Storgatan 36, 36A; Köpmangatan 45; Skomakargatan 19	1962/1986	-	543	9,161	-	12	9,715	31.1	95.1	196.0
FALUN	Falan 20	Stora torget	1966/1975	15,905	518	5,854	-	1,084	23,361	33.7	95.7	184.0
SUNDSVALL	Glädjen 4, 9 (2 properties)	Storgatan 30-34; Thulegatan 3; Torggatan 2-4; Sjögatan 23	1929/1960	4,644	792	10,979	537	-	16,951	28.2	86.9	172.4
FALUN	Holmen 8	Holmgatan 9	1970/1973	1,757	17	15,891	-	1,062	18,727	31.2	75.0	169.4
SUNDSVALL	Hälsan 6	Storgatan 26; Centralgatan 6	1891/1930	1,039	77	989	1,281	-	3,385	5.6	95.1	34.6
SUNDSVALL	Hälsan 7	Storgatan 28; Centralgatan 4; Torggatan 1-3; Sjögatan 15-17, 16-18	1929/1965	3,329	559	7,785	-	8	11,680	22.4	83.0	117.0
SUNDSVALL	Lyckan 6	Storgatan 36-40; Ågatan 1-5, 2-4; Thulegatan 2; Varvsgränd 1	1929/2007	107	162	8,973	152	2	9,396	17.0	89.3	122.4
ÖSTERSUND	Månadsmötet 8	Kyrkgatan 64; Prästgatan 45	1966/1966	1,983	408	4,805	-	27	7,223	15.5	93.6	92.2
ÅRE	Mörviken 2:102	Sankt Olavs väg 33, 37	2006/2007	-	149	4,368	-	3,435	7,952	13.2	97.8	112.8
GÄVLE	Norr 14:5	Norra Kansligatan 7-9; Norra Slottsgatan 8, 10; Nygatan 21, 23 (Gävle); Rud-dammsgatan 24, 26	1971/1971	1,109	289	6,784	-	193	8,375	19.7	88.4	149.0
UMEÅ	Odin 12	Kungsgatan 52, 54, Renmarkstorget 6, 8, Storgatan 49, 51 A-B, Västra Rådhusgatan 7	1962/1975	2,791	1,242	10,362	167	483	15,045	36.4	89.0	244.1
LULEÅ	Rättan 17	Skeppsbrogatan 40 A, Storgatan 51, Timmermansgatan 22	1955/1975	890	664	8,608	1,958	-	12,120	21.7	94.8	165.2
LULEÅ	Strutsen 14	Nygatan 20, 22, Skeppsbrogatan 26, 28, 30, 32, Smedjegatan 21, Storgatan 29, 31, 33 A-C, 35 B-C	1940/1973	7,444	313	6,079	4,107	872	18,815	32.6	92.9	248.2
Ljusdal	Tälle 23:8	Bokhandlargränd 12; Norra Järnvägsgatan 39; Stationsgatan 1-5	1963/1986	658	20	3,337	-	-	4,015	3.7	94.1	12.9
<b>TOTAL RETAIL: 15 PROPERTIES</b>				<b>287,182</b>	<b>38,950</b>	<b>159,272</b>	<b>19,860</b>	<b>19,715</b>	<b>166,759</b>	<b>312.0</b>	<b>89.9</b>	<b>2,020.3</b>

## ▶▶▶ TOTAL RETAIL

				sq.m						Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
Office	Industrial/warehouse	Retail	Residential	Other business	Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm				
<b>15 PROPERTIES</b>				<b>287,182</b>	<b>38,950</b>	<b>159,272</b>	<b>19,860</b>	<b>19,715</b>	<b>166,759</b>	<b>312.0</b>	<b>89.9</b>	<b>2,020.3</b>

## ▶▶▶ TOTAL DIÖS

				sq.m						Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm
Office	Industrial/warehouse	Retail	Residential	Other business	Total	Rental value, SEKm	Ec. occupancy rate, %	Taxable value, SEKm				
<b>339 PROPERTIES</b>				<b>666,834</b>	<b>262,942</b>	<b>206,532</b>	<b>106,869</b>	<b>140,979</b>	<b>1,552,524</b>	<b>1852.4</b>	<b>90.8</b>	<b>9,792.1</b>

# FINANCIAL KPIS

The company presents certain financial measures in the interim report that have not been defined in accordance with IFRS. The company considers 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 found on p. 117.

Figures refer to SEK million unless otherwise indicated.

	2017 12 mths Jan-Dec	2016 12 mths Jan-Dec
Number of shares at end of period, thousands ( <i>balance sheet KPIS</i> ) <sup>1</sup>	134,512	95,290
Average number of shares, thousands ( <i>income statement-related key ratios</i> ) <sup>1</sup>	132,041	95,290

<sup>1</sup>Historical data for the number of shares has been restated to factor in the effect of bonus issues (i.e. the value of the subscription rights) in issues of new shares, and has been used in all KPI calculations for SEK per share. The conversion factor is 1.28. There is no dilutive effect, as no potential shares (such as convertibles) exist.

## OPERATING RESULTS

The company governs its operations based partly on the objective of generating capital growth by increasing the surplus ratio and thereby the operating cash flow, i.e. increased income from property management. The target for the year is a surplus ratio in excess of 63 per cent. The income from property management is also the basis for what is distributed annually to the shareholders – around 50 per cent of the profit for the year after tax, excluding unrealised changes in value and deferred tax. Diös also reports the alternative performance indicators property management income, EPRA earnings and surplus ratio, as these are deemed to be relevant for investors and analysts, and provide additional information on the company's operating results. The indicators provide a picture which excludes factors that are partly beyond the control of the company, such as changes in the value of properties and derivatives.

	2017 12 mths Jan-Dec	2016 12 mths Jan-Dec
<b>Property management income</b>		
Profit before tax	1,261	957
Reversal		
Change in value, properties	-412	-327
Change in value, derivatives	-27	-91
<b>Property management income</b>	<b>822</b>	<b>539</b>
<b>EPRA earnings (property management income after tax)</b>		
Property management income	822	539
Reversal, current tax property management income	-88	-42
Minority share of earnings	-2	-7
<b>EPRA earnings / EPRA EPS</b>	<b>732</b>	<b>490</b>
<b>EPRA earnings / EPRA EPS per share</b>	<b>5.54</b>	<b>5.14</b>
<b>SURPLUS RATIO</b>		
Operating surplus as per income statement	1,080	806
Rental income as per income statement	1,700	1,323
<b>Surplus ratio, %</b>	<b>64</b>	<b>61</b>



## FINANCIAL KPIS CONT.

### NET ASSET VALUE

Net asset value is the total capital which the company manages on behalf of its owners. Based on this capital, Diös aims to generate returns and growth while maintaining a low risk. Net asset value can also be calculated on a long-term and short-term basis. Long-term NAV is based on the balance sheet after adjusting for items which involve no near-term outgoing payments, which in Diös' case refers, for example, to the fair value of financial instruments (derivatives) and deferred tax on temporary differences. The current net asset value consists of equity according to the balance sheet after adjusting for the market value of the deferred tax liability. EPRA NAV and EPRA NNNNAV are designed to show the size of the company's equity in case of a liquidation in the short and long term. These performance indicators can be compared with the company's share price to obtain a picture of how the shares are valued in relation to equity.

	2017 12 mths Jan-Dec	2016 12 mths Jan-Dec
<b>Net asset value</b>		
Equity as per balance sheet	6,887	4,313
Minority share of equity	-45	-43
Reversal		
Fair value of financial instruments	16	43
Deferred tax on temporary differences	1,175	1,023
<b>EPRA NAV (long-term net asset value)</b>	<b>8,033</b>	<b>5,336</b>
<b>EPRA NAV (long-term net asset value) per share, SEK</b>	<b>59.7</b>	<b>56.0</b>
Deductions		
Fair value of financial instruments	-16	-43
Estimated actual deferred tax on temporary differences, approx. 4% <sup>1</sup>	-209	-180
<b>EPRA NNNNAV (short-term net asset value)</b>	<b>7,808</b>	<b>5,113</b>
<b>EPRA NNNNAV (short-term net asset value) per share, SEK</b>	<b>58.0</b>	<b>53.7</b>

<sup>1</sup> Estimated actual deferred tax has been calculated at approx. four per cent based on a discount rate of three per cent. The calculation is based on the assumption that the property portfolio will be realised over a period of 50 years, with ten per cent of the portfolio being sold directly subject to a nominal tax rate of 22 per cent, and the remaining 90 per cent being sold indirectly through companies subject to a nominal tax rate of six per cent. It is expected that it will be possible to use the tax losses during the year.

### FINANCIAL RISK

The company's strategy is to own, develop and manage properties in a value-creating sustainable manner that promotes development while maintaining a stable financial risk. This is expressed in the ambition to ensure that the loan-to-value ratio does not exceed 60 per cent over extended periods and to maintain an equity/assets ratio in excess of 30 per cent. The loan-to-value ratio and equity ratio show the company's financial stability while the interest coverage ratio shows the company's ability to pay interest. These key ratios are deemed to be relevant for investors and analysts from a financial risk perspective. They also constitute covenants from the company's lenders and the Board has defined targets for these key ratios, which are used to govern the company's activities.

	2017 12 mths Jan-Dec	2016 12 mths Jan-Dec
<b>Loan-to-value ratio</b>		
Interest-bearing liabilities	11,104	8,013
Investment properties	19,457	13,683
<b>Loan-to-value ratio, %</b>	<b>57.1</b>	<b>58.6</b>
<b>Equity/assets ratio</b>		
Equity	6,887	4,313
Total assets	19,708	13,920
<b>Equity/assets ratio, %</b>	<b>34.9</b>	<b>31.0</b>
<b>Interest coverage ratio</b>		
Property management income	822	539
Reversal		
Net financial items	191	204
<b>Total</b>	<b>1,013</b>	<b>743</b>
Financial costs	191	206
<b>Interest coverage ratio, times</b>	<b>5.3</b>	<b>3.6</b>



## »»» FINANCIAL KPIS CONT.

### OTHER KEY RATIOS

Other key ratios refer to a number of measures of return which the company uses to describe various aspects of the statement of financial position and to give investors and analysts further information about the operations. The company reports return on equity, equity per share and cash flow per share, as these performance indicators show the company's results and profitability, equity on a per share basis, and the company's ability to fulfil its obligations and pay dividends to the shareholders. These alternative performance indicators supplement the picture given of Diös' financial performance and enable investors and analysts to gain a better understanding of the company's return and results. Yield is a measure of the results generated by the properties in relation to their market value. It shows the profitability of the properties and is considered to provide supplementary information for investors and analysts concerning the risk in the portfolio. The debt/equity ratio is presented in order to supplement the picture of Diös' financial situation. It shows the ratio of interest-bearing liabilities to equity. The measure is considered to enhance investors' and analysts' ability to assess the company's financial stability.

	2017 12 mths Jan-Dec	2016 12 mths Jan-Dec
Return on equity, %	18.3	20.6
Equity per share, SEK	51.2	45.3
Rental income, SEKm	1,700	1,323
<b>Cash flow per share, SEK</b>		
Profit before tax	1,261	957
Reversal, unrealised change in value		
Properties	-402	-337
Derivatives	-27	-91
Depreciation and amortisation	2	2
CURRENT TAX	-43	-26
<b>Total</b>	<b>791</b>	<b>504</b>
Number of shares at end of period ('000)	132,041	95,290
<b>Cash flow per share, SEK</b>	<b>6.00</b>	<b>5.29</b>
Earnings per share, SEK	7.78	8.66
Debt/equity ratio, times	1.6	1.9

### OTHER INFORMATION

Diös also reports data for economic occupancy, rental value and net leasing, as these performance indicators provide a more in-depth picture of the company's financial performance with regard to revenues in the properties and thus also in the company. These performance indicators are widely used in the industry, and enable investors and analysts to make comparisons between different property companies.

	2017 12 mths Jan-Dec	2016 12 mths Jan-Dec
Economic occupancy rate, %	91	90
No. of properties at end of period	339	314
Leasable area at end of period, sq.m	1,552,524	1,353,525
<b>EPRA vacancy rate</b>		
Estimated market rent for vacant space	153	137
Annualised rental value for the whole portfolio	1,875	1,478
<b>EPRA vacancy rate, %</b>	<b>8.2</b>	<b>9.3</b>

## »»» EPRA KEY FIGURES

EPRA key figures	2017	2016
EPRA earnings / EPRA EPS, SEKm	732	490
EPRA earnings / EPRA EPS per share, SEK	5.54	5.14
EPRA NAV, SEKm	8,033	5,336
EPRA NAV per share, SEK	59.7	56.0
EPRA NNNAV, SEKm	7,808	5,113
EPRA NNNAV per share, SEK	58.0	53.7
EPRA vacancy rate, %	8.2	9.3
Rental growth, like for like, %	3.7	3.2

The EPRA key figure for sustainability can be found on our website, [www.dios.se](http://www.dios.se).



> Anna Dahlberg, Property Manager, Sundsvall.

# GRI INDEX

## »»» GENERAL STANDARD DISCLOSURES

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102-45	Entities in the organisation	114	The sustainability report covers the entire Diös organisation.
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305-3	Other indirect (Scope 3) GHG emissions	20-21	See additional sustainability appendix at <a href="https://dios.se/Investera">dios.se/Investera</a>
305-4	Emissions intensity, buildings	20-21	See additional sustainability appendix at <a href="https://dios.se/Investera">dios.se/Investera</a>
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### AUDITOR'S STATEMENT ON THE STATUTORY SUSTAINABILITY REPORT

The Board of Directors of Diös Fastigheter AB, CRN 556501-1771

#### Assignment and allocation of responsibility

The Board of Directors is responsible for the Sustainability Report for the financial year 1 January 2017 to 31 December 2017 on pages 10–11, 17–24, 60–61 and 93–96 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

#### Focus and scope of the review

Our audit has been carried out in accordance with FAR recommendation RevR 12, "Auditor's statement on the statutory Sustainability Report".

This means that our review of the Sustainability Report has a different aim and is of significantly smaller scope than the aim and scope of an audit compliant with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides sufficient grounds for our opinions.

#### Opinion

A Sustainability Report has been drawn up.

Östersund, 20 March 2018

Deloitte AB, Richard Peters

Authorised Public Accountant

# SHARE KEY RATIOS

## LARGEST SHAREHOLDERS

Shareholder	No. of shares	Capital and votes, %	Change 12 mths, % points
AB Persson Invest	20,699,443	15.4	0.0
Backahill Inter AB	14,095,354	10.5	0.0
Bengtssons Tidnings Aktiebolag	13,574,748	10.1	0.0
Pensionskassan SHB Försäkringsförening	8,096,827	6.0	0.0
Avanza Pension	5,015,873	3.7	0.4
Handelsbankens Fonder	4,750,000	3.5	1.6
SEB Fonder	4,189,559	3.1	-0.8
Fourth Swedish National Pension Fund (AP4)	2,514,599	1.9	-0.5
Transamerica Asset Management, Inc.	2,242,274	1.7	-0.2
Staffan Rasjö	2,000,000	1.5	-0.2
<b>Total, largest shareholders</b>	<b>77,178,677</b>	<b>57.4</b>	<b>0.3</b>
Other shareholders	57,333,761	42.6	-0.3
<b>TOTAL</b>	<b>134,512,438</b>	<b>100.0</b>	

## DATA PER SHARE

	2017	2016	2015	2014	2013
Share price at 31 Dec, SEK	55.8	47.1	48.0	45.7	35.9
Market value of outstanding shares, SEKm	7,499	4,484	4,577	4,316	3,408
Property management income per share, SEK	6.23	5.66	5.33	4.42	3.72
Dividend per share, SEK	2.90 <sup>1</sup>	2.00	2.24	2.24	1.80
Payout ratio <sup>2</sup> , %	49.5	53.0	54.0	50.0	49.0
Dividend yield, %	5.2	4.3	4.7	4.9	5.0
Total return, %	23.9	2.8	12.1	32.2	9.2

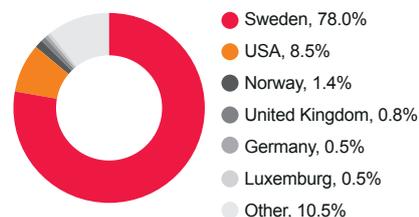
<sup>1</sup> The Board of Directors' proposal.

<sup>2</sup> Profit after tax, excluding unrealised changes in value and deferred tax.

## OWNERSHIP STRUCTURE

Number of shares, shareholding	No. of shareholders	No. of shares	Capital and votes, %	Market value, SEKm
1-500	8,648	1,297,137	1.0	72
501-1,000	2,052	1,660,316	1.2	93
1,001-5,000	2,749	6,245,305	4.6	348
5,001-10,000	442	3,157,765	2.4	176
10,001-20,000	188	2,833,666	2.1	158
20,001-50,000	103	3,345,522	2.5	187
50,001-	109	115,972,727	86.2	6,465
<b>TOTAL</b>	<b>14,291</b>	<b>134,512,438</b>	<b>100.0</b>	<b>7,499</b>

## HOLDERS BY COUNTRY





# DEFINITIONS

## FINANCIAL

### RETURN ON EQUITY

Profit for the period divided by average equity. 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 expense divided by average assets. Average assets are calculated by adding the opening and closing balances and dividing by two.

### RETURN ON CAPITAL EMPLOYED

Profit before tax plus financial expense in relation to average capital employed.

### LOAN-TO-VALUE RATIO, PROPERTIES

Interest-bearing and other liabilities relating to properties divided by the properties' fair value at the end of the period.

### INTEREST COVERAGE RATIO

Profit after financial items, excluding unrealised changes in value, plus financial expense, in relation to financial expense during the period.

### DEBT/EQUITY RATIO

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

### EQUITY/ASSETS RATIO

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

### CAPITAL EMPLOYED

Total assets at the end of the period minus non-interest bearing liabilities and provisions. Average capital employed is calculated by adding the opening and closing balances and dividing by two.

## 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.

### EPRA EPS

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

### EPRA NAV/LONG-TERM NET ASSET VALUE PER SHARE

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

### EPRA NNNAV/CURRENT NET ASSET VALUE PER SHARE

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

### AVERAGE NUMBER OF OUTSTANDING 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 less current tax divided by the average number of outstanding shares.

### 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 AND OTHER

### YIELD

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

### OPERATING COSTS

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

### OPERATING SURPLUS

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

### ECONOMIC OCCUPANCY RATE

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.

### RENTAL INCOME

Rents invoiced for the period less rent losses and rent discounts.

### RENTAL VALUE

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

### NET LEASING

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

### PHYSICAL OCCUPANCY RATE

Rented area in relation to total leasable area.

### SURPLUS RATIO

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



# FIVE-YEAR SUMMARY

## INCOME STATEMENT

SEKm	2017	2016	2015	2014	2013
Rental income	1,700	1,323	1,295	1,291	1,292
Other income	19	17	20	21	15
Property costs	-639	-534	-539	-550	-569
<b>Operating surplus</b>	<b>1,080</b>	<b>806</b>	<b>776</b>	<b>762</b>	<b>738</b>
Central administration	-73	-63	-58	-58	-84 <sup>2</sup>
Profit from financial items	-185	-204	-210	-283	-300
<b>Property management income</b>	<b>822</b>	<b>539</b>	<b>508</b>	<b>421</b>	<b>354</b>
Unrealised changes in value on interest-rate derivatives	27	91	64	-91	68
Change in value of properties, realised	10	-10	11	15	11
Change in value of properties, unrealised	402	337	262	47	-35
<b>Profit before tax</b>	<b>1,261</b>	<b>957</b>	<b>845</b>	<b>392</b>	<b>398</b>
CURRENT TAX	-43	11 <sup>1</sup>	-163 <sup>1</sup>	-10	-15
DEFERRED TAX	-189	-136	-140	-80	-62
Less non-controlling interests' share	2	7	12	5	-2
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>	<b>1,027</b>	<b>825</b>	<b>530</b>	<b>297</b>	<b>323</b>

<sup>1</sup> Current tax for 2015 includes a provision of SEK 137 million relating to a tax case. In the second quarter of 2016, SEK 37 million of the provision was reversed.

<sup>2</sup> Of which SEK 26 million refers to restructuring costs attributable to the acquisition of Norrvidden.

## BALANCE SHEET

SEKm	2017	2016	2015	2014	2013
Investment properties	19,457	13,683	13,381	12,200	11,823
Other non-current assets	46	41	20	18	20
Current receivables	173	196	104	43	91
Cash and cash equivalents	32	-	-	79	121
<b>ASSETS</b>	<b>19,708</b>	<b>13,920</b>	<b>13,505</b>	<b>12,340</b>	<b>12,055</b>
Equity	6,887	4,313	3,694	3,365	3,235
Deferred tax liability	1,197	1,009	875	735	655
Provisions	9	9	9	9	9
Interest-bearing liabilities	11,104	8,013	8,112	7,664	7,657
Overdraft facilities	-	15	227	-	-
Current liabilities	511	561	588	567	499
<b>LIABILITIES AND EQUITY</b>	<b>19,708</b>	<b>13,920</b>	<b>13,505</b>	<b>12,340</b>	<b>12,055</b>

## CASH FLOW STATEMENT

SEKm	2017	2016	2015	2014	2013
Cash flow from operating activities	691	482	347	422	334
Cash flow from investing activities	-2,843	27	-888	-299	68
Cash flow from financing activities	2,184	-509	462	-165	-401
Cash flow for the year	32	0	-79	-42	1
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>79</b>	<b>121</b>

## FINANCIAL KPIS

	2017	2016	2015	2014	2013
Return on equity, %	18.3	20.6	15.0	9.0	10.2
Return on total assets, %	8.6	8.5	8.2	5.5	5.8
Return on capital employed, %	8.9	8.9	8.6	5.8	6.1
Equity/assets ratio, %	34.9	31.0	27.4	27.3	26.8
Property loan-to-value ratio, %	57.1	58.6	60.7	62.9	64.8
Interest coverage ratio, times	5.3	3.6	3.4	2.5	2.2
Debt/equity ratio, times	1.6	1.9	2.2	2.3	2.4

## DATA PER SHARE<sup>1</sup>

	2017	2016	2015	2014	2013
Earnings per share, SEK	7.78	8.66	5.56	3.12	3.39
Equity per share, SEK	51.2	45.3	38.8	35.3	33.9
Cash flow per share, SEK	6.00	5.29	3.70	4.30	3.60
EPRA EPS per share, SEK	5.54	5.14	4.53	4.12	3.37
EPRA NAV per share, SEK	59.7	56.0	49.4	45.4	42.5
Average number of shares outstanding at year-end, thousands	132,041	95,289	95,289	95,289	95,289
Number of shares outstanding at end of period, thousands	134,512	95,289	95,289	95,289	95,289
Dividend	2.90 <sup>2</sup>	2.00	2.24	2.24	1.80

<sup>1</sup> Historical data for the number of shares has been restated to factor in the effect of bonus issues (i.e. the value of the subscription rights) in issues of new shares, and has been used in all KPI calculations for SEK per share. The conversion factor is 1.28.

<sup>2</sup> The Board's proposal.

## PROPERTY-RELATED KPIS AT YEAR-END

	2017	2016	2015	2014	2013
No. of properties	339	314	351	354	364
Leasable area, sq.m	1,552,524	1,353,525	1,462,538	1,422,519	1,446,900
Market value of properties, SEKm	19,457	13,683	13,381	12,200	11,823
Rental value, SEKm	1,875	1,478	1,466	1,448	1,457
Economic occupancy rate, %	91	90	88	89	89
Surplus ratio, %	64	61	60	59	57

## ANNUAL GENERAL MEETING 2018

The Annual General Meeting for Diös Fastigheter AB (publ) will take place on Wednesday 24 April 2018 at 1 pm at its registered office at Fritzhemsgatan 1A, Frösön, Östersund Municipality. We will offer a light lunch from noon and registration will take place between 12.15 pm and 12.55 pm.

Shareholders wishing to attend the Annual General Meeting must:

- be registered in the shareholders register kept by Euroclear Sweden AB by Thursday 18 April 2018, and
- give notice of their intention to participate in the Annual General Meeting no later than 18 April 2018 at noon.

For more information and to register, visit Diös' website: [www.dios.se](http://www.dios.se)

### BEFORE THE ANNUAL GENERAL MEETING 2018

The Board proposes a dividend of SEK 2.90 per share, divided into two payments of SEK 1.45 per share on each

date. The record dates for dividends, meaning the right to receive a dividend, are Thursday 26 April and Friday 26 October 2018. If the AGM approves the proposed dividend, payments will be made on Wednesday 2 May and Thursday 1 November.

The Nomination Committee's proposals in brief:

- The Nomination Committee proposes to re-elect board members Bob Persson, Anders Bengtsson, Anders Nelson and Ragnhild Backman, and to elect Eva Nygren. Maud Olofsson has declined re-election.
- The Nomination Committee proposes the re-election of Bob Persson as the chair of the Board.
- The Nomination Committee proposes that Bob Persson be appointed to chair the AGM.
- The Nomination Committee proposes that auditor Deloitte AB be reappointed. Deloitte has announced that Richard Peters will be the chief auditor.



Diös' annual report was prepared by Diös Fastigheter in collaboration with Strand Kommunikation.

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Paper: Cocoon Silk, FSC-certified and made from 100 per cent recycled fibres.

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