

# 21

**“Northern Sweden, led by Skellefteå, is experiencing a growth boom. More and more people want to be part of our hot market.”**

**Maria Fjellström,  
Business Area Manager Skellefteå**



# Welcome to Diös

Diös is one of Sweden's largest property companies. In our position as the market leader in our cities, we develop properties, city blocks, neighbourhoods and suburban areas, creating growth for our tenants, our shareholders and ourselves. Our offering primarily comprises offices, premises for urban services and housing. The right tenant with the right premises in the right location creates the conditions for a stronger offering, a lower vacancy rate and increased profitability.

To create Sweden's most inspiring cities.



## 338

properties



## 98%

non-fossil energy



## 144

employees



## SEK 28 billion

property value



## 35%

of the property value is in  
environmentally certified properties



## 1,511,000

## sq.m

leasable area

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Diös' formal financial statements are found on pages 71–106 and have been audited by the company's auditors. Diös' Sustainability Report in accordance with the GRI Standards, Core option has been reviewed by the company's auditors. The pages containing the Sustainability Report are referenced in the GRI index on pages 126–127.



# The year that was

We are leaving behind a strong year with increased property management income, stronger financial KPIs and a move towards a larger and more profitable property company. More intensive transaction and investment activity in our market, together with extensive demand for premises (mainly offices), homes and development rights, generates higher property values. Our own transaction activity also increased and we made several successful acquisitions of strategically located properties that complement our portfolio.

**22.1%**

return on equity

**SEK 17.08**

earnings per share

**68%**

surplus ratio

**8%**

increased property  
management income

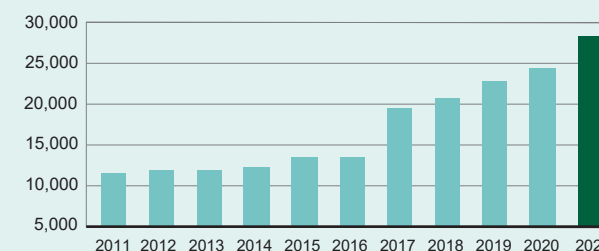
**SEK 3.52**

proposed dividend,  
evenly divided between  
four distributions

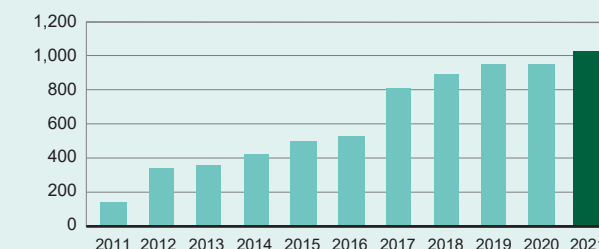
**-1%**

energy use

Property value, SEKm



Property management income, SEKm





# Highlights of 2018



## New climate target and green investments

During 2021, we decided on a new climate target for our operations. This means that by 2030 we will cut our carbon dioxide emissions in half to reach net zero by 2045. This target has been reviewed and approved by SBTi. We also want to move our property portfolio towards more energy-efficient and environmentally friendly properties with an even more attractive offering to our tenants. Our environmentally certified properties now represent 35 per cent of our total property value. During 2021, we reduced our use of purchased electricity by 3 per cent through energy optimisation and increased production from our solar cells. In 2021, we launched Europe's first financial framework in line with the EU's taxonomy.

## Greater transaction activity

Our transaction activity increased and we made several acquisitions, including a major acquisition of five properties for SEK 810m in central Skellefteå. In total, we announced acquisitions for SEK 1,500m during 2021 and divestments for SEK 300m.

## Improved earnings through projects

In order to meet increased demand for modern and accessible commercial premises, we work actively to create new leasable space. Our first major hotel project was completed during the year and Clarion Hotel Sundsvall was able to open to guests in September. The development of Citycampus for Dalarna University in Borlänge, as well as the construction of an office building for the Swedish Pensions Agency on Porsön in Luleå are examples of projects that were started. We also announced the plans for the new district of Västra Stranden in Luleå with offices, housing and urban service, and the Swedish Social Insurance Agency (Försäkringskassan) as the first tenant.



## The impact of the pandemic

The pandemic lingered throughout 2021 and we continued to prioritise people's health and safety in our daily actions. By being responsive to our tenants and acting quickly and safely in relation to restrictions and recommendations, we retained our business focus and adapted our operations. Net expenses for 2021 amounted to SEK 5m.



## Active letting and fewer vacancies

The investment rate is increasing in our market and the effect is a continued increase in demand for premises and residential properties, resulting in increased property values and reduced floor space vacancies. Some good examples of our active letting work during 2021 are the commercial building Hjorten in Skellefteå with tenants such as WSP, Aspia and AFRY, ICA Flanör in Gävle and Destinationsbolaget & Turistbyrån in Östersund. Net leasing for the year was SEK 30m.

## Chief Executive's review

# A really good result, higher property values and a strong market in growth

**After a year marked by drive, a high pace of development and new business opportunities, we are delivering a very strong profit with net leasing amounting to SEK 30m for the year and a property management income that increased by 8 per cent. The Board of Directors proposes a dividend of SEK 3.52 per share.**

Unrealised changes in value on properties were SEK 1,790m for the year. The total property value is now equivalent to SEK 28 billion, which is an increase of 14 per cent compared with the previous year. We increased revenues by 5 per cent and improved our surplus ratio to 68 per cent, despite the challenges of the pandemic and its restrictions. I would summarise 2021 as a very successful and strong year.

### Investment boom in northern Sweden

We are experiencing historically high interest in our market, both from investors and tenants and through increased transaction activity. Our cities, in which we are market leaders, are at the heart of the action. Good access to renewable energy, the cold climate, economic stability and municipalities that enable establishment and growth are key factors in the current investment boom. The investment rate expected in Swedish base industry in northern Sweden is contributing to continued development and growth. Demand for premises is also continuing to grow, which is the result of both existing tenants growing and new tenants establishing themselves. More people want to invest in properties in our cities. This has led to increased rental income, lower return requirements and thereby increased property values.

Our three revenue areas are:

- rental and management
- project development
- transactions

### Sustainability and profitable business

We offer offices, premises for urban services and housing.

The active letting and property management work we do leads to long-term sustainable and profitable business. Good examples of this from 2021 include the development of the property Hjorten in Skellefteå, where Skellefteå Municipality was previously the largest tenant. The property is now a vibrant commercial building with tenants such as Aspia, AFRY, Once Upon, Link Arkitektur, SWECO and Juristkompaniet. Here the rental income increased by 75 per cent. The property Bisittaren in Sundsvall is another good example of how a former office hotel with a 50 per cent vacancy developed into a fully leased property with attractive, modern apartments. This has reduced the risk in the property and at the same time contributed to a value creation of around 20 per cent in addition to investment.

### Projects and acquisitions

In August, we completed our first major new production, Clarion Hotel in Sundsvall. The hotel is a brilliant example of how we work with urban development and value creation, both for the city and for our shareholders. Next year, Clarion Hotel in Umeå and the high-profile re-use project will be completed with a spectacular ellipse linking the buildings for the Swedish Transport Administration's head office in Borlänge. Our next major new production, Västra Stranden in Luleå, will start at the beginning of 2022. In a first phase, we will develop an office building for the Swedish Social Insurance Agency with occupancy in 2024. The project comprises approximately 5,000 sq.m. and the investment amounts to approximately SEK 200m. We also intend to develop the area with additional offices and homes to create a district close to the city with a mixed offering and a clear sustainable profile that contributes to Luleå's attraction and growth.

We acquired and took possession of properties for more than SEK 700m during the year. We also announced an acquisition comprising

SEK 810m which we took possession of in January 2022 in Skellefteå. In addition, we invested SEK 1,200m in new and existing properties and are continuously increasing the quality of the portfolio and strengthening our tenant offering.

### Office of the future

Demand for modern and brand-enhancing offices in the right locations is increasing in medium-sized cities. Digitalised working methods, the right conditions for a high-quality leisure time and shorter commuting times are some of the success factors. This is shown in the report "The offices of the future in medium-sized Swedish cities" that we produced together with Sweco Architects in 2021, with the aim of mapping the design of the offices of the future in a market that increasingly attracts highly trained experts and more business start-ups.

### Our main objectives

Our main objectives are a 12 per cent return on equity annually and a reduction in our carbon dioxide emissions by at least 50 per cent by 2030, to reach net zero emissions by 2045. Our ambition is to conduct all our operations in line with the Paris Agreement and the 1.5°C target. We are convinced that sustainability and profitability go hand in hand and are a prerequisite for long-term value creation and an important component for running a successful property company.

Climate change is something that affects all of us where, as a leading property company, we want to take responsibility for a more sustainable future. For us, this became particularly clear in August when Gävle was struck by heavy rain. I am extremely proud of how our team in Gävle handled the situation. The event taught us important lessons in how to future-proof our property portfolio and how to act effectively when something unexpected happens.



### Financial information

During the fourth quarter, we completed a very successful private placement of approximately SEK 800m. The issue proceeds will be used for more acquisitions and investments that strengthen our profitability. We continue to see major opportunities to acquire properties with good potential which develop our offering. In addition, we see that market development is both increasing the need for tenant improvements, while lower direct return requirements and higher rents are making it even more profitable.

We have high growth ambitions and operate in a capital-intensive industry where we are working for an increased share of green financing. In the past year, we were the first company in the world to issue a bond that complies with the EU taxonomy for sustainable activities and the European Green Bond Standard proposed by the European Commission. It feels good to be able to say that we're the first, as the financing framework primarily involves being at the forefront of development and running a long-term sustainable business.

### Listed company with gender equality

Gender equality is of course and another fundamental starting point for us to be an attractive employer. This is why I am very pleased and proud that Diös is one of Sweden's most gender equal listed companies according to Allbright's review and this year is ranked 6 on the green list.

I am proud to lead this successful company, where we constantly want to develop and be developed. I would like to express my utmost gratitude to my colleagues for their commitment during this challenging year and at the same time thank our shareholders, partners and tenants for their good cooperation. With great respect for the world situation at the moment and the uncertainty that prevails at the time this report is being written, the future looks bright for both our market and Diös. My absolute conviction is that 2022 will be an even more successful year for us with a continued strong business through smart and sustainable investments for the future.



Knut Rost, CEO

## Four reasons to invest in Diös



### Unique position in an attractive market

Read more on pages 18–21.



### Long-term sustainable business model

Read more on page 10.



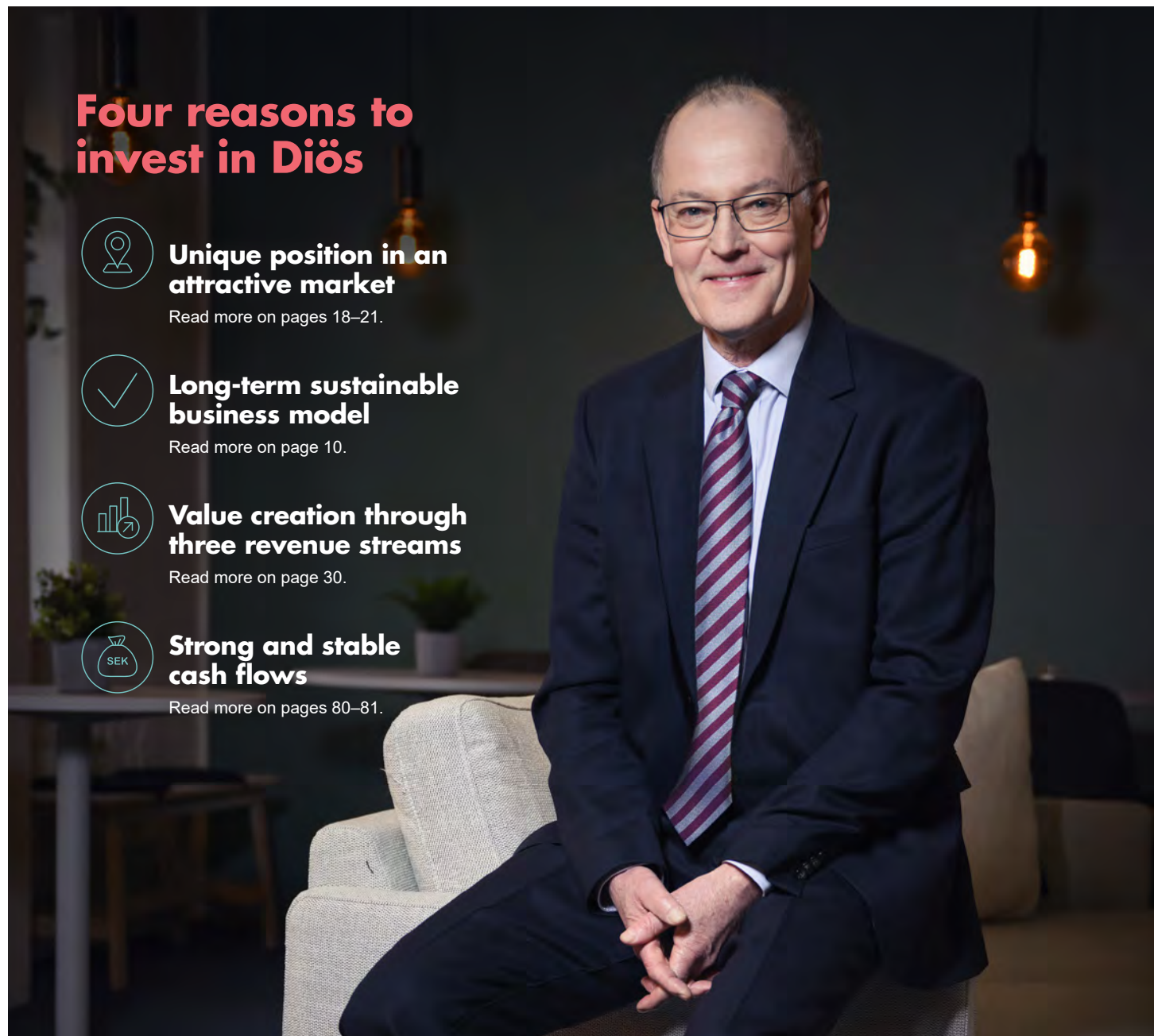
### Value creation through three revenue streams

Read more on page 30.



### Strong and stable cash flows

Read more on pages 80–81.





A photograph of two people in an office setting. On the left, a man with grey hair and glasses, wearing a light blue button-down shirt, is leaning forward with his hands on a wooden table. On the right, a woman with blonde wavy hair, wearing a grey and brown patterned jacket, is sitting at the table with her hands clasped. The background shows an office interior with windows and a plant. The text "About the company" is overlaid in the center in a large, white, sans-serif font.

# About the company

Rolf Larsson, CFO, and Kristina Grahn-Persson, Head of Sustainable Business.



# This is Diös

In our position as the market leader in our cities, we develop our properties, city blocks, neighbourhoods and suburban areas, creating growth for our tenants, our shareholders and ourselves. Through our knowledge and our long-term sustainable investments in offices, urban service and housing, we offer our tenants the right premises in the right location, leading to a stronger offering, lower vacancies, higher rent levels and increased profitability.



## VISION

**To create Sweden's most inspiring cities.**

## Business concept

By building good relationships, using our pool of knowledge and taking responsibility, we are developing our cities and creating sustainable long-term value for our tenants, ourselves and our owners.

## Mission

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

## Core values

**Simple** We are clear, open and honest.

**Close** We are interested, listen and are available.

**Active** We turn words into deeds, take our responsibility and dare to make decisions.

## Our promise to tenants

### Everything is possible!

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



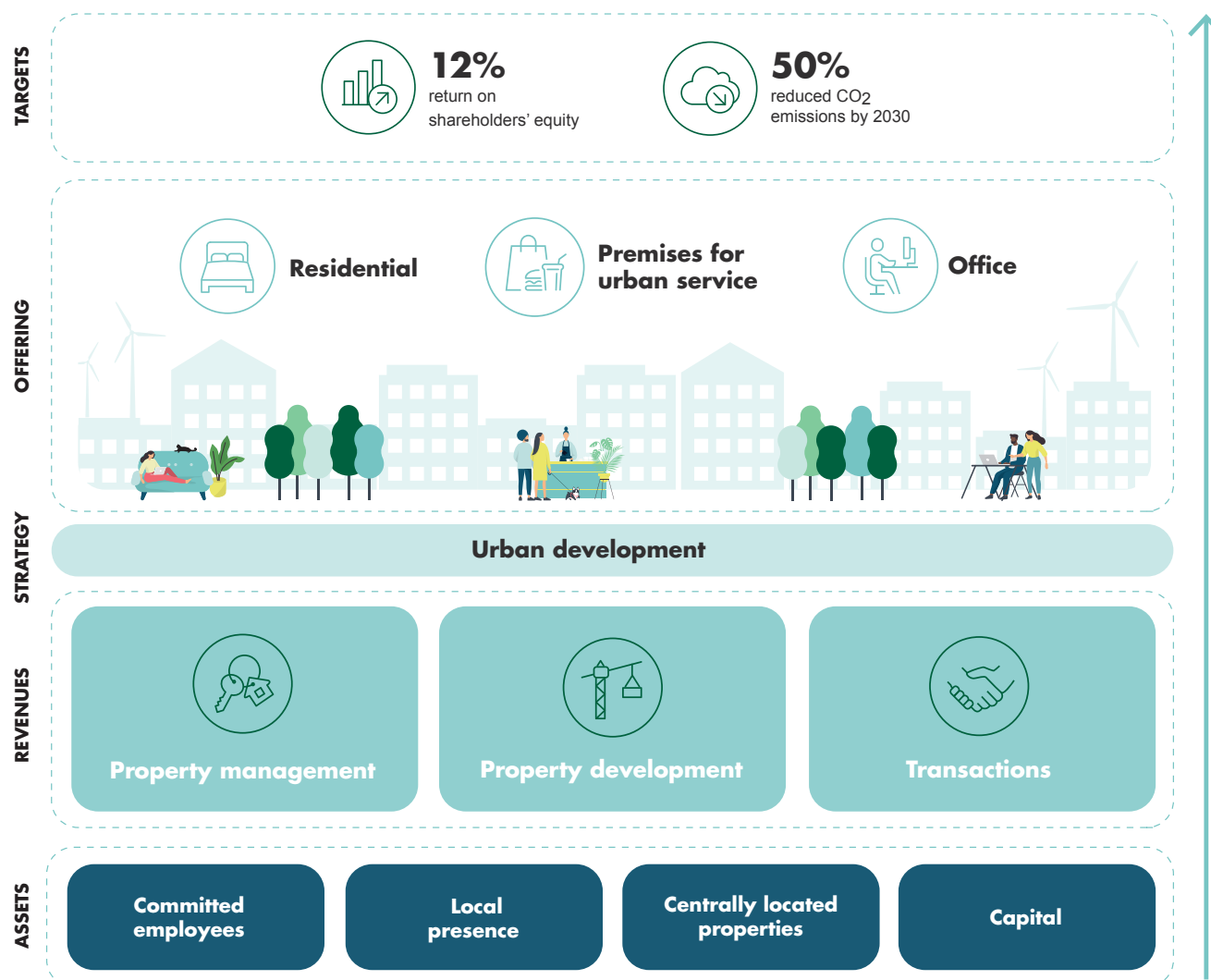
## Strategy

## Urban development

We want to create an inspiring, sustainable and accessible city for all. We do this by creating more modern offices in attractive locations, improving the conditions for developed urban service and building more homes in the city centre.

We also ensure that the spaces that we develop can be used around the clock by several different actors because we create security, life and motion. By offering the right premises to the right tenants, we develop our business. This increases value for all.

# Business model: How we create sustainable value



**We want to create Sweden's most inspiring cities!**

**Our business model is based on creating long-term value for our tenants and our shareholders.**

We invest in a sustainable property portfolio and thereby ensure an attractive return and increased property value. We do this through leasing & management, project development and transactions. Our offering primarily comprises offices, premises for urban services and housing. Our strategy is urban development and we develop our properties in neighbourhoods, districts and urban areas. Our properties, neighbourhoods and districts contain a mix of tenants that creates flows of people around the clock. This contributes to security and increased growth for our tenants.

Together with our financial and climate goals, we contribute to more sustainable cities and enable green financing.





**“The flow of people is our strongest currency.”**

**Mia Forsgren, Head of Communications**

# Target 2022

During 2021, we set two new main targets for the business. These targets are in line with our urban development strategy and contribute to more sustainable cities, ensure green financing and create conditions for increased property values and an attractive return. The targets are based on an overall growth target, with a focus on return on equity, and a specific climate target, with a focus on reduced carbon dioxide emissions.

We achieve the targets through increased revenues, good cost control, sustainable investments and responsible actions in our three revenue areas: Lettings & Property Management, Projects & Business Development and Transactions. They are described on pages 30–37.

12%

return on  
equity

A clear profitability target of at least 12 per cent return on equity on average annually ensures value creation for our shareholders, simplifies raising capital and creates greater interest in the company.

**We achieve this through** active leasing and property management work in a close relation to our tenants, strategic project development and transactions to improve the long-term quality of the portfolio.

50%

reduced CO<sub>2</sub>  
emissions  
by 2030

A concrete climate target engages our employees and shows how our daily efforts make a difference. In order to achieve net zero emissions by 2045, we must cut our carbon dioxide emissions by at least half by 2030, with 2018 as the base year.

**We do this through** energy optimisation and environmental certification of our properties, green leases and active product and material choices. We are investing in a sustainable property portfolio and, together with our tenants, shareholders, municipalities and partners, we are driving a more sustainable development in our market. In this way, we create a strong long-term growth, an even stronger brand and committed customers and continue to be a given player in our growing cities.

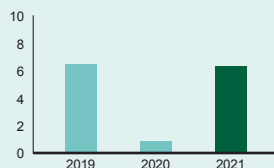


## Outcome 2021

### Profitability targets

Growth in property management income per share

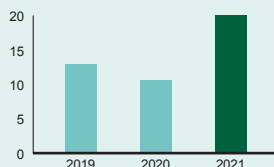
**6%**



The growth target ensures a continuous improvement of the business. It enables investments, dividends and good returns for our owners.

Return on equity

**22.1%**

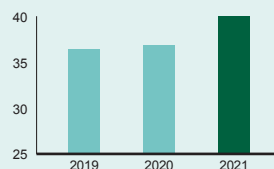


By creating long-term value for our owners, we become more competitive, gain easier access to capital and create more interest in the company.

### Financial targets

Equity ratio

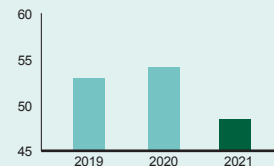
**40.2%**



A sound capital structure reduces the financial risk in the company. It increases confidence in us and enables us to obtain better financing terms.

Loan-to-value ratio

**48.6%**



The loan-to-value ratio is a risk-limiting factor. A sound leverage is a good foundation for new business. Our financing agreements also specify a maximum limit.

## Target 2021

Growth in property management income per share

**10%**

Return on equity

**>12%**

Equity ratio

**>35%**

Loan-to-value ratio

**<55%**

## Sustainability targets

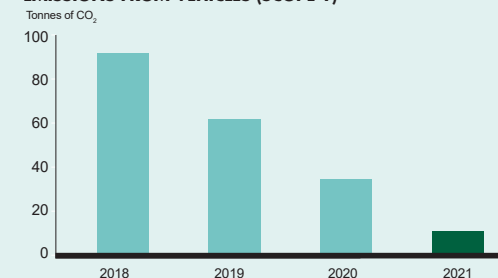
Climate neutrality by 2045

### Net zero emissions

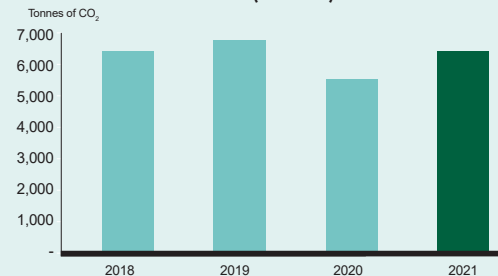
We have set a target of achieving net zero emissions of greenhouse gases by 2045. Through the right focus and early action, we can assist the transition, which benefits the world and ourselves.

Read more about the outcome on page 115.

#### EMISSIONS FROM VEHICLES (SCOPE 1)



#### EMISSIONS FROM ENERGY (SCOPE 2)



# Share information and shareholders

## Share price performance

At the end of the year, the share price was SEK 118.80 per share (76.80), which corresponds to a share price performance of 54.7 per cent (-10.5). By comparison, the Nasdaq OMX Stockholm 30 index rose 29.1 per cent (5.8) and the Stockholm Stock Exchange's property index, expressed as Nasdaq OMX Real Estate PI, increased 43.6 per cent (5.7). The total annual return was 60.6 per cent (-7.9). The share price volatility for the past 12 months was 26.4 per cent (43.0). At 31 December, the company had a market capitalisation of SEK 16,844m (10,331).

## Dividend and dividend policy

The Board of Directors proposes a dividend for the financial year 2021 of SEK 3.52 per share (3.30), divided between four (two) payments of SEK 0.88. This equates to a yield of 3.0 per cent, in relation to the share price on 31 December. According to the dividend policy, approximately 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 represents a payout ratio of 48.4 per cent (50.3). The decision on the distribution and payment of dividends will be made by the Annual General Meeting on 5 April 2022. The record dates are proposed to be 7 April, 7 July and 7 October 2022, as well as 9 January 2023. If the AGM approves the proposed dividend, payments will be made on 12 April, 12 July and 12 October 2022, as well as 12 January 2023.

## Shares and share capital

The share capital at 31 December was 283,569,699 (269,024,276) and the number of shares was 141,785,165 (134,512,438). In December 2021, a private placement was made to institutional investors comprising 7,272,727 shares corresponding to approximately SEK 800m. The share issue was made at a share price of SEK 110 per share, which corresponds to a premium of approximately 25 per cent compared to

the last reported net asset value. The reason for waiving shareholders' preferential rights with a private placement is that it was a quick and cost-effective way to issue new equity given the size of the issue. The proceeds are intended to strengthen Diös' financial position and enable further acquisitions and investments. The shares have a face value of SEK 2 per share and all shares have equal voting rights and entitle the holder to the same share of the company's capital.

## Shareholders

At year-end, Diös had 18,733 shareholders (18,065). The number of shareholders registered abroad accounted for 24.3 per cent (23.0). The largest single shareholder was AB Persson Invest with a 15.4 per cent (15.4) shareholding. The ten largest shareholders accounted for 53.0 per cent (53.0) of the shares and voting rights.

## Net asset value and equity

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 NRV. EPRA NRV at year-end was SEK 13,815m (10,680), which equates to SEK 97.7 per share (79.7), and the share price at 31 December represented 122 per cent (96) of EPRA NRV. Equity at 31 December was SEK 9,148m (9,148), which equates to SEK 83.6 per share (68.2).

## Buyback and transfer of treasury shares

The Annual General Meeting 2021 mandated the Board, during the period until the next AGM, to acquire and transfer treasury shares representing up to 10 per cent of all outstanding shares of the company. Share buy-back is a method used to adapt and improve the effectiveness of the capital structure. During the 2020 financial year, 441,418 shares were repurchased at an average price of SEK 64.60. The Board will propose that the AGM extend the period for acquiring and transferring treasury shares.

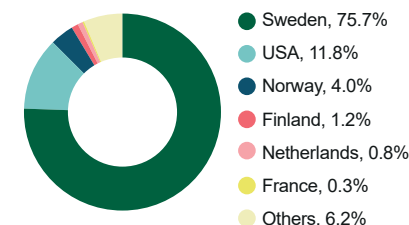
## Flagging

No changes in ownership were flagged during the year.

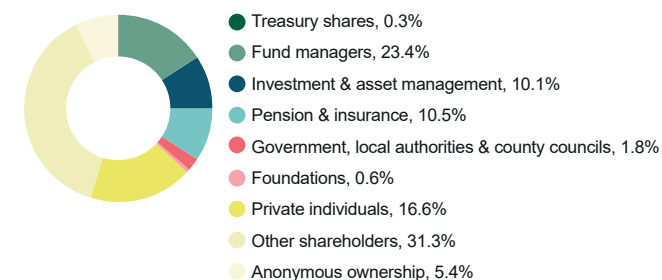
## Transparency and accessibility

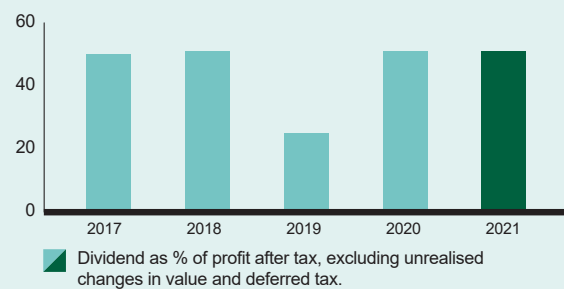
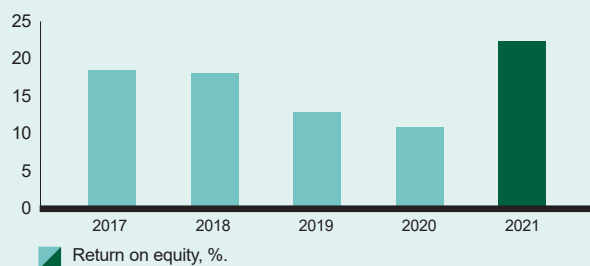
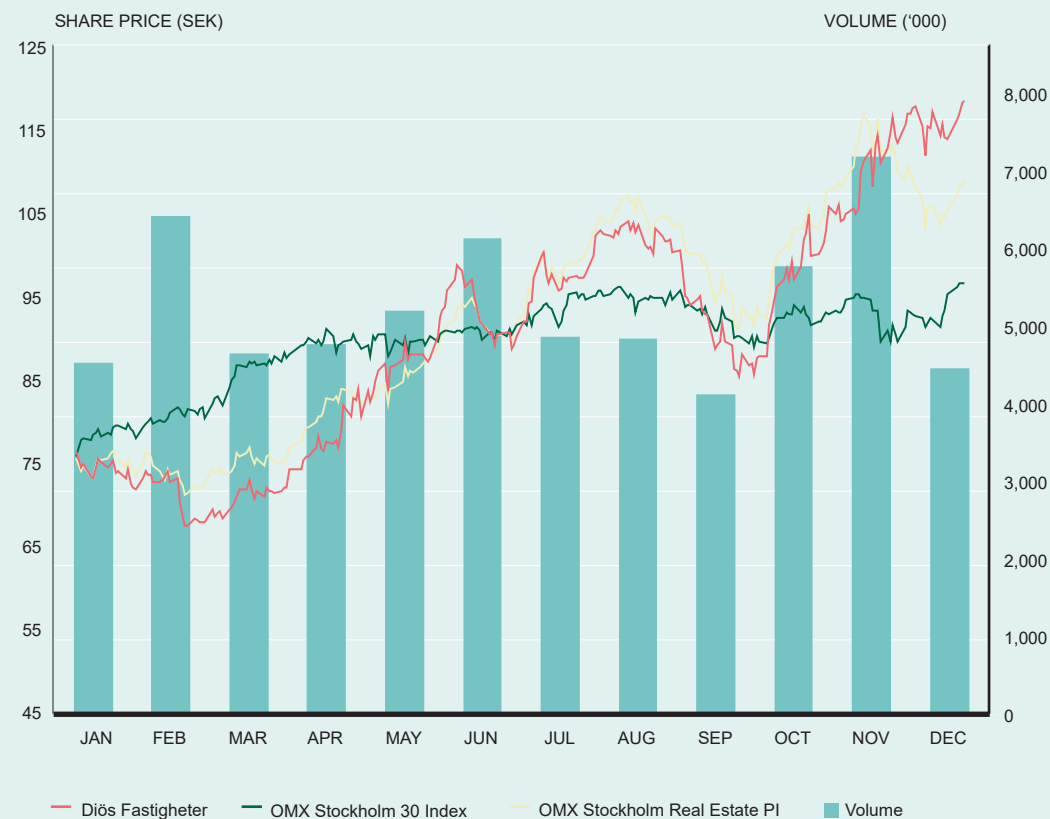
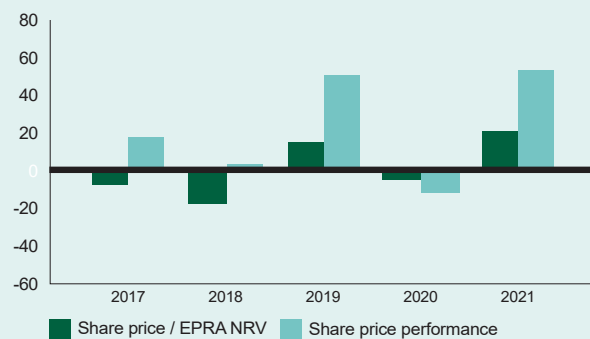
We seek to be transparent and accessible to our stakeholders without compromising external and internal regulations. All shareholder information such as financial reports and press releases are available on our website.

### SHAREHOLDERS BY COUNTRY



### SHAREHOLDERS BY TYPE



**DIVIDEND DIVIDED BY PROFIT, %****RETURN ON EQUITY, %****SHARE PRICE/EPRA NRV AND SHARE PRICE PERFORMANCE, %**



## LARGEST SHAREHOLDERS

	No. of shares	Capital and voting rights, %	Change 12 mos., % points <sup>1</sup>
AB Persson Invest	21,818,606	15.4	0.8
Backahill Inter AB	14,857,452	10.5	0.6
Nordstjeman AB	14,308,698	10.1	0.5
Pensionskassan SHB Försäkringsförening	8,096,827	5.7	0.0
Avanza Pension	3,049,500	2.2	0.0
BlackRock	3,030,939	2.1	0.5
Vanguard	2,970,039	2.1	1.0
Karl Hedin	2,485,547	1.8	0.1
ODIN Fonder	2,210,777	1.6	0.4
Sten Dybeck including company and family	2,175,183	1.5	0.1
<b>Total, 10 largest shareholders</b>	<b>75,003,568</b>	<b>53.0</b>	<b>2.9</b>
Treasury shares	441,418	0.3	0.0
Other shareholders	66,340,179	46.7	2.5
<b>TOTAL</b>	<b>141,785,165</b>	<b>100.0</b>	<b>5.4</b>

<sup>1</sup> Total number of shares. Affected by the share issue in 2021.

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

## DATA PER SHARE

	2021	2020	2019	2018	2017
Share price at 31 Dec, SEK	118.8	76.8	85.8	56.4	55.8
Market value of outstanding shares, SEKm	16,844	10,331	11,541	7,580	7,499
Property management income per share, SEK	7.28	7.13	7.07	6.64	6.23
EPRA NRV per share, SEK	97.7	79.7	73.4	67.6	59.7
Dividend per share, SEK	3.52 <sup>1</sup>	3.30	1.65	3.00	2.90
Payout ratio <sup>2</sup> , %	50.3	50.3	24.9	49.7	49.5
Dividend yield, %	3.0	4.3	3.8	5.3	5.2
Total return, %	60.6	-7.9	58.1	6.5	23.9

<sup>1</sup> Proposed by the Board.

<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 voting rights, %	Market value, SEKm
1–500	13,390	1,728,410	1.2	205
501–1,000	2,116	1,713,863	1.2	204
1,001–5,000	2,449	5,538,988	3.9	658
5,001–10,000	384	2,814,525	2.0	334
10,001–20,000	179	2,624,384	1.9	312
20,001–50,000	101	3,308,919	2.3	393
50,001–	114	115,879,944	81.7	13,767
Anonymous ownership	94	8,176,132	5.8	971
<b>TOTAL</b>	<b>18,827</b>	<b>141,785,165</b>	<b>100</b>	<b>16,844</b>

## LIQUIDITY 1 JAN–31 DEC

	2021	2020
Highest share price, SEK	119.4	98.8
Lowest share price, SEK	66.6	52.7
Total number of shares traded	62,607,158	90,818,646
Average per day, number of shares traded	247,459	360,391
Total number of trades	268,626	277,030
Average trade value, SEK	21,171	21,763
Average daily turnover, SEK	22,478,530	24,438,789



**“Diös is an enabler!  
We create Sweden’s most  
inspiring cities and the  
conditions for new business.  
We therefore develop our  
employees and provide them  
with the tools to have the  
courage both to test and to  
succeed.”**

Anna Ericson, HR Manager

## Diösers – our human capital

**Diös employees are brave and relationship-building people with a focus on our business and the willingness to develop and be developed. We always act on the basis of our values and we live up to our Code of Conduct to provide the best conditions for creating sustainable business and long-term growth.**

### Committed employees

Our employees, together with our properties, are our greatest asset. We offer an exciting workplace with opportunities for personal development. We know that employees who enjoy their work do a better job and have a positive attitude that rubs off on others. They also stay for longer and identify with the brand and culture. Our employees are our ambassadors for the Diös brand.

### Courageous leadership

We work with coaching and courageous leadership and we have great confidence in the ability of our employees. We all have clear assignments towards our common goals and each of us takes responsibility for and drives our own development. Presence in leadership is particularly important in the flexible environment we are in, where we are able to act and have courage to make decisions.

### Local presence

With offices and local teams in all our cities, we live close to our tenants, create broad contact and sales channels, as well as an extensive network and good relations with the municipality and other actors in our market. This yields more satisfied tenants and a competitive advantage in the creation of new business.





# Our market

Jonathan Fredriksson, Property Manager, and Daniel Jansson Westblom, Leasing Officer, Gävle.



# 15-minute cities in a growing northern Sweden

**Our market is accessible, attractive and growing. Our cities have had an ongoing population growth in recent years, which has gained further momentum thanks to increased activities in green investments, corporate expansions and lifestyle choice changes.**

Diös operates in ten priority growth cities located in northern Sweden, from Borlänge in the south to Luleå in the north. We have chosen to invest in certain types of cities that are all characterised by active lifestyle choices and good accessibility. All of our cities are “15-minute cities”, with a city centre and all the desirable urban service within



**A university** enriches the city with young people, expertise and confidence in the future. Leads to business start-ups looking for an educated workforce.



**Entrepreneurship and enterprise**, as well as business and government establishment provide career opportunities, skilled jobs and stability.



**Accessibility** is created through good infrastructure and transportation solutions for local and regional travel.



**Attractive meeting places** with a mixed offering contribute to consumption by both residents and visitors.

15 minutes' reach. Here, life becomes more sustainable; it becomes easier to make green choices, while time savings in everyday life and proximity to nature, culture and opportunities for leisure activities and sports provide an increased quality of life.

Our cities have a committed and driven municipal management that shares our growth ambitions. There is also a growing population, a strong entrepreneurship, expansive companies, authorities, universities or higher education institutions, as well as well-developed infrastructure and good transportation. These components create experiences, a pulse, confidence in the future, jobs, comfort and security, all of which contribute to the attractiveness of the city.

## The Diös city

- A city in Sweden that is growing
- 60,000–150,000 inhabitants
- A city centre and all conceivable service reachable within 15 minutes
- A university or institute of higher education
- Government agencies opening offices
- Well-developed infrastructure and good transportation
- Strong entrepreneurs and businesses
- A committed and driven local authority
- A place for shopping and experiences



Jesper Gabrielli, Property Technician in Borlänge.



## Our 10 cities

Diös is located in ten cities divided into seven business units. With local teams, we develop our operations according to the unique properties of each city, in order to create Sweden's most inspiring cities together.

### Borlänge/Falun/Mora



**Significant events in 2021<sup>1</sup>:** Completely new establishment through an agreement with Hemköp, which is opening a modern store of 1200 sq.m. in central Mora. Acquisition of four properties and divestment of one property in Borlänge.

**Projects in progress:** The high-profile re-use project with a spectacular ellipse linking the buildings of the Swedish Transport Administration's headquarters in Borlänge will be completed during the second half of 2022. Decisions for the start of construction of Dalarna University's new campus in central Borlänge.

**Priorities in 2022:** Completing the Swedish Transport Administration project and establishing a new office concept in Mora, converting offices to residential properties in Falun and working through a number of development rights with the goal of creating new business in Falun and Borlänge.

<sup>1</sup>Worth mentioning from 2022 is Northvolt's purchase of the Kvarnsveden paper mill in Borlänge with the goal of creating a new battery factory that is expected to employ up to 1,000 people.

## Gävle

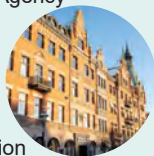


**Significant events in 2021:** Inauguration of Member 24 in Väster, where a 2,500 sq.m. former industrial building was converted into a state-of-the-art gym. Acquisition of strategically suitable properties in Ersbo.

**Projects in progress:** The establishment of a brand new ICA store in Flanörgallerian where we are converting several retail premises to a state-of-the-art grocery store in the middle of the square. Start-up of project Alderholmen/Magasinet area – a genuine city district that has a modern and accessible touch. The project is being run together with other property owners and the municipality.

**Priorities in 2022:** Completing a new modern office for the Swedish National Government Service Centre in Folksamhuset, creating conditions for new construction at Sättra and renting out the former Swedish Migration Agency building at Södertull.

## Sundsvall



**Significant events in 2021:** Opening of Clarion Hotel Sundsvall in September and Tele2's new office for 300 employees in November.

**Projects in progress:** Conversion of around 2500 sq.m. offices into 47 new apartments in the best location near new travel centres. Continued development of the shopping mall properties Glädjen, Lyckan and Hälsan where we make a range of urban services available by moving stores to street level, while developing floor two and up for modern offices and increased flows of people.

**Priorities in 2022:** Making the second floor in the shopping mall properties Glädjen, Lyckan and Hälsan into offices and enabling attractive locations for urban service at the street level.

## Östersund/Åre



**Significant events in 2021:** Moving into Diös' brand new modern headquarters. Acquisition of two properties in central Östersund with a focus on offices, residential properties and urban services. Expansion of co-working operator House Be's premises to House C in Åre. Centrumhuset in Åre is fully leased – now with modern offices and urban service.

**Projects in progress:** Development of NCC's and Samhall's new offices in the new district of Söder in Östersund. Development of modern offices for well-known brands in the Produkthuset building in Åre.

**Priorities in 2022:** Starting the project Fågelbo – apartments in an addition to the property in the Läkaren block in Östersund. Developing the three priority districts Frösön, Söder and Stadskjörnan in Östersund and the properties Årekompaniet and Produkthuset in Åre.

## Umeå



**Significant events in 2021:** Lambertsson's occupancy in our 4500 sq.m. newly produced offices/industrial premises at Östteg and the establishment of the Re Umeå concept.

**Projects in progress:** Completion of Clarion Hotel Umeå, which will be completed for the summer of 2022 and will open for guests in the autumn. At the same time, Sweden's most modern police station is being completed and the tenant will move in around the turn of the year 2022/2023.

**Priorities in 2022:** Working for building permits in the district of Vale for the new production of a nine-storey building containing commercial premises on the lower floors and residential units on the remaining floors. Continuing the detailed development planning work for the Saga block regarding the new production of approximately 50 rental apartments.

## Skellefteå

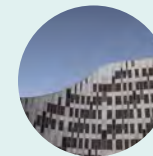


**Significant events in 2021:** Acquisition of three properties from NP3 in Skellefteå's outer areas and five central properties from Nordvestor. The transformation of the Hjorten commercial building in central Skellefteå.

**Projects in progress:** Development and renovation of the block around Hjorten in the heart of Skellefteå, consisting of restaurant, retail and office premises with tenants such as ABB, AFRY, Aspia, WSP, Sen Street Kitchen, Once Upon, Link Arkitektur, Vaccin i Norr and Ludvig & Co.

**Priorities in 2022:** Developing existing and newly acquired properties to their full modern potential and to meet market demand and wishes mainly regarding offices, restaurants, tourism and retailing. Read more about our efforts in Skellefteå on page 38.

## Luleå



**Significant events in 2021:** The detailed development plans for the new production projects Tjädern and phase one in the Västra Stranden area have gained legal force and the concepts for both areas are set.

**Projects in progress:** New construction for the Swedish Pensions Agency at Luleå Science Park. Extension for the Swedish Police Authority comprising 1000 sq.m. Start of new production around the Västra Stranden area.

**Priorities in 2022:** Completing the new construction on Porsön for the Swedish Pensions Agency. Starting the construction of Västra Stranden where Försäkringskassan will be the first tenant. Initiating the project engineering work of our residential project Tjädern. Continuing work on converting and developing the shopping mall, named Shopping, with offices and urban service.



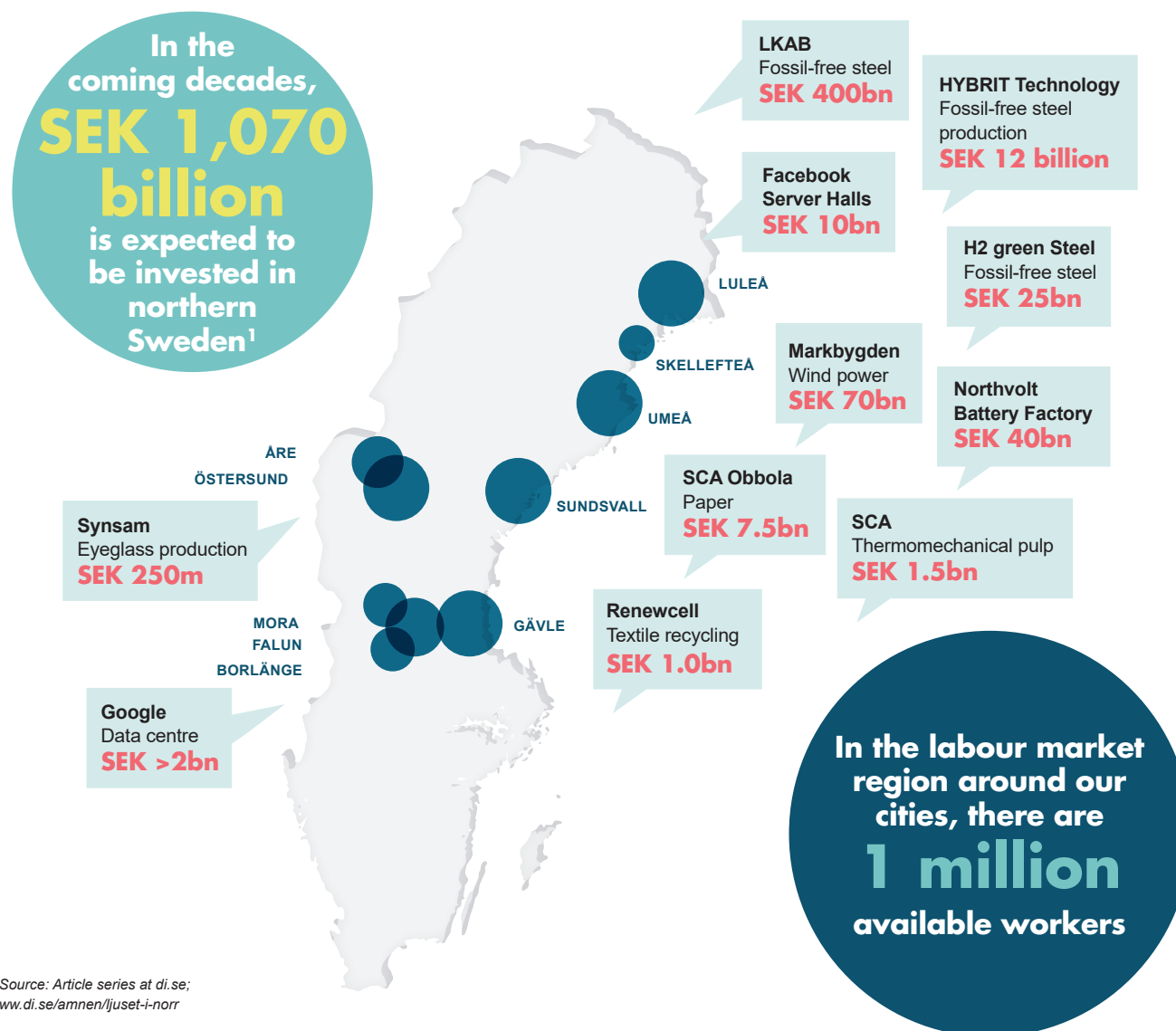
# Well established in a fast-growing market

Our market is an exciting part of the growth of the future. Northern Sweden, led by Skellefteå, is currently experiencing a growth boom. More and more people want to be part of our hot market, which is reflected in investments, business start-ups, occupancy rates and competition. This makes our cities and our company very well positioned for continued growth.

Diös has been in northern Sweden for over 15 years and we are experts in our market. Our competitive advantage lies in our local knowledge, our network of contacts and our expertise in modern offices, centrally located homes and premises for urban service, our local presence and the fact that we have for many years established ourselves as a market-leading property company in all ten of our cities. A booming market with increased competition is both exciting and welcome as investments drive investments. We also see the increased activity as proof that our choice of market is right in time and for the future.

The investment rate in our cities is high and in recent years, multiple major business start-ups have been made. Well-known examples are Northvolt's battery factory in Skellefteå and Synsam, which in 2021 chose to move their eyeglass production home from Asia to Östersund. Good access to clean energy, the cold climate, economic stability and municipalities that enable establishment and growth are key factors in this investment and establishment boom. All in all, there is talk of investments of at least SEK 1,000 billion, up to 8,000 new jobs and 25,000 new residents if all planned industrial establishments in northern Sweden become a reality. The investments are making rings in the water in the form of increased relocation to the area and increased purchasing power, as well as increased demand for modern offices, centrally located homes and accessible urban service.

We are investing for a sustainable future in our market. In this way, we create long-term value for our tenants, shareholders and ourselves and ensure that Diös continues to be a successful property company at the forefront.





**“A booming market with increased competition is both exciting and welcome as investments drive investments.”**

*Maryanne Karlsson, Property Manager in Sundsvall.*

# Impact factors and trends

We take advantage of and act on trends, new opportunities and impact factors that come from changes in behaviour.

The biggest areas of change we see are investments for and greater demands on sustainable properties, stronger neighbourhoods and locations that contain a mixed offering and a clearer demand for brand-strengthening offices. We summarise this as business-critical keys that are close to us. In addition to this, there are ongoing national and global trends that we live close to in business and that affect our financial position. We highlight some of these here.



Being close to everything, it will be easier to not take the car. A carpool is available when you need to drive.



## Trend 1: Sustainable investments

Interest in green investments has increased significantly in recent years. Hand in hand with legal requirements and market expectations, we see today that the availability of capital is greater, and to some extent the terms are more favourable, for green bank loans, bonds and commercial paper. As property owners, there are great opportunities and we are currently working actively to show how our properties and projects are being developed to become more low-carbon, resource-efficient and robust towards a changing climate. In 2021, as a result of this work, we strengthened our green financing framework and adapted to the requirements of the EU taxonomy and the European Green Deal.



## Trend 2: Brand-enhancing offices

The office's role as a brand builder and a meeting place for internal and external relationship-building remains strong. A lot also points to the fact that the location and context are an important success factor when it comes to the well-being of the office and the business. This strengthens our offering and our ambition is always to stay one step ahead in order to meet new needs and continue to contribute to strengthening the attractiveness of our cities.



## Trend 3: Return to the 15-minute city

Changed preferences about where we want and can live can be seen in statistics about the migration from major cities such as Stockholm and the migration to our mid-sized cities in northern Sweden. These are, for example, families with children who are looking for a better quality of life and want to live closer to their family. Statistics from Statistics Sweden show that this trend is continuing. These so-called returnees are important to the business community as they add skills and can often take all or part of their companies with them in the move.

## Office report

Demand for modern and brand-enhancing offices in the right locations is growing in medium-sized cities in northern Sweden, where digitalised working methods, the right conditions for high-quality leisure time and shorter commuting times are some of the success factors. The office of the future places increasing demands on smart technical prerequisites, security and an environment that enables flexible working methods. The attractiveness is enhanced by the property's sustainable conditions; the premises should, for example, be environmentally certified, provide renewable green energy and offer smart mobility solutions that facilitate sustainable transport choices.

Source: "The offices of the future in medium-sized Swedish cities". Read the report in full in Swedish on [dios.se](https://dios.se) or [sweco.se](https://sweco.se)





## Left Stockholm for Östersund For a more sustainable everyday life

Closeness to the mountains, combined with the pulse of Jämtland's capital and shorter commuting times, are the main reasons why Diös' new employee Helena and her family chose to move from Åkersberga outside Stockholm to Frösön just outside central Östersund in autumn of 2021.

Instead of spending an average of an hour each morning leaving for preschool and getting to work, she now lives 100 meters from her child's preschool and six minutes door to door by bus to the office.

Besides time, Helena also saves carbon dioxide in her new everyday life. By avoiding the long car commute and riding a bus or walking to and from work instead, she saves around 2 tonnes of carbon dioxide a year.

**"It makes a difference  
to the puzzle of life in  
everyday life.  
Simply a more sustainable  
life, in so many ways."**

**Helena Engelbrecht,  
Communications Officer**

**2 tonnes  
of CO<sub>2</sub>/year**

This is how much carbon dioxide Helena saves in her new everyday life.

Here's how we calculated it: **40 km  
commute by car** compared to  
**2 km by bus or walking**



Viktorina Svande, residential tenant, and Fatih Tuncer, customer service, at Magnolia Flowers in SöderBo, Östersund.

# Our business



## Our offering

# Attractive places for all

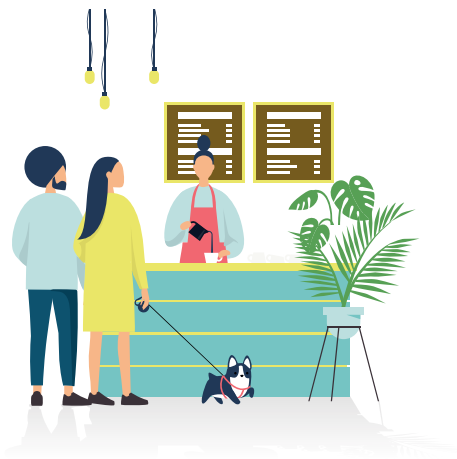
**Our offering primarily comprises offices, premises for urban services and housing. By developing mixed properties, with the right tenant in the right location, we create increased flows of people around the clock, which in turn contributes to both increased security and growth.**

In our daily communication, we have thereby divided our offering into offices, premises for urban service and residential properties. However, our segment reporting includes the more detailed division of offices, stores, homes, hotels/restaurants, health care/education, industry/warehouses and other. See the breakdown of rental value by type of premises on page 30.



### Offices

We see an increased demand for flexible, activity-based and brand-building offices. We are therefore investing in developing modern and accessible meeting places through sustainable urban development, new production and conversion.



### Urban service

In urban services, shops, gyms, cafés and restaurants are as important as the local bicycle repair shop, shipping agent and health centre. By developing the urban service, we increase the attractiveness of our cities for both business and residential establishment.



### Residential

By increasing the possibility of living in and around the city centres and districts of our cities, we get an increased flow of people who use the city's services around the clock. We are therefore building new homes, upgrading existing ones and converting inefficient office space into centrally located, modern apartments.



## Strategy urban development

# Our way to sustainable cities

### The right tenant in the right place

By filling our properties, blocks, districts and urban areas with the right content, we create new flows of people in the central parts of the city. This, in turn, enables us to maintain and develop a vibrant city centre.

### For the modern city dweller

By creating an attractive mix of modern offices, centrally located housing, culture and urban service, we meet the needs and wishes of modern city dwellers and help create an attractive city to live, work and socialize in.

### With minimal environmental impact

By doing this in a responsible way, in collaboration with other actors, we can benefit from our properties' unique conditions to reduce the environmental impact, create positive social value and thereby make a difference, for real.





Andreas Westman, Project Manager, Göran Fonzén, Business Manager, Bengt Nordmark, Technical Property Manager, David Nygren, Leasing Officer, and Malin Edfors, Property Manager, Umeå.



# Our three revenue areas

In line with our urban development strategy, we identify and act on opportunities, analyse risks and create new business every day through our three revenue areas: Lettings & Property Management, Projects & Business Development and Transactions.

We are actively working to create attractive sustainable districts, blocks and properties that provide the conditions for reduced environmental and climate impact, increased security, higher rents and property values and increased growth for our tenants and ourselves.

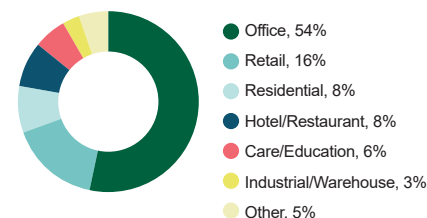
**338**  
properties

**1,511,000**  
sq.m leasable area

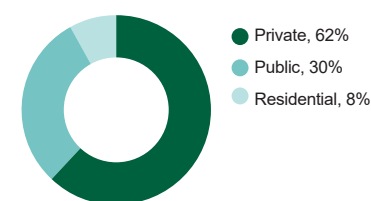
**1900**  
homes

**30%**  
public tenants

RENTAL VALUE BY TYPE OF PREMISES, %



CONTRACT VALUE BY CATEGORY, %



## Lettings & Property Management

Our teams with tenant contact generate business every day. Each business unit has a clear earnings responsibility with a focus on sustainable business and long-term relationships. The business manager and his team take responsibility for the whole by living close to our tenants and using our properties' full potential. We invest for the future and do so together with our tenants.

Local teams with a close relationship to our tenants, municipalities and other actors in the city are one of our greatest strengths. Thanks to our strong local base, we have extensive knowledge of our market, a broad network of contacts and can act quickly. Our leasing officers and commercial property managers work closely with technical property management, energy optimisers and project managers. By including technical management early in the process, we make sure that everything works from the start. Our tenants' success is our success and we get high ratings in our customer satisfaction surveys.

### Market and activities in 2021

With active work, we increase net operating income and the value of our properties. Some good examples are the commercial building Hjorten in Skellefteå with tenants in offices and urban service, ICA Flanör in Gävle and Hemköp in Mora. All of them are examples of when the right tenant in the right place contributes in different ways to the city's attractiveness and creates growth. A belief in the market also means that more people want to sign longer leases.

Our city centres are going through a major development where companies in urban services, offices and homes in mixed properties are a prerequisite for increased flows. This provides opportunities for both healthy growth and a safer city with activity around the clock.

### Flows that drive growth

Retailing remains an important part of a vibrant city centre and is something we are actively working to develop. With increasingly developed digital solutions and an increasing e-commerce, we see interesting new concepts and adaptations of our tenants' businesses where the digital complements the physical experience and vice



versa. One example is the collaboration between PickPackPost and Streamify, which started live video shopping for the stores in Pick-PackPost's premises in Sundsvall and Östersund. Other interesting establishments and examples of innovative concepts are the Brand News pop-up store in Falun, Östersund's first unmanned ICA store in Söderbo and the store chain NORMAL in Östersund city centre. When it comes to restaurant establishments, we have several good examples of businesses that managed to convert to a new normal, including Basta in Sundsvall, Linnéa mat & dryck in Mora and Vigårda in Gävle.

Demand for centrally located modern offices remains high. We see great potential in transforming less attractive store floorspace and other premises into modern and brand-building offices that provide added value to the area. A growing city also needs a good supply of housing. Active rental work for private individuals is therefore something we prioritise with a high level of service and accessibility. Our ambition is to increase the number of residential apartments in our portfolio by converting less attractive office spaces as well as through new builds. During the year in Sundsvall, former office premises were converted to some 30 new apartments, with increased rental income and full occupancy as a result.

### Investments for the future

We are not alone in the green transition, our industry as well as many other industries are making the same journey and need to join forces moving ahead. During the year, we carried out a climate survey to understand where our large emissions are and understand the challenges in the management. In 2022, the primary focus of our property management will be on the energy issue, environmental certification and climate risk analyses. The energy target is to increase efficiency by 3 per cent per year in comparable portfolios while at the same time investing to reduce the primary energy figures for individual properties. The environmental certifications are a good tool to show that we work with tenant values such as indoor climate and waste management, which together with the green leases mean that we get a good dialogue with the tenants and can jointly affect the premises and the property's environmental impact during the contract period.

**“Brand building offices, accessible service around the corner and modern homes in the right locations provide a perfect mix for long-term sustainable development in our cities. This strengthens our business and creates growth for our tenants and ourselves.”**

**Sofie Stark, Director of Property Management**

### Actions towards the climate target



- **Green energy**

We choose 100% origin-labelled electricity for our properties.

We produce 1,159 MWh of solar electricity on our roofs.

- **Green leases**

When renegotiating and for new leases, we offer all our tenants green leases.

- **Re-use**

In our renovation projects, we are careful about inventory and planning to enable as much re-use as possible in the projects; what we cannot re-use ourselves, we try to make available to others.



Sofie Stark, Director of Property Management

The right tenant in the right place



## Tele2's office in Sundsvall

From less-demanded retail premises to brand building offices for 300 employees.  
Leasable area amounts to 3,800 sq.m.

Investment

**SEK  
107m**

**Value creation**

Increased flows, as well as increased rent levels, lower property costs.

**Sustainable actions**

Environmentally certified according to BREEAM In-Use during 2022.

## The property Bisittaren in Sundsvall

From a less popular office hotel to beautiful apartments in the urban environment.  
Leasable area amounts to 1,660 sq.m.

Investment

**SEK 32m**

**Value creation**

Reduced vacancies, more centrally located homes that provide day and night finances.

**Sustainable actions**

Primary energy figure 72 kWh/sq.m.





**“We see an increased demand to invest in premises with more comfortable, more modern, more flexible and greener solutions. Here we share a joint responsibility with our construction partners.”**

**Mats Eriksson, Director of Projects**

## Projects & Business Development

**Our team in Projects & Business Development is responsible for strengthening our offering, carrying out all transactions with an attractive return and creating a sustainable product. In all our cities, the start-up and implementation of large projects, continuously ongoing development projects in existing properties and planning work for development rights are under way. Regardless of the product, we strive to meet high demands for energy optimisation as well as material choices and social values, as well as an implementation with the lowest possible environmental impact.**

### Market and activities in 2021

In order to meet increased demand for modern and accessible commercial premises, we work actively to create new leasable space. It contributes to growth in our cities and for us as a company. Examples of project decisions made during the year are the conversion of offices to residential properties in central Sundsvall in the Aeolus 5 property and the development of Citycampus for Dalarna University in Borlänge, as well as the construction of office buildings for the

Swedish Pensions Agency on Porsön in Luleå. Our first major hotel project was completed during the year and Clarion Hotel Sundsvall was able to open to guests in September. With this, Sundsvall gained a new central meeting place and our tenant Nordic Choice Hotels has had good occupancy right from the start.

Västra Stranden in Luleå is another important project where, during 2021, we completed the detailed development plan for the Västra Stranden area, which is being developed to meet the demand for modern homes and central premises with high environmental performance. The total scope of the project is just over 18,000 square metres of development rights containing offices, homes, restaurants and premises for other urban services, as well as about 250 parking spaces with space for electric car charging and other mobility solutions. Construction is expected to start in the spring of 2022 with first completion in 2024. The first tenant to move in is Försäkringskassan, which will be moving into modern premises of approximately 5,000 sq.m.

We are in a hot market and the interest in our projects is great from both new and existing tenants. We see an increased demand to invest in premises with more comfortable, more modern, more flexible and greener solutions. Here, we share a joint responsibility with our construction partners, where we must together find good solutions for reducing the environmental impact of our projects.

During 2021, SEK 671m was invested in large projects and we



Mats Eriksson, Director of Projects



carried out ongoing tenant adaptations totalling SEK 548m. At the end of the year, we had large projects corresponding to SEK 2,709m in the order book, of which SEK 1,563m was developed and tenant adaptations corresponding to SEK 684m, of which SEK 475m was developed.



## Strengths and potential

Our strengths in project and business development are our broad contact channels and strong presence in our cities. Central business developers work closely with business managers and business teams in each city. Together with our local teams, we have leading expertise, a strong network and a large sales channel. We have a differentiated portfolio with a balanced mix of tenants and great potential to grow organically in the existing portfolio. We do this, for example, by developing parking for development rights, densification in courtyards and extensions via development rights. In 2020, we assessed that we can create approximately 25,000–30,000 sq.m. of new development rights per year. In 2021, we created approximately 69,000 sq.m. of new development rights. The creation of development rights is an important part of strengthening our business through new business.

## Reduced CO<sub>2</sub> emissions in focus

The industry is in an intense phase when it comes to reducing carbon dioxide emissions and there is beginning to be a lot of materials and pioneering projects to learn from. We are currently building up expertise internally and during 2022 will both calculate climate impact in projects that have already been completed and set up a climate budget for new projects. This is to create a picture of the current situation and to be able to determine in the future which construction systems and products can reduce our climate impact.

With more expertise, we can become better at placing requirements on suppliers and understanding how we can contribute to reduced

emissions together with our tenants. Through new construction and renovations, we are creating green assets. All new construction is environmentally certified and we are actively working to move our existing property portfolio to become more sustainable. When we make premises adaptations, we work to enable reuse and create conditions for a reduced degree of conversions.

## Actions towards the climate target



### • Energy optimisation

We are reviewing our energy systems and creating comprehensive solutions for the properties that prioritise the indoor environment, as well as resource efficiency.

### • Re-use

We make use of materials and furnishings and re-use them in new construction and premises adaptations.

### • Environmental certification

All new production is environmentally certified in accordance with BREEAM for commercial properties and Svanen for residential properties.

## Major projects in progress<sup>1</sup>

Type	City	Property	Property type	Leasable area, sq.m.	Occupancy rate, %	Planned investment, SEKm	Rental value, SEKm	Start of construction	Estimated completion	Environmental category
New build	Umeå	Magne 5	Hotel	14,500	100	412	26.2	Q1 2019	Q3 2022	BREEAM SE Very good
Improvement	Borlänge	Intagan 1	Office	31,000	100	500	47.5	Q1 2020	Q3 2022	BREEAM In-use Very good
New build	Umeå	Stigbygeln 2	Office	9,666	100	290	21.3	Q2 2020	Q4 2022	BREEAM SE Very good
Improvement	Borlänge	Mimer 1	Education/training	13,332	100	484	26.9	Q2 2022	Q2 2024	BREEAM In-Use (2024)
Improvement	Sundsvall	Lyckan 6	Office	3,883	100	108	8.9	Q4 2020	Q2 2022	BREEAM In-Use (2022)
New build	Luleå	Porsön 1:423	Office	5,330	100	182	13.6	Q3 2021	Q2 2023	BREEAM SE Very good

<sup>1</sup> Projects with an initial investment volume >SEK 100m.

## Development for the future



### Clarion Hotel Sundsvall

From parking lot to the city's new meeting place. 14,350 sq.m. divided into 270 rooms, conference facilities, SPA and restaurant. Completed September 2021.

#### Investment

**SEK  
442m**

#### Value creation

Increased flows and a lift for a previously overlooked part of Sundsvall.

#### Sustainable actions

Environmental certification BREEAM SE Very Good, primary energy figure 60 kWh/sq.m.

### Västra Stranden in Luleå

From parking lot to a vibrant district. Approximately 18,800 square metres of development rights for offices, homes, restaurants and premises for other urban services. The start of construction for phase one of three will take place in the spring of 2022 and the first occupancy is expected in 2024. The leasable area in phase 1 is 4,920 sq.m.

#### Decided investment phase 1

**SEK  
206m**

#### Value creation

Upon completion of all three phases, approximately 500 new workplaces will be added that will strengthen the urban service. And 80 new homes.

#### Sustainable actions

Target environmental certification BREEAM SE Excellent, green leases.



# Transactions

**Through our team in transactions, we optimise our ownership and create the conditions to further strengthen our business. Since the company was founded in 2005, we have moved from a property value of SEK 1 billion to today's value equivalent to SEK 28 billion. Acquisitions have largely contributed to this increase in value, mainly through the two major acquisitions of Norrvidden in 2011 and Castellum's Norrland portfolio in 2017. During 2021, our transactions contributed to an additional SEK 500m in property value, a strengthened presence in our cities and more business opportunities.**

## Activities 2021

High activity and many closed deals characterised 2021. We have had a clear focus on growth in Skellefteå, in particular, where we agreed to acquire eight new properties at a value of SEK 1,055m. Among others, we acquired five properties for SEK 810m in central Skellefteå during the fourth quarter, with completion in January 2022. Read more about our efforts in Skellefteå on page 38. We also made acquisitions in Borlänge, Gävle and Östersund. Acquired properties meet our requirements for high yield, the right location, development potential and a balanced mix of tenants.

An important part of transactions is to make a thorough potential

analysis and to have a clear portfolio strategy in which we determine how an acquisition can complement or strengthen our existing portfolio. We not only look at properties in the city centre, but also focus on districts and micro-locations in our cities that suit our business. One example of this is in Gävle where we identified a new sub-market with great potential, Ersbo, with a property type that we see a large demand for among our tenants. Which is modern offices with good transport links.

We have the courage to prioritise and also sell when we believe that we have achieved our full potential and have no better development in the long term, and that there is a good buyer. We have continued to focus on growing in the office segment and growing in housing. We also intend to reduce our share in the retailing segment.

## Strong in a hot market

The market is very strong and it was a record year in terms of volume of completed transactions. Residential as well as industrial and warehouses continued to be the hottest segments. Competition has increased and we see that many new national players finding their way to our market as there is still a relatively high return.

We have a strong local presence, extensive knowledge of our cities and a large network, which means that we do a lot of business through our good relationships. We are long-term and are happy to do business several times with the same counterparty. Our local presence is particularly important if the seller is also a local player. We have grasp of our competitors and therefore also know where their interests are and where we can turn if we want to divest properties. With our

**“The market is very strong and it was a record year in every segment.”**

**Annie Franzon, Transactions Manager**

strong local base and extensive knowledge of our cities, we can carry out detailed analyses of specific districts and micro-locations to assess the possibilities and to act before our competitors.

## Risks and opportunities

It is important to analyse opportunities and risks linked to environmental and climate aspects in acquisitions. Energy use, operational and management efficiency directly affect the property's costs, as well as the environmental and climate footprint. For acquisitions with development potential for environmental certification and energy efficiency, it is possible to create even more attractive offers. By developing properties in this direction, a quality assurance and cost control are carried out that reduce the risk and increase the property value. In the long term, such an asset may also qualify for financing under our green framework.

## Actions towards the climate target



### • Long-term acquisitions

Our acquisitions are integrated directly into our property management. Priorities are linked to energy strategy, environmental certification and climate risk analysis to create the right action plan for future development.





Annie Franzon, Transactions Manager

## Optimised ownership

### Acquisitions

## Ersbo in Gävle

**Strengthened portfolio in exciting micro-location.**

- New area in growth
- Office property that meets high demand
- Complementing our portfolio



### Divestment

## Development rights Alliero, Sundsvall

**Strategic action for a good deal where, together with the municipality, we made a new residential area possible.**

- Development rights developed together with Sundsvall Municipality
- Identified as the most profitable to sell
- Buyer: Magnolia Properties and K2A.
- Underlying property value: SEK 114m



Maria Fjellström, Business Area Manager Skellefteå.

## Skellefteå – one of Sweden's most expansive cities

With Northvolt's establishment of a battery factory and the investment boom in northern Sweden, all eyes have turned towards Skellefteå. We continue to strengthen our position as the market-leading property company in the city with several strategic acquisitions and lettings in 2021.

With planned investments of SEK 60 billion from both the public sector and the business community and a new population target of 90,000 residents by 2030, Skellefteå is one of Sweden's most expansive cities. The establishment of Northvolt alone results in up to 3,000 new jobs at the battery factory itself, including at least the same number of subcontracting and commercial and public sector recruitments. Skellefteå municipality also expects 8,000 new homes to be needed in and outside the central area.

For us, it is important to have a strong presence in Skellefteå and during 2021, we agreed on several strategic acquisitions for a total of SEK 1,055m, consisting of three properties in residential areas near Skellefteå harbour, a warehouse and logistics property in the expansive industrial area of Hedensbyn close to Northvolt and five properties of approximately 40,000 sq.m. in the city centre.

The acquisitions complement and strengthen our existing offering and we see value-creating potential through, for example, the use of residential development rights, economies of scale within the property management and rental development. The properties in the outlying areas are strategically located in view of the strong industrial services sector in the area. Together, the acquisitions increase our opportunities to speed up our urban development work in the city.

**“Skellefteå is in the midst of a unique development and will be the centre of the green transition. This transition needs to be made together and here Diös is an incredibly important player.”**

**Kristina Sundin Jonsson, Municipal Director**

The property Hjorten in the heart of the city is a good example of how we work with urban development and active rental and property management. Hjorten is a historic building that was home to Skellefteå Municipality for 65 years. After the municipality moved to new self-built premises at the end of 2020, we started to develop the spaces into modern and sustainable workplaces for our new tenants and have signed leases with AFRY, Aspia, Link Arkitektur, Once Upon, Juristkompaniet and WSP during 2021. On the ground floor, the property currently houses a clothing store, Destinationsbolaget and the tourist office, a goldsmith, a pharmacy, a bank and a bookstore and across the street is the Gallerian Milky Way shopping centre with multiple shops, a restaurant and a café. It is this mix together with housing that we want to achieve in our cities.

We see continued growth for Skellefteå and we prioritise a strong presence in the city. The focus for 2022 will be to continue to develop existing and newly acquired properties in order to meet the market's demand and wishes.



## Investments Skellefteå



## The largest acquisition of the year

Five central properties that complement and strengthen the existing portfolio. Approximately 31,000 sq.m. divided into four properties and a 9,000 sq.m. parking garage with associated residential development rights. Two properties are newly produced. Completion in January 2022.

Annual rental value

**SEK 57m**

Property value

**SEK 810m**

Occupancy rate

**92%**

## The property Hjorten

From municipal palaces to vibrant corporate hubs with modern and sustainable offices.

Investment

**SEK 47m**

### Value creation

Modernised offices, technical improvements to the property and increased flows of people. A 75 per cent rent increase.

### Sustainable actions:

Environmental certification BREEAM In-Use, green lease.



Tenants Patrik Rönmark, WSP, and Stina Lundström, AFRY, together with Jenny Forssell, Property Manager, and Maria Fjellström, Business Manager Skellefteå.



# Financing

**The property industry is capital-intensive and access to financing on competitive terms is essential to creating an attractive total return and for the continued development of our business. During the year, we both issued new shares and continuously financed our continued development through both the bank and the capital market at attractive terms.**

## Cost-effective and flexible financing structure

Our financing activities are aimed at supporting our property business by meeting its capital requirements and managing the Group's financial risks. To be able to create long-term value, Diös strives to maintain a flexible, well balanced and cost-effective financing structure. The guidelines in the Group's Financial Policy are designed to secure the company's financial stability, which benefits our lenders and shareholders. The Board reviews our Financial Policy annually.

Operationally, borrowing and risk management are handled by the finance department. Diös also has a Finance Committee, which prepares matters and advises the Board on financial matters. Our interest-bearing liabilities consist of bank loans, covered and unsecured bonds and commercial paper and the financing is secured against direct or indirect collateral in the form of property. We believe the

current structure provides good diversification and cost-effective financing. We continuously review other financing options as needs, market conditions and the size of our company change.

**The world's first green financing framework in accordance with the EU taxonomy for sustainable activities and the proposed European Green Bond Standard.**

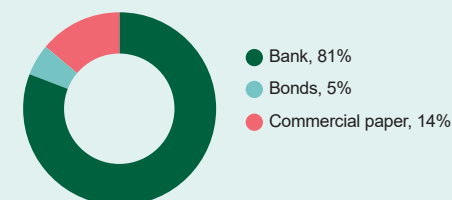
Our ability to finance our sustainable activities through green financing has improved, both in the capital market and through bank loans. In autumn 2021, we presented the world's first green financing framework in accordance with the EU taxonomy for sustainable activities and the proposed European Green Bond Standard. The framework which defines terms for which assets we can borrow green funds against in the capital market. Our ambition, as our properties are environmentally certified and other investments approved under the framework are implemented, is to increase the share of green financing, in the form of capital market as well as bank financing. The goal is for all financing to be green by 2026. Green financing gives us better access to the capital market and generally provides better financing terms.

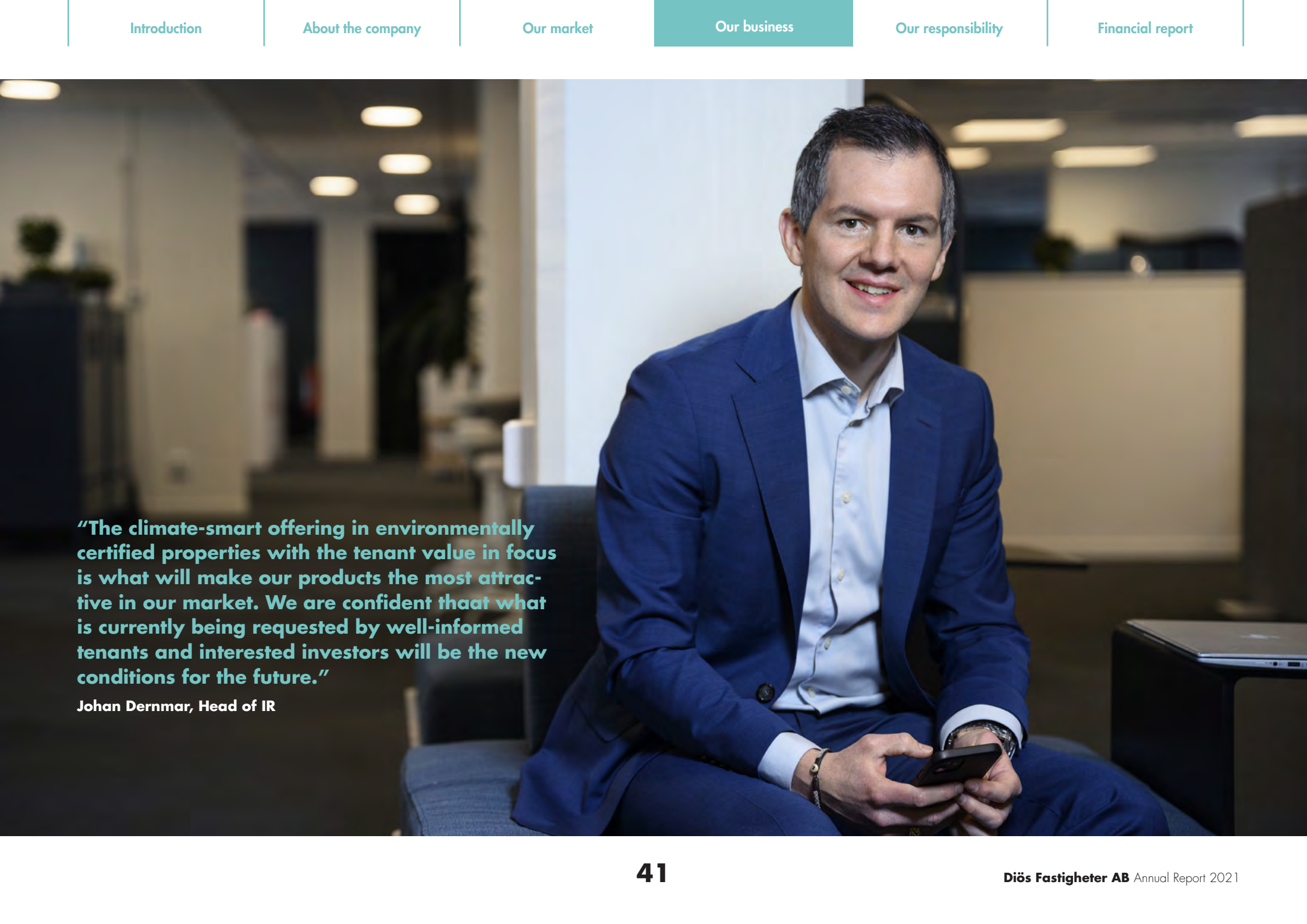
We continue to choose a relatively short fixed-interest term, as our assessment is that the risk in relation to the return continues to be favourable. During 2022, we will work to extend the loan maturities through mainly bank financing.

## LOAN-TO-VALUE RATIO AND INTEREST



## INTEREST-BEARING LIABILITIES



A man with short grey hair, wearing a dark blue suit jacket over a light blue button-down shirt, is sitting on a dark blue armchair. He is smiling and looking towards the camera. He is holding a black smartphone in his hands. The background is a modern office interior with blurred lights and office furniture.

**"The climate-smart offering in environmentally certified properties with the tenant value in focus is what will make our products the most attractive in our market. We are confident that what is currently being requested by well-informed tenants and interested investors will be the new conditions for the future."**

**Johan Dernmar, Head of IR**



# Our responsibility

A woman with shoulder-length brown hair, wearing a green patterned sweater and black trousers, is sitting at a dark wooden table in a modern cafe. She is smiling slightly and looking towards the camera. On the table in front of her are a small potted plant, a white mug, and a glass. The background is softly blurred, showing other tables and warm, ambient lighting from pendant lamps.

**"The investments we make together with our tenants create a stronger long-term business, a stronger brand and committed employees."**

**Johanna Olofsson, Head of Sustainability**



# Investments for the future

**For us, it is important to take financial, environmental and social responsibility throughout the business model, which is also what is requested by our tenants, employees and shareholders. Urban development is our strategy and we want to build our business on a sustainable offering. Our business should be profitable in the short and long term and we therefore invest in a more sustainable property portfolio.**

As a market leader in ten cities, we have great opportunities to make a difference and create value for tenants, shareholders and colleagues, as well as for the world around us and those who live and work in our cities. We do this through the management and development of our properties, blocks and districts.

Our climate target was reviewed and approved during 2021 by Science Based Target initiative, SBTi. This means that we must at least halve our carbon dioxide emissions in Scope 1 and 2 by 2030 in order to reach net zero by 2045, and take responsibility for our impact in Scope 3 1. With environmental certifications and green leases as property management tools, we create a more attractive offering, a more robust property portfolio and raise issues of energy optimisation and resource optimisation on the agenda together with our tenants.

Making our properties more environmentally friendly and climate-smart goes hand in hand with increasing security in our cities. By developing attractive areas and meeting places, we affect the flow of people and thus create increased security in our neighbourhoods. We are confident that our investments will yield returns and that our tenants are also prepared to invest more in a greener product.

We have chosen to divide our path towards more sustainable cities into three focus areas: environment and climate, people and fair business practices. On the following pages, each area is described in more detail, including specific objectives and activities.

Our sustainability report is designed in accordance with GRI's recommendations and this year is adapted to both TCFD<sup>2</sup> and the EU taxonomy; the report in its entirety can be found on pages 112–128. A complementary EPRA appendix is available on our website.

<sup>1</sup>Scope 1, 2 and 3 are described in more detail on page 115.

<sup>2</sup>TCFD is described in more detail on page 113.

## Our business environment

### Agenda 2030

The UN's sustainable development goals play an important role in understanding the challenges and opportunities of achieving sustainable development.

### UN Global Compact

In June 2017, we signed the UN Global Compact and we still stand by these principles. Our Code of Conduct was prepared based on the ten principles on human rights, labour, environment and anti-corruption. We annually report our COP, Communication on Progress, to the Global Compact.

### SBTi

During the summer of 2021, we had our climate target to cut emissions in half by 2030 approved by SBTi, Science Based Target's initiative.



**The environment and climate** are about creating the conditions for a good life on our planet.



**People** are the people we manage and develop our properties and cities for and together with.



**Fair business practices** are our way of creating long-term relationships and joining forces in the transition to a more sustainable society.

## Green leases

Contains the activities agreed between the landlord and the tenant to reduce environmental impact through information and collaboration.

### Subjects addressed in the lease:

- Energy
- Indoor environment
- Material and equipment choices
- Waste management
- Mobility and green transports
- Environmental certification

## Long-term goals

### Net zero emissions

by 2045 at the latest throughout the value chain

### Emissions cut in half

from operations by 2030

## Target 2022

### 3%

energy savings target

### 40%

of our properties will reach the primary energy figure <85 kWh/sq.m.

## Increasing the share of

environmentally certified properties



# Environment and climate

The property industry accounts for 21 per cent of Sweden's territorial emissions. By setting a research-based climate target for carbon dioxide emissions in our operations, we create the conditions for long-term profitable business.

## Joining forces

Cutting the emissions in half within Scope 1 and 2 is about joining forces with tenants and energy suppliers to find common solutions. Through our green lease agreements, we get environmental and climate issues on the table in all our relationships and can create incentives for energy and emissions savings. Together with energy suppliers, we look at solutions to reduce power peaks and even out energy demand over time to reduce the need for fossil-dependent energy production.

## Climate-smarter construction

In Scope 3, emissions from construction production are the largest item that we also have control over. There is a rapid development in the industry at the same time that national building regulations and

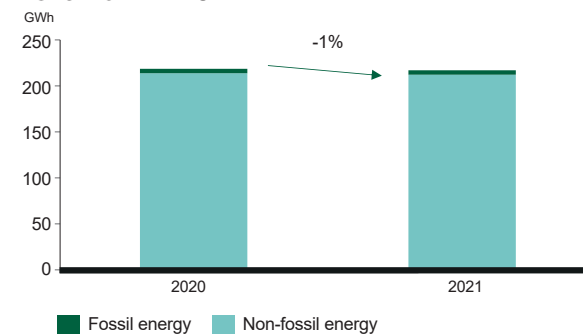
requirements from the EU are being developed to put further pressure on the industry. We are currently examining the present situation and obtaining a broader understanding of what steps we must take for climate-smarter construction. Re-use in conversions is a hot trend and in 2021 we launched several such initiatives in our cities, for example. In Östersund, for example, we started a collaboration with Jämtland's auction agency, which inventories and auctions out surplus material from our conversions.

## New conditions

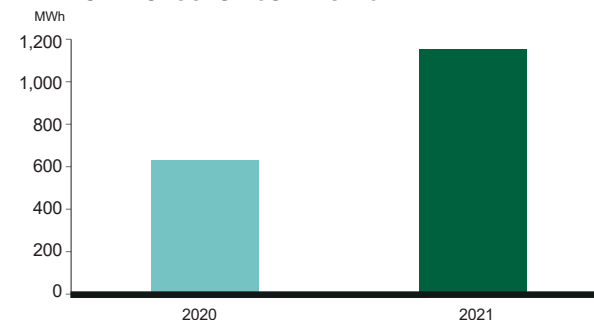
The understanding of the challenges that a changed climate leads to increased in the past year and we have started a climate risk effort to be able to develop our properties in order to become more resilient and reduce the risks in our business.

A more climate-smart offering through environmentally certified properties with a tenant value in focus is what will make our products the most attractive on the market. We are confident that what is currently being requested by well-informed tenants and interested investors will be the new conditions for the future.

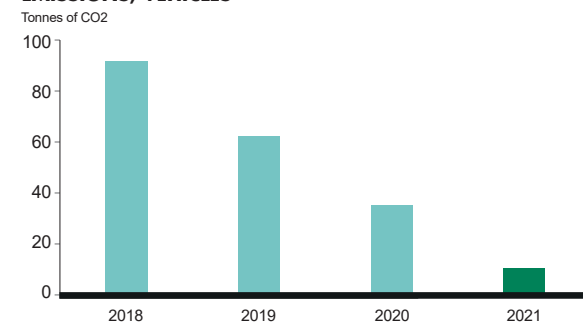
## PURCHASED ENERGY



## ENERGY PRODUCTION SOLAR CELLS



## EMISSIONS, VEHICLES



Simon Åhlman, Building Maintenance Technician, Falun.





## Our position

### Zero tolerance

for discrimination and harassment

### No accidents

in the work

## Target 2022

Retained

### High level of healthy attendance

A willingness to make recommendations

eNPS > 40



# People

## New conditions

A changing world creates new conditions for people around us, for us as an employer, a landlord but also as a city developer. In an everyday life where the workplace has become more flexible and most of us have developed our ability to communicate digitally, we chose in 2021 to build on the theme of courageous leadership and invested even more in collegiality and strong teams.

## Our employees

To measure and monitor how our employees are doing, we use an interactive tool that measures ambassadorship, eNPS<sup>1</sup>. Our eNPS for 2021 is at 45 (46) on a scale between -100 and 100 where the benchmark index<sup>2</sup> is around 10, and the industry index is 24 (24). We are proud of our high willingness to recommend, which has remained high during the pandemic with the continued commitment of our employees. We continue to work to streamline and digitalise our way of working and create high quality in our delivery. During the year, we made an organisational change in Sundsvall, which meant that we outsourced our property management and operations to an external party.

## Equality and diversity

For a prosperous and successful business, we work actively for gender equality and diversity in the organisation. We are actively working to attract women to leading positions within the company, which means that we currently have a gender balance in our management ranks. During 2022, we plan to increase our understanding of diversity issues through training courses and creative workshops.

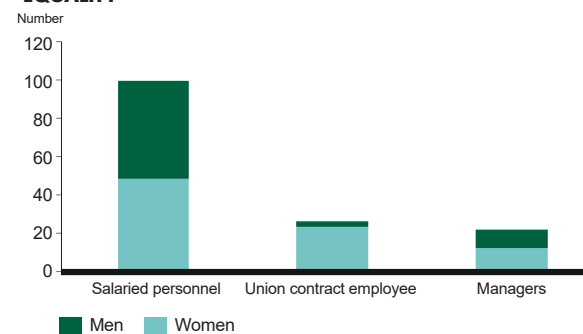
## Student favourite

We continue to work closely with universities and receive students for internships and thesis work. During the pandemic, we have worked to continue to enable student collaborations because it is a valuable effort to create interest in the industry and us as a company and to be able to gain insightful input from a young generation.

<sup>1</sup> Employee Net Promoter Score is a measure of how likely the employees are to recommend their workplace to a friend or acquaintance.

<sup>2</sup> Index (10) is the average eNPS score among the companies that use the tool.

## EQUALITY



## ORGANISATION

	2021	2020
Number of employees at 31 Dec	144	162
of which local property management	95	109
number that left during the year	27	11
of which retirement	2	2
number of new employees during the year	10	23
staff turnover (%)	6.5	7

# Sponsorship – safe and inclusive cities for all

In line with our vision of creating Sweden's most inspiring cities, we are committed to social issues, sports and culture in order to make life in the city better for all who live and work there. Our sponsorship strategy is part of creating new conditions for urban development, where security, inclusion and flows of people play a central role. Activities that enable an active leisure time and meaningful community for children and young people are our top priority.



## United by football

For nearly three years, the United by Football association in Borlänge has united girls through football. In her role as field assistant at Borlänge Municipality, the initiator Charlotta Volkert saw a need for efforts to reduce segregation and increase the opportunities for young girls in socio-economically disadvantaged areas to have a meaningful leisure time. There was never any doubt that we at Diös should play our part as one of the main enablers of the association's continued growth. The organisation is a very good example of initiatives that capture young people and contribute to security, inclusion and the joy of movement, fully in line with our values.

**“There is exuberant joy and anticipation in the changing room every time they get to put on a pair of shin pads for the first time and try out a pair of cleats that fit. I’m so grateful that Diös is involved in contributing to this.”**

**Charlotta Volkert,  
Founder United by football**



**“By supporting associations that contribute to an inclusive sports culture, we create cities that are safe and have something for everyone.”**

**Mikael Hedh,  
Business Area Manager Diös Dalarna**

## Standing room support in Mora

For the third consecutive year, we have gone in as the main sponsor of Mora IK's standing room support – a youth pass that offers children and young people up to 19 years of age free entry to all home games at Smidjegård Arena. The standing room support is for everyone, regardless of background or previous experience of hockey, to take part in the community the association offers. Ideally, they want to reach those who do not have hockey in their everyday lives. During the 2021/2022 season, the youth pass allowed more than 1,400 children and young people to attend Mora IK's home games.

## Risks and opportunities

Long-term trust

Transparency

Privacy

## Positions

Zero tolerance

for corruption



# Fair business practices

## High level of trust

Maintaining a high level of trust is essential to our ability to run our business in an efficient and value-creating manner. Our entire business and all our business relationships are marked by honesty, independence, transparency and good business practices. Our Code of Conduct is developed on the basis of the principles of the UN Global Compact and sets the requirements for how the business is to be conducted with responsibility for people, the environment and society. All our business is done in accordance with applicable laws and regulations.

## Whistleblowing service

To enable easy and anonymous reporting of current deviations from the Code of Conduct or other irregularities, we have an external whistleblowing service on our website. No complaints of suspected infringements were received during 2021.

## Personal data

The processing of personal data and protection of privacy are covered by our data protection policy, which is based on the General Data Protection Regulation (GDPR).

## Green financing

In the autumn, we launched the world's first green financing framework in accordance with the EU taxonomy for sustainable activities and the proposed European Green Bond Standard. Green financing gives us better access to the capital market and generally provides better financing terms. Our green investments increase the possibility of green financing.

## Responsible business activities

Part of running a responsible business is to contribute to the tax system that finances our welfare system. 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 cases where the tax rules do not provide clear guidance, we strive for caution and transparency. In addition to reported income tax, we pay property tax, non-tax-deductible VAT, social security contributions, energy tax, stamp duty and payroll tax.

## Transparency and the right information reporting

### EU Taxonomy

In 2021, we established the world's first taxonomy-adapted financing framework and in connection with this, we issued a green bond with a volume of SEK 500m. This year, we are reporting for the first time how much of our activities are covered by the Taxonomy Regulation.

### TCFD

During the year, we began work to analyse climate-related risks and opportunities in greater depth.

### EPRA sBPR

In 2017-2020, we achieved EPRA's highest level for our sustainability reporting.

### GRESB

Since 2018, we have annually reported our sustainability data to GRESB. Over the years, our results have improved from 56 (2018) to 72 (2021).





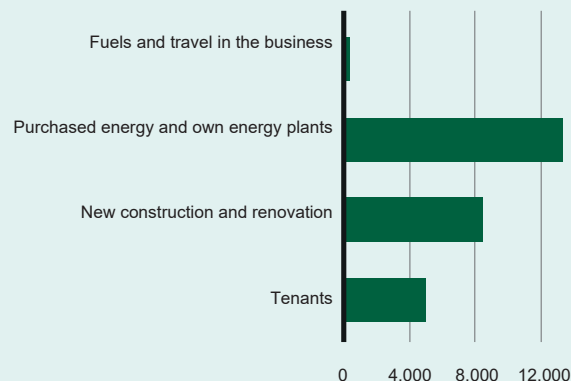
Jennie Järverud, Business Area Manager Gävle.

# Diös' climate survey



During the year, Diös carried out a climate survey of the company's emissions. The aim was to increase the understanding of the company's climate impact and to indicate opportunities and challenges in Diös' climate work and to provide a basis for decisions on future action plans. The emissions are calculated according to the GHG protocol, but also assumptions about normalisation and standard values for spending analyses; therefore the emission levels in the mapping cannot be compared with figures in sustainability reporting that show what we can today measure and follow up. The emissions can be divided into four areas: Construction, Purchased energy and energy plants, tenants and own travel and fuel.

## CLIMATE IMPACT, TONNES OF CO<sub>2</sub>E/YEAR



Fuels and travel within the business are based on both fuel statistics and flat rates for commuting.

Purchased energy and our own energy plants are the largest item in the survey, which is due to the fact that emissions from purchased electricity are based on the emission factor for the Nordic electricity mix. In our emissions reporting, we base the emissions for electricity on emission factors for origin-labelled electricity from renewable production because this is the product we have in our electricity contracts.

New construction and redevelopments are based on experience data for different types of construction and our estimated construction rate for the next five years.

Tenants' emissions are mainly from driving and waste. The driving is based on our leased parking spaces and the waste is based on a standard amount.

## New construction and renovation

In 2022, we will focus on education in climate calculations in our construction projects at the same time that we will be doing climate calculations for completed projects. We will also make a climate budget for our new construction projects. We already have an ambition to develop flexible premises that do not need to be rebuilt and adapted for each new tenant.

## Own travel and fuel

Thanks to the fact that we have moved to 100 per cent electric service vehicles, we save about 30 tonnes of carbon dioxide emissions per year for the drive. Challenges ahead are linked to company cars and air travel. We expect that travel will increase again after the pandemic, but hopefully we will have a change in behaviour, and will also prioritise web meetings when possible.

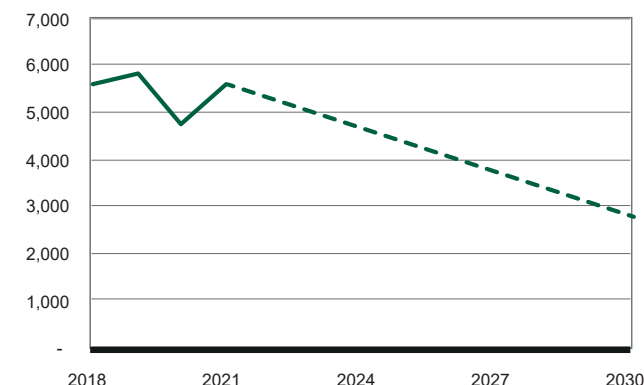
## Tenants

Tenants' emissions from, for example, driving and waste are what we have the least control over at the same time that it is difficult to create reliable monitoring of these emissions figures. However, we see it as our responsibility to enable our tenants to make climate-smart choices, which is why we are actively working on, for example, mobility solutions for our properties.

## Purchased energy and own energy plants

- > Origin-labelled electricity
- > Energy savings -3%/year
- > More self-produced solar electricity
- > Increased cooling needs will be met by replacing old cooling machines with solutions in the areas of free cooling, district cooling and modern facilities with natural refrigerants
- > Dialogues with district heating suppliers on the choice of district heating products

## EMISSIONS FROM PURCHASED ENERGY, TONNES OF CO<sub>2</sub>E







SöderBo in Östersund.



# Initiatives linked to the global goals



## 3 Good health and well-being

### 3.9 Reduce the number of deaths and illnesses from hazardous chemicals and pollution

By using the Building Product Assessment and obtaining environmental certification for our new build and existing properties, we help to limit the amount of hazardous chemicals and building materials in our properties and avoid the risk of air, water and soil pollution.



## 5 Gender equality

### 5.1 End all forms of discrimination against women and girls

We were convinced that gender equal teams are a success factor. Therefore, we are proud to place ourselves on Allbright's green stock exchange list based on gender balance in the management team (40/60). We actively work to attract women to senior positions within the company, which means that today we also have a gender balance in our management ranks. We continue to work to reach more gender equal teams and see the challenge in professional categories such as property technicians and economists.



## 7 Affordable and clean energy

### 7.2 Increase the share of renewable energy in the world

By demanding that all electricity provided by our electricity supplier comes with a certificate of origin and from renewable sources, we hope to be able to influence the transition from fossil fuels in electricity generation. We are installing solar panel installations on the roofs of our properties and have now installed a total capacity of over 2,000 kWp including ongoing projects.



## 8 Decent work and economic growth

### 8.6 Promote youth employment, education and training

By working with schools, universities and students, we want to help more young people gain a foothold in the labour market. In 2020, we were named Student Favourite of the Year at the Östersund Business Gala for our work. To encourage entrepreneurship among young people, we have for a number of years been a partner of Junior Achievement Sweden's activities in all our cities.



## 11 Sustainable cities and communities

### 11.2 Sustainable transport systems for all

We continue to offer tenants in all our cities access to charging stations for electric vehicles. An increased roll-out of charging stations in the cities is essential to enabling a transition to electric vehicles. In Åre, we have now signed our second carpool agreement.



## 12 Responsible consumption and production

### 12.6 Encourage companies to adopt sustainable practices and sustainability reporting

We produce an annual sustainability report in accordance with the Swedish Annual Accounts Act and the recommendations of the GRI Standards, Core option. We also report to GRESB and in accordance with EPRA sBPR. Measuring and reporting sustainability is important for transparency and increased comparability. Sustainability reporting is about showing strengths, weaknesses and the ability to develop. It is also about inspiring and motivating others to make the same journey as us.



## 13 Climate action

### 13.1 Strengthen resilience and adaptive capacity to climate-related natural disasters

During the year, we set an overall operational target to cut our emissions throughout the value chain in half by 2030 on the way to net zero by 2045. This target for Scope 1 and 2 has been reviewed and approved by SBTi. Our roadmap includes measures for energy efficiency, the production and purchase of fossil-free energy and action plans for reducing carbon dioxide emissions from construction production. During the year, we started work on climate risk analyses for our entire portfolio according to TCFD's recommendations; the work will continue during 2022.



## 15 Ecosystems and biodiversity

### 15.1 Preserve, restore and ensure the sustainable use of terrestrial and freshwater ecosystems

Around the property Frösö 3:7 in Östersund, we started a project two years ago to create areas for meadow land by changing the agreement for external management and reducing the areas that are cut in the area. In this way, we want to contribute to the promotion of pollinators in the area and to the enhancement of biodiversity. The area is used by many for everyday recreation and is of great value to those who live and work in the area.



## RE Umeå – attractive alternatives

RE Umeå was launched in October 2021 in MVG Gallerian in Umeå and focuses on circular products and services, such as recycling, second hand, up-cycling, rental services, sharing services and repairs. RE Umeå is a collaboration between Diös, Coompanion, Vakín and Umeå Municipality with the overall aim of establishing and accelerating a circular economy in Umeå. With the help of our combined resources, competences and networks, we are developing an accessible physical and digital shopping and meeting place where carefully selected local entrepreneurs with circular business models, services and products are highlighted. The project was granted support from the Swedish Agency for Economic and Regional Growth from the European Regional Development Fund for a maximum of SEK 6.4m between the years 2021 and 2023.

**“Ensuring a sustainable future demands a change in our priorities and patterns of behaviour. RE Umeå is a good example of what we can do together with our tenants and partners.”**

David Nygren, Leasing Officer, Umeå.





# Financial report

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# 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 2021.**

The Board's report on internal control concerning financial reporting, 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 62–70. In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, a sustainability report has been prepared. The Sustainability Report can be found on pages 112–128.

## Operations

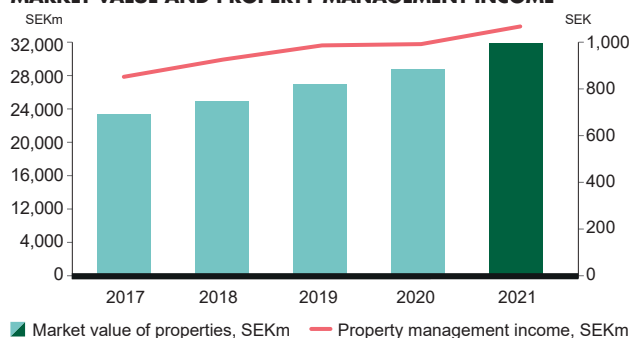
We are one of northern Sweden's leading private property companies with a total property value of SEK 27,993m (24,512). The property portfolio is spread across ten cities and consists of commercial premises and residential properties in central locations.

Our strategy is urban development. That means that we want to create Sweden's most attractive places. We do this by managing and improving our existing properties and by building new properties in a sustainable manner. Operations were organised into seven business units in 2021: Dalarna, Gävle, Sundsvall, Åre/Östersund, Skellefteå, Umeå and Luleå. The head office is located in Östersund. Our portfolio is spread across several segments with a strong emphasis on offices, shops and residential properties. We are affected in various ways by the Swedish economy, the property and rental market, the financial market, and each sub-market and segment. For further information on our markets, see pages 18–25. During the year, our operations continued to be affected by the ongoing COVID-19 pandemic, but even though we are in the middle of the "fourth wave", the outside world and operations have returned to a more normalised situation. The Board and senior management focused actively on its impact on our operations and continuously adapted strategies and decisions regarding financing, the valuation of properties and projects, provisions for credit losses, the handling of rent discounts and support payments, etc. Our handling of the effects of Covid-19

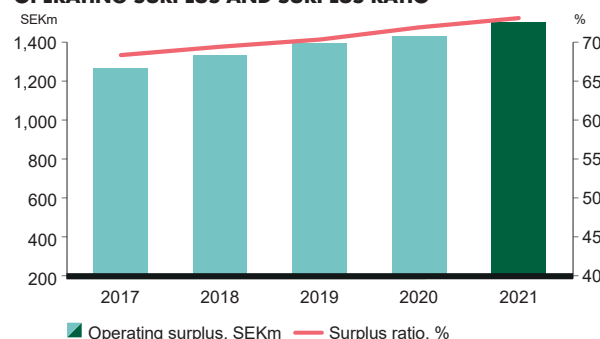
has been effective and the business has performed well. The Swedish government introduced a support package covering certain categories of tenants that was implemented in the second quarter of 2020, which also continued in 2021. Under the scheme, a number of tenants received rent reductions of around 50 per cent, of which 25 per cent was paid by the government. As a result, the Group's property management income during 2021 was affected by SEK -5m (-17) net. See page 73 for more information.

During the year, we acquired 14 properties (2) with a total value of SEK 707m (38) and sold 7 properties (8) worth a total of SEK 258m (130). Diös' property transactions are aimed at enhancing our portfolio and strengthening our tenant offering in line with our strategy. At 31 December 2021, Diös had ongoing projects covering a floor area of around 100,000 sq.m. In addition to this, we have identified around 200,000 sq.m of gross floor space that can be used to create both residential and commercial premises. These rights constitute the core of the project portfolio. In 2021, investments in new builds were concentrated to Noten 3 in Sundsvall, Magne 5 in Umeå, Intagan 1 in Borlänge, Stigbygel 2 in Umeå and Mimer 1 in

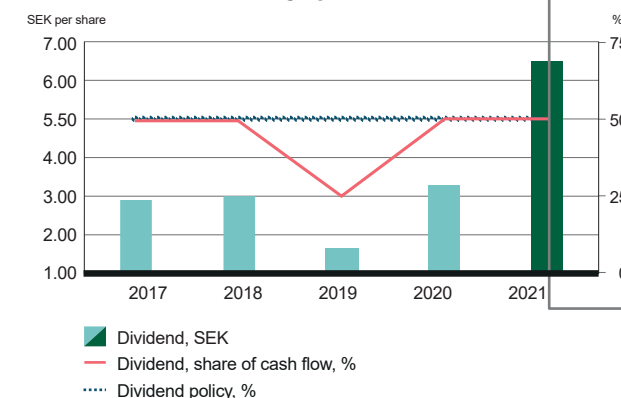
## MARKET VALUE AND PROPERTY MANAGEMENT INCOME



## OPERATING SURPLUS AND SURPLUS RATIO



## DIVIDEND AND DIVIDEND POLICY





Borlänge. Leases have been signed for all projects.

In addition to the project portfolio, we invest continually in our existing portfolio through conversions and redevelopment as well as energy-saving measures. The investments must result in a higher occupancy rate, higher rent, increased customer satisfaction, lower costs and a reduced impact on the environment.

## Financial targets

The financial targets for the Group are designed to ensure the company's financial stability. The measurable and risk-limiting financial targets for 2021 were:

- An equity ratio of at least 35 per cent.
- A loan-to-value ratio of no more than 55 per cent.
- Return on equity, on an annual basis, over 12 per cent.
- Average growth in property management income per share of 10 per cent over a three-year period.

We achieved our financial targets for 2021 and the company is comfortably meeting the financial stability requirements defined by the banks. Return on equity was 22.1 per cent (10.4) during the year. The equity ratio was 40.2 per cent (36.8) in the Group, and 17.5 per cent (17.1) in the parent company. After the proposed dividend of SEK 3.52 per share (3.30), the equity ratio at 31 December 2021 will be 38.5 per cent (35.0) in the Group and 15.0 per cent (14.5) in the parent company.

## Employees, guidelines and remuneration

Diös operates almost exclusively with in-house staff. The number of indefinite term employees as at 31 December 2021 was 144 (162), of whom 61 were women (69). The majority of the employees, 95 people (109), are engaged in physical property management at our business units. The remaining members of staff work at our head office in Östersund. At 31 December 2021, the team working on our Pick-Pack-Post concept comprised 5 people (4), of whom 5 were women (4).

For decisions on remuneration for senior executives and the latest approved guidelines, see Note 5 and the Corporate Governance Report. All employees are covered by our profit-sharing foundation, Grunden, into which payments are made based on a combination of the profit for the year, required rates of return and dividends to the shareholders.

Annual transfers to the profit-sharing scheme are capped at SEK 30,000 per employee. For 2021, SEK 3,169,000 (SEK 2,993,000) was transferred to the scheme. At year-end, 292,000 Diös shares (262,400) were held under the scheme. For more information, see the Corporate Governance Report on pages 62–70.

## Sustainability Report

For Diös, responsible business is about taking a comprehensive approach to economic, social and environmental aspects. We are making a concerted effort to change our own behaviour so that we have a positive impact and inspire and encourage our stakeholders to follow our example. Our sustainability management activities are integrated in our operations and form a natural part of our value creation process. We have prepared a Sustainability Report in accordance with the Annual Accounts Act that covers Diös Fastigheter AB (publ) and all its subsidiaries, where a more comprehensive audit has been carried out than a statutory audit. The Sustainability Report is presented on pages 112–128. In addition to the statutory report, Diös has prepared a Sustainability Report in accordance with GRI standards. The GRI index is presented on pages 126–127.

## Dividend

Approximately 50 per cent of the net profit after tax excluding unrealised changes in value and tax should be paid out in dividends to the shareholders unless investments or the company's financial position warrant a deviation from the policy. For the financial year, a dividend of SEK 3.52 per share (3.30) is proposed, across four distributions,

which represents 48.4 per cent of distributable earnings (50.3). For more information, see Appropriation of retained earnings and dividend on page 105.

## Guidelines and remuneration of senior executives

For guidelines on remuneration and terms of employment, see the Corporate Governance Report on pages 62–70 as well as Note 5 for the remuneration paid for 2021. It is proposed that the principles for 2022 remain unchanged.

## Outlook

The focus of operations in 2022 will be the same as before. Our continued strategy is urban development, which means that we are developing our properties in a sustainable manner to allow for growth. A key element of our urban development strategy and our ability to generate growth is new builds, which will be a prominent part of our business going forward and transactions to strengthen our portfolio. For 2022, we have set two new target targets, a return on equity of 12 per cent on an annual basis and a new climate target for our operations. The climate target means that we will cut our carbon dioxide emissions in half by 2030 to reach net zero emissions by 2045. This target has been reviewed and approved by SBTi. For more information, see Note 43 and the Corporate Governance Report on page 112. In 2021, we will continue to have a focus on the effects of the Covid-19 pandemic on our business and, if necessary, change our strategies and adapt our operations on an ongoing basis. It is difficult to say what effect the Covid-19 pandemic will have in the long run,

PROPERTY PORTFOLIO BY BUSINESS UNIT	Dalarna	Gävle	Sundsvall	Äre/Östersund	Umeå	Skellefteå	Luleå	Group
Balance sheet items and key ratios								
No. of properties	48	35	46	115	43	23	28	338
Leasable area, thousand sq.m.	290	159	215	299	207	135	207	1,511
Investments, SEKm	307	124	179	133	323	46	107	1,219
Fair value, SEKm	4,301	2,916	4,545	4,690	4,721	2,256	4,563	27,993
Rental value, SEKm	358	231	343	401	301	158	348	2,141
Surplus ratio, %	65	65	69	66	66	68	67	68
Economic occupancy rate, %	90	87	85	90	90	90	94	89

Columns/rows may not add up due to rounding.



as there is considerable uncertainty about what will happen and how long the pandemic will last. What we can see is that the development looks brighter now than a year ago and business has normalised. Even with great respect for the world situation in connection with the war in Ukraine and the uncertainty that prevails at the time this report is being written, the future looks bright for both our market and for Diös. The Board and senior management address and revise strategies and decisions continuously to adapt to changing circumstances.

### Parent company

Parent company operations are made up of shared corporate functions, such as IT, economy and finance, HR, rent administration, communications, and ownership and operation of the Group's subsidiaries. Revenue totalled SEK 175m (181) and the profit after tax was SEK 183m (177). Profit after tax includes SEK 100m (100) in dividends from Group companies, SEK 79m (61) in Group contributions received and SEK 37m (3) in Group contribution paid. The tax expense for the year was SEK 2m (5). Revenue refers chiefly to services sold to subsidiaries.

### Share information and shareholders

Our shares are listed on NASDAQ OMX Stockholm. The share capital is SEK 269,024,276 (269,024,276) and the number of shares is 141,785,165 (134,512,438). Each share carries one vote at the Annual General Meeting. The largest shareholders are AB Persson Invest with 15.4 per cent of the shares and voting rights, Backahill Inter AB with 10.5 per cent and Nordstjernan AB with 10.1 per cent. The 2021 AGM authorised the company to buy back shares of the company, subject to a limit of 10 per cent of all outstanding shares. In 2020, Diös repurchased 441,418 shares at an average price of SEK 64.60. During the year, a private placement was carried out. For more information on the resolutions adopted by the AGM, see the Corporate Governance Report on pages 62–70.

### Significant events during the year

See information at right.

### Events after the end of the financial year

For a description of events after the end of the financial year, see Note 30 on page 103.

## Highlights of 2018

### Q1

➤ Diös acquires three office properties in central Borlänge and divests three mixed properties, one in Borlänge and two in Gävle, in a barter transaction. The agreed property value for the acquisition is SEK 110m and is SEK 125m for the divested properties.

Transfer took place on 1 April 2021.

Diös acquires two properties comprising 8,000 sq.m. in Gävle. The agreed property value was SEK 103m and the completion date was 1 April 2021.

Diös acquires an office property comprising 4,000 sq.m. in Borlänge. The agreed property value was SEK 80m and the completion date was 1 June 2021.

### Q2

Diös established an MTN programme of SEK 3.5m and issued a green bond of SEK 500m with a maturity of 2 years.

Diös acquired a warehouse and logistics property in Skellefteå comprising 12,500 sq.m. The property is directly adjacent to Northvolt's battery factory.

Diös sold 20,500 sq.m of development rights in central Sundsvall at a value of approximately SEK 72m.

### Q3

Diös completed a new 14,350 sq.m hotel in Sundsvall in an investment totalling SEK 442m. The property is fully let, the agreement is signed for 15 years and the tenant took occupancy of the premises on 1 September.

Diös leases 1 050 sq.m to the grocery chain ICA in central Gävle. Diös sold 10,250 sq.m of development rights in central Sundsvall at a value of approximately SEK 42m. Completion will take place in the fourth quarter of 2021.

### Q4

Diös has decided on a long-term climate target in line with the Paris Agreement to limit global warming to a maximum of 1.5°C. The climate target is approved by SBTi.

Diös is the first company in the world to establish a green financing framework in accordance with the EU taxonomy and the European Green Bond Standard.

Diös acquired five centrally located properties for SEK 810m in Skellefteå. Completion will take place in January 2022.

Diös implemented a private placement of 7,272,727 shares, raising approximately SEK 800m. The issue proceeds will be used for value-generating investments. Diös



# Risks and risk management

Effective identification, prevention and management of risks are crucial to our ability to generate the greatest possible value for our stakeholders. Risks can arise in other areas of the business and can be due to internal as well as external factors. Ultimate responsibility for the company's risk management rests with the Board of Directors. The CEO and senior management are responsible for ensuring that the Board's instructions are executed, and that procedures and processes exist and are complied with. Our risk universe is divided into three categories: strategic, operational and financial risks. A presentation of risks (to the left) that are considered to have the greatest impact on the Group and how they are managed (to the right) is given below.

## Strategic risks

Strategic risks can affect our ability to implement our business strategies, achieve our long-term goals and create value for our stakeholders. Strategic risks include external as well as internal factors. These risks are identified and managed by the Board of Board members and senior management, and are normally discussed at Board meetings.

### External risks

Political, macroeconomic and external events can have a direct or indirect impact on our market and on the property industry. Global trends can lead to changed needs and behaviours among tenants.

A decentralised organisation with a local presence can adapt the business to new circumstances in an effective manner. A strong cash flow enables the company to invest capital when the need arises. A close relationship with our tenants enables us to quickly identify new behaviours and changes in demand.

### Competition and offer

We operate in a competitive market. There is a risk that our offer viewed in relation to the tenant, rent level, quality and content will become obsolete compared with other property owners/landlords.

A property portfolio that is concentrated to central areas where the potential to create new space is limited reduces the risk of competition from new builds. A high-quality portfolio, good knowledge of the local market and high investment capacity strengthen our competitiveness. Our size and position enable us to act as a comprehensive supplier for establishments in all our cities.

### Sustainable business

Our business model and strategy need to be sustainable to ensure that we conduct our business in a responsible manner. The sustainability aspects for ensuring that our external offer is relevant and competitive as well as in recruitments and from a financing perspective.

The business model and business plan are followed up on an ongoing basis by the Board of Directors and senior management. Through an active approach to sustainability in priority areas, such as green properties and social responsibility, we are taking our responsibility for global and national sustainability goals. For more information, see pages 112-128.



## Operational risks

Operational risks include risks that can have a direct negative impact on the Group's results and financial position and on the business, in the short and long term.

These risks are identified and managed on an ongoing basis by the Board of Directors, management and the business units.

## THE PROPERTY PORTFOLIO, INCOME AND EXPENSES

### Property portfolio composition

The properties' geographic location, the breakdown by type of premises in the portfolio and the properties' technical status may constitute risks. Properties in localities with limited prospects for the future can pose an exit risk.

A key element of our urban development strategy is to concentrate our property portfolio to central locations in growth cities. The result is reduced fluctuations in value and a low vacancy rate on the back of stable demand. Properties in attractive locations attract higher demand, which limits the exit risk.

### Acquisitions and investments

A misguided acquisition and investment strategy or failure to add value on top of the consideration as well as incorrect assessments of added values, synergies and the technical status constitute a risk. Investments that do not improve the quality of the property portfolio, increase energy efficiency and raise occupancy and thereby generate higher cash flows and increase the value of the portfolio constitute a risk.

In connection with each acquisition, extensive financial, legal and property inspections are performed in order to analyse and discover hidden risks and opportunities. We carry out macro- and micro-analyses on an ongoing basis. Quality assurance of contractors ensures a predictable and safe execution. All procurements are subject to competitive bidding. Signing leases before the start of production reduces the risk of non-recoverable costs.

### Human capital

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 a risk. Our subcontractors and partners' working conditions can also represent a risk that may affect us, whether directly or indirectly. 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.

Mandatory instruction on guidelines and policies helps to clarify the desired corporate culture and manage working conditions throughout the value chain. 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 by an internal work environment group. A clear vision and active efforts to create a values-driven corporate culture help to ensure greater transparency and engagement. 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.

### 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 bear the cost of remedial measures. Direct or indirect emissions and waste can affect the brand, local environment and climate.

Extensive analyses and investments are made to uncover any environmental risks before an acquisition is made. The precautionary principle is applied when there is a risk of damage to the environment and surrounding area. 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.

## Climate change

Climate change poses a risk of damage to property caused by changing weather conditions that physically affect the properties. This could increase the need for investments in exposed properties or areas. The risk of climate change and awareness of this risk increases the risk of new regulations or laws that could affect the company through unforeseen costs, taxes or demands for investments to meet more stringent requirements.

Active efforts to reduce emissions and resource use help to mitigate the impact on the environment and climate. Through ongoing risk assessments concerning the status and locations of the properties, proactive measures can be taken to reduce damage.

## Business ethics

All deals and agreements shall be concluded without ethical uncertainties such as threats, bribes or other unreasonable or unhealthy requirements. Corruption is unacceptable. Even if clear guidelines and policies have been set up and accepted by all employees and suppliers, there is a risk that decisions are taken contrary to these. Procurements often take the form of a multi-stage process, which can affect Diös' ability to get an overview of all activities of subcontractors.

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.

## Legislation and administration

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

Diös monitors changes to and new laws and regulations on an ongoing basis. External experts in specific fields will be consulted in the event of inadequate internal expertise. Clear procedures, guidelines and processes are established in order to prevent errors and deficiencies.

## IT security and systems

Well functioning IT systems are essential to Diös' day-to-day operations, to meet regulatory and legal reporting requirements and for the operation and optimisation of our properties. There is a risk of data breaches, information leakage, outages and other interference risks if critical IT systems are improperly handled.

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 stable suppliers with a good reputation. In the same vein, effective processes for preventing and managing potential threats are also developed.

Risks in areas that can have direct impact on earnings are addressed in the comments to the income statement and balance sheet on pages 73–78.

## Financial risks

For a property company, financial risk management is of fundamental importance for long-term value creation and financial performance. The management of financial risks is governed by the Group's financial policy, and risks are identified and managed by the Board of Directors, senior management and the finance department. Material financial risks, comprising liquidity and refinancing risk, interest rate risk, capital structure and credit risk, are addressed in the comments to the income statement and balance sheet on pages 73–78.



A man with glasses and a dark suit is sitting at a table, smiling at the camera. He is holding a white mug with the word 'Dios' on it. The background is blurred, showing a warm, indoor setting with a person's head visible on the right.

# Corporate governance

# 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 2021.**

## The 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 two points:

- > The Audit Committee consists of the entire Board. The Board of Directors consists of six 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 is represented by the four largest shareholders and must consist of at least three members appointed by the Annual General Meeting. The majority of the members must be independent from the company. Diös' Nomination Committee consists of four members representing the company's four largest shareholders.

In addition to this, it is the Board's opinion that Diös has in all respects followed the Code in 2021 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
- > Terms of reference 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.

## The company's Articles of Association

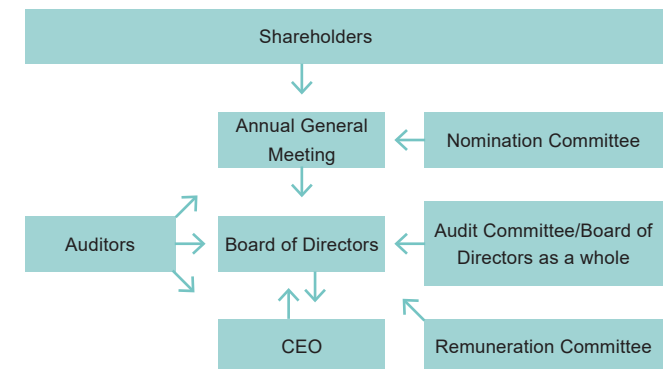
In accordance with the Articles of Association, Diös is a public limited company with its registered office in Östersund. The company's business is to own and manage properties, either directly or indirectly through subsidiaries, and engage in related business activities. The Board of Directors is elected 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 149m and no more than SEK 596m. 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 the end of the year, Diös had 18,733 (18,065) shareholders who held a total of 141,785,165 (134,512,438) shares, as the number of shares increased during the year through a private placement. During 2020, Diös repurchased 441,418 shares at an average price of SEK 64.60. Each share has a face value of SEK 2 (2). The proportion of foreign shareholders was 24.3 per cent (23.0). The largest individual shareholders at 31 December 2021 were AB Persson Invest with 15.4 per cent (15.4) of the voting rights and capital, Backahill Inter AB with 10.5 per cent (10.5), Nordstjernan AB with 10.1 per cent (10.1) and Pensionskassan SHB Försäkringsförening with 5.7 per cent (6.0). The company's ten largest shareholders together owned 53.0 per cent (53.0) of the voting rights and capital. Diös is required to maintain share capital of at least SEK 149m and no more than SEK 596m. The number of shares must be at least 74,000,000 and no more than 296,000,000. Each share entitles the holder to one vote and refers to a portion of Diös' share capital.





## Annual General Meeting 2021

The 2021 Annual General Meeting (AGM) was held on 13 April in Östersund. At the AGM, 172 (223) shareholders were registered who participated either in person, by proxy or through postal voting. In order to limit the spread of COVID-19, a number of measures were implemented before the Annual General Meeting under the Temporary Act (Section 22 of the Act (2020:198) regarding Temporary Exceptions to Facilitate the Implementation of Annual General Meetings in Companies and Associations). Everyone was encouraged to participate by proxy or through postal voting, which resulted in 172 (209) of the 172 (223) participating shareholders being represented indirectly. The number of shares represented was 77,654,610 (85,023,029), which is approximately 58 per cent (63) of the total number of shares. The AGM adopted the consolidated balance sheet and income statement for 2020 and discharged the Board of Directors and CEO from liability in respect of their management of the company in 2020. The AGM resolved:

- to re-elect Bob Persson, Ragnhild Backman, Anders Nelson, Eva Nygren, Peter Strand and Tobias Lönnevall to the Board.
- to appoint Bob Persson as Chairman of the Board.
- to approve the payment of a dividend of SEK 3.30 per share to shareholders, as proposed by the Board. The record date for the payment was set to 15 April and 1 November 2021.
- to re-elect the auditor and audit firm in accordance with the recommendation of the Audit Committee.
- 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 2022 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 Nomination Committee has been appointed under a resolution of the AGM and its composition and activities have been based on the report submitted by the committee. The terms of reference 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 committee jointly represent around 42 per cent (42) of the shares and voting rights of the company as at 31 December 2021. 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 less than three members, a representative of the Swedish Shareholders' Association should be offered a seat on the committee.

### Duties of the Nomination 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 2022 Annual General Meeting, the Nomination Committee held five minutes meetings at which all matters were dealt with in accordance with the Swedish Corporate Governance Code. The Nomination Committee applied Rule 4.1 of the Swedish Corporate Governance Code as a diversity policy in the preparation of its proposal. 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 2022 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 European Audit Regulation (537/2014/EU) and issues regarding remuneration to the auditor.

The Nomination Committee's work is based on interviews with all Board members in which the Board's activities in the past year and the Board members' knowledge and experience are discussed. The Nomination Committee obtained detailed information about the activities of the Board and the specific demands created by the company's business. The Nomination Committee studied the results of the annual evaluation of individual members' contributions to the work of the Board, the work of the Chairman and how the Board functions as a group. The CEO's presentations on the company's operations and

## BOARD OF DIRECTORS

	Age	Elected	Dependent/independent	Attendance, out of total no. of meetings			
				Board meetings	Remuneration Committee	Audit Committee	Fees, SEK '000
Bob Persson, Chairman	71	2007	Dependent in relation to owners	22/22	1/1	3/3	330
Peter Strand, Board member	50	2019	Independent	22/22	-	3/3	175
Eva Nygren, member	66	2018	Independent	22/22	-	3/3	175
Ragnhild Backman, member	58	2012	Independent	22/22	-	3/3	175
Anders Nelson, Board Member	52	2017	Dependent in relation to owners	22/22	1/1	3/3	175
Tobias Lönnevall, Board member	41	2020	Dependent in relation to owners	22/22	-	3/3	175
Tomas Mellberg, employee representative	63	2012	Dependent in relation to company	22/22	-	-	-



strategic focus also constitute an important basis. In accordance with the terms of reference for the Nomination Committee, the members of the Committee, and the shareholders they represent, are announced no later than six months before the AGM. The composition of the Nomination Committee is based on the known ownership at 31 August 2021.

### Composition of the Nomination Committee

In accordance with the principles adopted at the Annual General Meeting 2021, Diös' Nomination Committee consists of representatives for the company's four largest shareholders: Bob Persson (AB Persson Invest), Magnus Swärdh, (Backahill Inter AB), Peter Hofvenstam (Nordstjernan AB) and Stefan Nilsson (Pensionskassan SHB Försäkringsförening), chairman of the Nomination Committee. 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, Sweden.

## The Board of Directors

### Responsibilities of the Board of Directors and CEO

The Board of Directors consists of six 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 and represents all shareholders. 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 senior management. The Chairman's responsibilities include ensuring that the Board of Directors fulfils its duties through well organised and effective 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 13 April 2021 (and are available at [dios.se](http://dios.se)). In 2021, 17 minuted Board meetings were held, including one inaugural meeting and five Board meetings held by correspondence. 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, and the process for related party transactions. Forward-looking issues about market assessments, the focus of the company's commercial activities, gender equality and organisational issues were also discussed. In addition to the above matters, the Board had a strong focus on the impact of the Covid-19 pandemic on the company's strategies and day-to-day operations in 2020. The Board adapted its activities to changing circumstances, for example with regard to strategies for financing, property valuation and provisions for credit losses as well as the handling of rent discounts provided to tenants and support payments received from the government.

### 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 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 during the year to report their audit

findings and 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 Anders Nelson. Its duties include preparing a proposal for remuneration of the CEO subject to the guidelines adopted by the 2021 AGM. The Remuneration Committee held one meeting in 2021, at which guidelines for remuneration to senior executives were reviewed. For more information, see the section on remuneration principles and Note 5.

### 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 Tobias Lönnevall, as well as CEO Knut Rost, CFO Rolf Larsson and Finance Manager Andreas Stattin Berg.

### 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 2021 AGM, Deloitte AB was appointed with Richard Peters as auditor-in-charge for the period until the 2022 AGM. Remuneration for auditors is specified in Note 6.

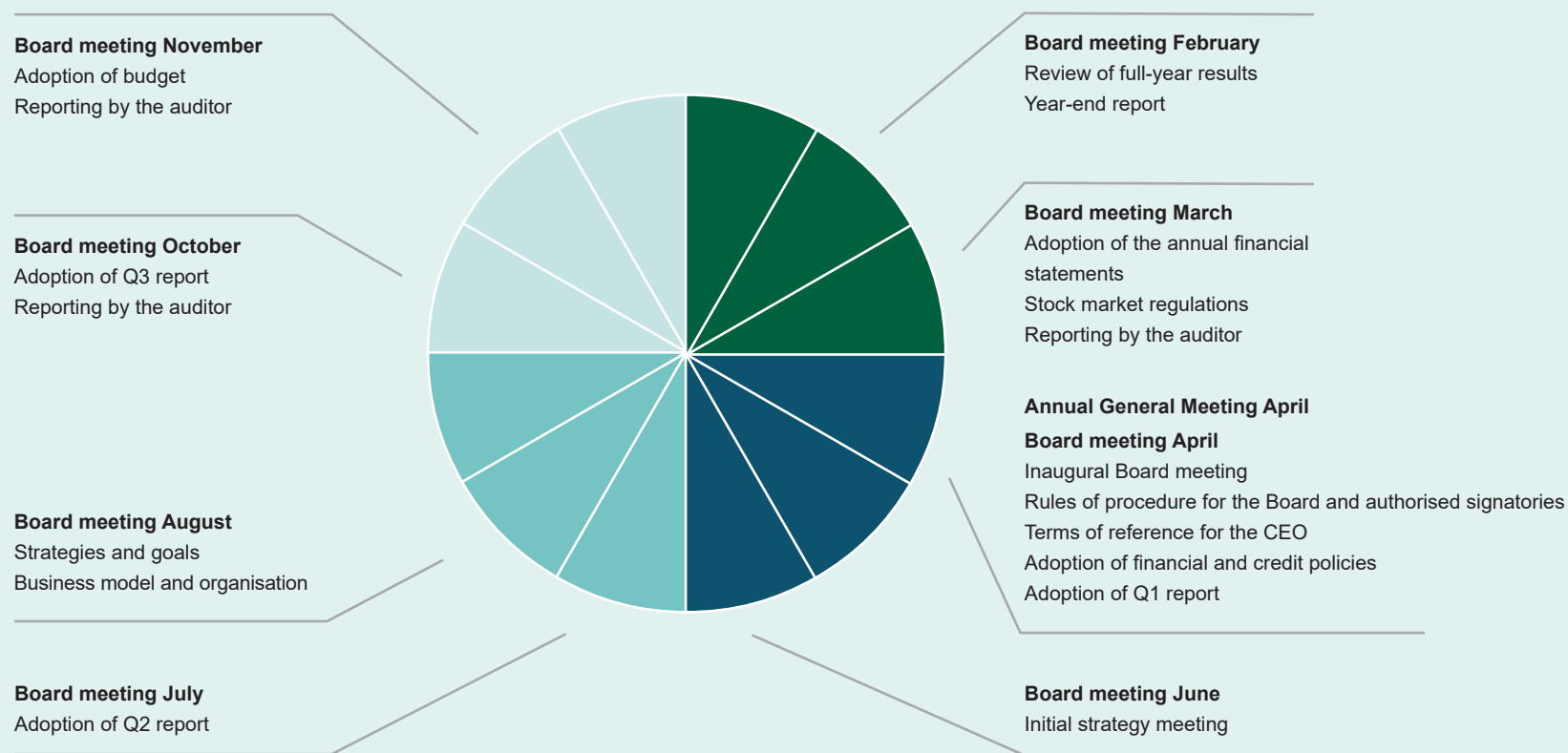
## Senior management

### Responsibilities of senior management and the CEO

In 2021, senior management consisted of CEO Knut Rust, CFO Rolf Larsson, Sustainability Manager Kristina Grahn-Persson, Director of Property Management Sofie Stark, Director of Projects Mats Eriksson and Director of Communications Mia Forsgren. The team's work is



## The Board's annual schedule



led by the CEO in accordance with the applicable terms of reference.

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 performance appraisal is then discussed by the Board annually. 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, sustainability, improvement, new investments and growth.

### Principles of remuneration

The 2021 AGM resolved, as proposed by the Board, to approve the following guidelines for remuneration of senior executives of Diös.

The guidelines approved by the AGM will apply to any agreements on remuneration and to changes made to already agreed remuneration, after the guidelines were adopted by the 2021 AGM. In addition, the AGM may approve other remuneration, such as share price-related remuneration, regardless of what is prescribed in these guidelines, if warranted by special circumstances and if this is considered necessary to safeguard the company's long-term interests and sustainability or to ensure its financial viability.

Remuneration and benefits to the CEO are decided by the company's Board of Directors. Remuneration to other senior executives is decided by the CEO in consultation with the company's Board of Directors.

### Diös' business strategy, long-term interests and sustainability

Diös' business concept is to create inspiring cities through sustainable urban development – cities where people want to be, work, live and meet. Through strong relationships, a local presence and a responsible approach with a focus on sustainability, we develop commercial and residential properties in our ten cities. Diös' goal is to use its unique position to create attractive places that create value for our tenants, our owners and for Diös.

To successfully implement its business strategy and safeguard its long-term interests, the company needs to be able to recruit and retain qualified employees. The remuneration offered to employees must be competitive and in line with market levels and reflect the employee's responsibilities and authority.

### Decision-making process for determining, evaluating and applying the guidelines

The Board's resolution on proposed guidelines for remuneration of senior executives is prepared by the Remuneration Committee. Proposed new guidelines must be prepared by the Board at least every four years. The proposed guidelines are submitted to the AGM for adoption. Guidelines adopted at the AGM apply until new guidelines have been approved by the AGM. In the event that there is a need for significant changes to the guidelines, the Board is required to prepare new proposed guidelines.

The Remuneration Committee is further tasked with monitoring and evaluating variable remuneration schemes for management that are ongoing or completed during the year as well as current remuneration levels and remuneration structures in the company. The Remuneration Committee shall also, subject to the guidelines approved by the AGM, prepare proposals regarding remuneration of the CEO and other senior executives. Senior executives do not attend meetings at which the Board discusses and adopts resolutions on remuneration-related matters insofar as they themselves are affected by the matters discussed.

### Fixed salary and incentive scheme

In addition to a fixed cash salary, incentive schemes offering the possibility of variable cash compensation may be offered to the company's senior executives. A fixed cash salary and any variable remuneration under the incentive scheme must be determined for each financial year.

The outcome of the incentive scheme must depend on the extent to which predefined goals have been achieved in the course of the company's operations. The predefined goals must have a clear connection to the business strategy and Diös' long-term value-creating process, including its sustainability management activities. The variable remuneration paid to a senior executive is capped at one month's salary. Share-based payments are not permitted.

Diös has a profit-sharing scheme that covers all employees,

including senior executives. Transfers to the profit-sharing scheme are 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.

### Pension and insurance benefits

During the period of employment with the company, senior executives are entitled to insurance and pension benefits in accordance with the ITP scheme applicable at the time. Individual investment options are available. Insurance and pension premiums are based on cash salary only.

### Non-monetary benefits

Senior executives are entitled to a company car. In addition to a car benefit, senior executives receive low-value benefits, like other employees of the company.

### Notice period and retirement age

The CEO's contract is terminable on 12 months' notice in case of termination by the company and on four months' notice in case of termination by the CEO. The contracts of other senior executives are terminable by either party on three to six months' notice. Remuneration during a period of notice is deducted from income from another employer.

The retirement age for senior executives is 65 years.

The CEO is entitled to a company car and accommodation provided by the company as well as insurance and retirement benefits in accordance with the ITP scheme applicable during the period of employment. Individual investment options are available. Insurance and pension premiums are based on cash salary only. The age of retirement for the CEO is 65 years.

The CEO's contract is terminable on 12 months' notice in case of termination by the company and on four months' notice in case of termination by the CEO. 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 scheme 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. The contracts of other members of senior management are terminable by either party on three to six months' notice.

#### **Consideration of employees' salaries and terms of employment**

In preparing the Board's proposed guidelines on remuneration, account was taken of the salaries and terms of employment of the company's employees by using information on employees' total remuneration, the components of the remuneration and the increase and rate of increase in the remuneration over time as part of the Remuneration Committee's and Board's decision basis for evaluating the reasonableness of the guidelines and the limitations arising therefrom.

#### **Review of the guidelines and how the shareholders' views have been considered**

Due to new requirements applicable at the time of the 2020 AGM, these guidelines have been clarified by specifying the connection to the company's business strategy and criteria for variable remuneration. Substantially, the same guidelines apply as previously for both fixed and variable pay, other benefits, transfers to the company's profit-sharing scheme, terms of employment, etc. No comments from shareholders regarding the guidelines have been notified to the company.

#### **Remuneration for 2021**

The CEO received fixed remuneration of SEK 4,178,000, other benefits worth SEK 427,000 and pension plan contributions of SEK 1,104,000. Other members of the senior management team received total fixed remuneration of SEK 7,592,000, variable remuneration of SEK 366,000, other benefits of SEK 499,000 and pension plan contributions of SEK 2,701,000. Other members of senior management comprised a group of five persons. For more information, see Note 5.

#### **Key agenda items 2022**

For the Annual General Meeting 2022, the Board proposes that the guidelines for remuneration of senior executives of Diös remain unchanged.



## 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 judgements, any noted inconsistencies and inaccuracies, and other circumstances that affect the quality of the financial statements. The internal control complies with the regulatory guidance, Internal Control – Integrated Framework, COSO. The framework consists of the following components: control environment, risk assessment, control activities, information and communication, and monitoring.

### 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 work 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 the terms of reference 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, using 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 during the year. 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 2021, 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' senior management conducts an annual analysis which involves the analysis and assessment of the risks according to a risk scale. 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, financing agreements 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 constitute 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 based on a sustainability focus. The sustainability work involves

environmental considerations such as reduced use of resources and good management of properties, as well as corporate social responsibility by contributing to the development of the communities in which Diös operates. 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 126-128 for more information. Guidelines for how sustainability work to create value should take place appear, among other places, in the company's sustainability policy and Code of Conduct. Feedback on the work is given regularly to Diös' Board of Directors.

### Monitoring

Internal control is monitored 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 small. Diös' financing operations, as well as financial and rent 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. Diös has also introduced a whistleblower service, Doing the right thing, which is accessible on the Group's website. The whistleblower service is an early warning system which enables employees as well as external stakeholders to report anonymously any deviations from Diös' values and code of business ethics. The service is administered by an external party to ensure anonymity and professionalism.





# Board of Directors



Tomas Mellberg, Peter Strand, Eva Nygren, Bob Persson, Anders Nelson, Ragnhild Backman and Tobias Lönnevall.

## Bob Persson

*Chairman of the Board since 2011, Board member since 2007, born 1950.*

**Current function:** Chairman of the Board and partner of AB Persson Invest.

**Previous experience:** CEO of AB Persson Invest.

**Other directorships:** Board member of RELOG AS and Persson Norge AS.

**Education:** Economics degree, Umeå University.

**Shareholding in Diös Fastigheter:** 300,000 directly owned shares. 20,699,443 shares through part-ownership in AB Persson Invest.

## Peter Strand

*Board member since 2019, born 1971.*

**Current function:** CEO of Swedish Logistic Property AB.

**Previous experience:** CEO of the property companies Victoria Park AB, Annehem Fastigheter AB and Tribona AB and senior positions at the property companies Drott and Akelius.

**Other directorships:** Fridam AB, BrainLit AB, Adma Förvaltning AB

**Education:** M.Sc. in Engineering, Faculty of Engineering at Lund University.

**Shareholding in Diös Fastigheter:** 10,000 directly owned shares.

## Anders Nelson

*Board member since 2017, born 1969.*

**Current function:** Business Development Director Backhill AB.

**Other directorships:** External CEO of Båstadennis & Hotell AB, several board assignments in the Backhill Group, Board member of GRAM Group AB and Foodhills AB.

**Education:** BBA Management, University of Arkansas at Little Rock, USA.

**Shareholding in Diös Fastigheter:** 2,900 directly owned shares. 14,095,354 shares through Backhill Inter AB.

## Ragnhild Backman

*Board member since 2012, born 1963.*

**Current function:** CEO of Backmans Fastighetsutveckling AB.

**Previous experience:** Property Management Director, Piren.

**Other directorships:** Chairman of Almi Företagspartner Mitt AB, Board member of AB Övikshem, Castanum Förvaltning AB, Willhem AB and Fastighetsägarna Sverige.

**Education:** M.Sc. in Engineering, KTH Royal Institute of Technology.

**Shareholding in Diös Fastigheter:** 40,000 directly owned shares.

## Eva Nygren

*Board member since 2018, born 1955.*

**Current function:** Senior Advisor.

**Previous experience:** Director of Investments at the Swedish Transport Administration, President and CEO of Rejlers, CEO of Sweco Sverige.

**Other directorships:** Chairman of Brandkonsulten AB, Board member of Swedavia AB, JM AB, Troax Group AB, Ballingslöv International AB, Nye Veier AS, Tyréns AB and NRC Group ASA.

**Education:** Architect, Chalmers University of Technology.

**Shareholding in Diös Fastigheter:** 350 directly held shares and 1,150 shares through companies.

## Tobias Lönnevall

*Board member since 2020, born 1980.*

**Current function:** Senior Investment Manager at Nordstjernan AB with responsibility for several listed portfolio holdings.

**Previous experience:** On behalf of Nordstjernan, Chairman of KMT Precision Grinding AB and Board member of Ramirent Plc, Acting CEO of NH Logistics, CFO of Landic Property, Management Consultant at Accenture.

**Other directorships:** Board member of Attendo AB and thereby Chairman of the Remuneration Committee and a member of the Audit Committee.

**Education:** M.Sc. in Economics and Business, Stockholm School of Economics.

**Shareholding in Diös Fastigheter:** 13,574,748 shares through Nordstjernan AB.

## 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:** Chairman of Brf Hörnhuset.

**Education:** Economics degree, Umeå University.

**Shareholding in Diös Fastigheter:** 1,800 directly owned shares.



# Group management



Sofie Stark, Knut Rost, Kristina Grahn-Persson, Mia Forsgren, Rolf Larsson and Mats Eriksson.

## Knut Rost

*CEO since 2014, born 1959.*

**Previous experience:** Various positions at ICA Fastigheter in Västerås and at Castellum.

**Other directorships:** Member of the Board of Biathlon Events i Sverige AB and Destination Östersund AB.

**Education:** M.Sc. in Engineering, KTH Royal Institute of Technology.

**Shareholding in Diös:** 17,250

## Rolf Larsson

*CFO since 2005, born 1964.*

**Previous experience:** Acting CEO of Inlandsbanan AB, Administrative Director of Haninge Bostäder and Director of Accounting at Haninge AB.

**Education:** MBA and Executive MBA, Stockholm University.

**Shareholding in Diös:** 10,000

## Kristina Grahn-Persson

*Sustainability Manager 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:** 2,000

## Mia Forsgren

*Director of Communications since 2016, member of senior management since 2018, born 1969.*

**Previous experience:** 25 years' experience of communication and marketing. Marketing Director at Universal Music, CEO of Tre Kronor Media, own consulting firm in PR and communication, and CEO of the Ogilvy Destination advertising agency.

**Education:** Marketing, Institute of International Education, Stockholm University.

**Shareholding in Diös:** 1,799

## Sofie Stark

*Director of Property Management since 2020, Head of Business Sundsvall since 2016, born 1971.*

**Previous experience:** Head of Business Unit Klövern, Business Developer Tvättbjörnen Förvaltning, Director of Business Sollefteå Local Authority, own consulting firm in property and finance.

**Education:** Degree in economics from Umeå University.

**Shareholding in Diös:** 9,500

## Mats Eriksson

*Director of Projects since 2016, member of senior management since 2020, born 1964.*

**Previous experience:** Over 20 years' experience in construction, business development and the property industry at Skanska Sverige AB.

**Education:** Education in construction, finance, leadership and construction law.

**Shareholding in Diös:** 6,000

# Financial statements

A man with short brown hair, glasses, and a beard is sitting on a grey couch, smiling and looking towards two other people. He is wearing a light blue button-down shirt and a black watch. His hands are clasped together on his lap. The background features blue vertical blinds and a window with natural light. The other two people are seen from the back, one with grey hair and one with dark hair.

# Consolidated income statement

INCOME STATEMENT, SEKm	Note	2021	2020
Rental income	3	1,587	1,513
Service income	3	376	349
Other income	3	4	16
<b>Total income</b>		<b>1,967</b>	<b>1,878</b>
Property costs	4	-678	-659
<b>Operating surplus</b>		<b>1,289</b>	<b>1,219</b>
Central administration	5.6	-75	-76
Financial income	7	5	6
Financial costs	8	-189	-191
<b>Property management income</b>		<b>1,030</b>	<b>958</b>
Change in value, properties	9	1,806	194
Change in value of derivative instruments	8, 23	36	0
<b>Profit before tax</b>		<b>2,872</b>	<b>1,152</b>
Current tax	10	-53	-75
Deferred tax	10	-495	-164
<b>PROFIT FOR THE YEAR</b>		<b>2,324</b>	<b>913</b>
Profit attributable to shareholders of the parent company		2,306	914
Profit attributable to non-controlling interests		17	-1
<b>Total</b>		<b>2,324</b>	<b>913</b>

STATEMENT OF COMPREHENSIVE INCOME, SEKm	2021	2020
Profit for the year	2,324	913
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,324</b>	<b>913</b>
Comprehensive income attributable to shareholders of the parent company	2,306	914
Comprehensive income attributable to non-controlling interests	17	-1
<b>Total</b>	<b>2,324</b>	<b>913</b>

DATA PER SHARE <sup>1</sup>	2021	2020
Earnings after tax per share, before and after dilution, SEK	17.08	6.81
Number of shares at end of period	141,343,747	134,071,020
Average number of shares	134,668,778	134,166,164
Average number of treasury shares	441,418	347,901
Number of treasury shares at end of period	441,418	441,418
Dividend per share, SEK	3.52 <sup>2</sup>	3.30

<sup>1</sup> There is no dilutive effect, as no potential shares (such as convertibles) exist.

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





## ➤ Comments on the consolidated income statement

### Rental value, rental income and leasing

The total rental value of the property portfolio amounted to SEK 2,141m (2,070), while the estimated rental value of vacant premises was SEK 189m (177). Total revenues were SEK 1,967m (1,878). This represents an economic occupancy rate of 89 per cent (89). Rental income was affected by rent discounts of SEK 9m attributable to the government rent support scheme. Government support relating to rent discounts totalled SEK 4m and is accounted for as other income. In comparable properties, excluding rent discounts under the government rent support scheme, contracted rental income increased by 1.8 per cent compared with the previous year. The economic vacancy rate was 9 per cent (11). Net leasing for the year was SEK 30m (51).

### Service income

Service income totalled SEK 376m (349) and consisted of income from tariff-based services (excluding property tax) and care and upkeep of properties as well as pass-through of costs for works in rented premises to tenants.

### Property costs

Total property costs were SEK 678m (659). Of the total property costs, SEK 10m (17) refers to work on leased premises where the costs are passed on to tenants. Bad debts decreased to SEK 4m (13), representing 0.2 per cent (0.7) of total revenues.

### Operating surplus and surplus ratio

The operating surplus was SEK 1,289m (1,219), representing a surplus ratio of 68 per cent (66). The increase in the operating surplus was due to higher revenues as well as lower costs.

For comparable properties, our operating surplus increased by 4.0 per cent compared with the previous year.

### Central administration and net financial items

The central administration costs amounted to SEK 75m (76). Net financial items for the year amounted to an expense of SEK 184m (185). Financial costs decreased to SEK 189m (191) affected by a lower Stibor-90 and better financing terms. The year's interest expenses, including costs for interest rate derivatives and loan commitments, correspond to borrowings at an average annual interest rate of 1.2 per cent (1.4). Financial income was SEK 5m (6).

### Property management income

Property management income for the year was SEK 1,030m (958), which is an increase of 8 per cent. For comparable properties, property management income remained unchanged.

### Changes in value, properties

The positive change in value of SEK 1,806m (194) consisted of unrealised changes in value of SEK 1,790m (198) and realised changes in value of SEK 16m (-4). The positive unrealised change in value is mainly explained by an improvement in net operating income and lower required rates of return mainly in the office and residential segments. The value was positively affected by a higher KPI component that affects the rent estimate for 2022. The average valuation yield at year-end was 5.44 per cent (5.73). The change in value represented 7.4 per cent (0.8) of market value. During the year, Diös completed on the acquisition of 14 properties (2) and on the sale of 7 properties (8).

### Changes in value, derivatives

The portfolio of financial instruments has been measured at fair value. Unrealised changes in value for financial instruments were SEK 36m (0) and have been fully recognised in the income statement.

### Profit before tax

The profit before tax amounted to SEK 2,872m (1,152). The reduced profit is mainly due to smaller gains in property values compared with the previous year.

### Taxes

Current tax was SEK -53m (-75). The deferred tax was SEK -495m (-164).

### Profit after tax

The profit after tax was SEK 2,324m (913).



# Risk management

## Rental income

Contracted rental income is dependent on the ability of tenants to pay. Deficient internal processes and commitments may result in dissatisfied tenants and increased vacancies. Global and local economic growth, new builds, competitors and demand affect the occupancy rate and thereby also rental income. A large and diversified property portfolio with a well-balanced tenant structure reduces the risk of lower rental income if a particular tenant, industry or area should face economic setbacks. The majority of all leases include index compensation. The risk of default is in some cases managed through a parent company or bank guarantee.

## Property costs

Tariff-based costs that are not regulated in the lease and unexpected or seasonal repair and maintenance costs represent obvious risks. The risk of increased costs is managed by conducting reviews of the ability to pass on costs and/or perform lease indexation. An active management of electricity prices 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.

## Interest rate risk

A change in the underlying interest rate is a risk, as it may negatively affect the value of the company and/or cash flow. By striving to maintain a diversified maturity structure and fixed-rate terms, the Group reduces the risk that changes in individual interest rates will have a significant impact on earnings and property values.

## Taxes, regulations and contributions

Changes that affect corporation, property and value added tax, housing benefit and interest deduction may result in additional costs. 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 local authority or government agency.

<b>SENSITIVITY ANALYSIS RESULTS</b>	<b>Change</b>	<b>Impact on earnings, SEKm</b>
Total contracted revenue	+/- 1%	+/-19
Economic occupancy rate	+/- 1 percentage point	+/-21
Property costs	-/+ 1%	+/-7
Interest rate on interest-bearing liabilities	-/+ 1 percentage point	+/-114



# Consolidated balance sheet

ASSETS, SEKm	Note	2021	2020
<b>Non-current assets</b>			
<b>Property, plant and equipment and intangible assets</b>			
Investment properties	11	27,993	24,512
Intangible non-current assets	12	0	0
Other property, plant and equipment	13	1	1
<b>Total property, plant and equipment and intangible assets</b>		<b>27,994</b>	<b>24,513</b>
<b>Non-current financial assets</b>			
Interests in associates	15	7	7
Other non-current securities	16	1	1
Promissory notes		4	5
Right-of-use asset	18	58	60
<b>Total non-current financial assets</b>		<b>70</b>	<b>73</b>
<b>Total non-current assets</b>		<b>28,064</b>	<b>24,586</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade receivables	19	38	33
Derivative instruments	23	38	3
Other receivables		127	215
Prepaid expenses and accrued income		19	53
<b>Total current receivables</b>		<b>223</b>	<b>304</b>
Cash and bank balances		1,150	-
<b>Total current assets</b>		<b>1,373</b>	<b>304</b>
<b>TOTAL ASSETS</b>		<b>29,437</b>	<b>24,890</b>

EQUITY AND LIABILITIES, SEKm	Note	2021	2020
<b>Equity</b>	20		
Share capital		284	269
Capital contributed		4,292	3,513
Retained earnings		7,172	5,309
<b>Total attributable to shareholders of the parent company</b>		<b>11,748</b>	<b>9,091</b>
<b>Non-controlling interests</b>	20	<b>74</b>	<b>57</b>
<b>Total equity</b>		<b>11,823</b>	<b>9,148</b>
<b>Non-current liabilities</b>			
Deferred tax liability	17	2,184	1,689
Other provisions	22	10	10
Liabilities to credit institutions	23	9,068	10,221
Non-current lease liability	18	54	55
<b>Total non-current liabilities</b>		<b>11,316</b>	<b>11,975</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities	23	5,680	3,026
Overdraft facilities	23	0	63
Trade payables		81	96
Derivative instruments	23	0	0
Other liabilities		24	92
Accrued expenses and deferred income	24	513	490
<b>Total current liabilities</b>		<b>6,298</b>	<b>3,767</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,437</b>	<b>24,890</b>



## Investment properties

At 31 December, the property portfolio consisted of 338 properties (329) with a total leasable area of 1,511,000 sq.m (1,455,000). The market value was SEK 27,993m (24,512). At the end of the year, the holding consisted of 92 per cent (92) commercial properties with the total property value broken down by type of premises as follows: 54 per cent (56) offices, 16 per cent (27) retail, 3 per cent (1) warehouse/industry and 5 per cent (8) other. Residential properties comprised 8 per cent (8) of holdings.

## Change in value of properties

The market value of the property portfolio increased by SEK 3,481m (1,627). Investments in new builds, conversions and extensions totalled SEK 1,219m (1,518). Properties with a combined value of SEK 695m (38) were acquired and properties with a combined value of SEK 224m (127) were sold, resulting in corresponding changes in the value of portfolio. Changes in value totalled SEK 1,806m (194), of which SEK 16m (-4) was realised and SEK 1,790m (198) was unrealised.

## 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. Project properties that are intended to be managed in-house and for which there are contracted tenants are recognised at fair value, taking account of the project risk and after deducting the remaining investment. Valuations are based on estimates of future cash flows and the price that is expected to be obtained in a transaction between knowledgeable parties on market terms. Diös' property portfolio is divided into a main portfolio and a subsidiary portfolio. The main portfolio comprises around 70 per cent of the property value, which represents SEK 19,338m and includes the 131 largest properties 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. The properties in the secondary portfolio and those portions of the main portfolio which are not valued externally are valued internally on a quarterly basis with the assistance of Savills. A uniform valuation methodology and model are used for both external and internal valuations.

## Valuation model

A five- to ten-year cash flow model is applied to determine the value of the property portfolio. This means that the operating surpluses for the

## CHANGE IN PROPERTY PORTFOLIO

	FOR THE GROUP	
SEKm	2021	2020
Opening carrying amount	24,512	22,885
Acquisitions	695	38
Investment in existing properties	1,219	1,518
Sales	-224	-127
Change in value	1,790	198
<b>CLOSING CARRYING AMOUNT</b>	<b>27,993</b>	<b>24,512</b>

## VALUATION ASSUMPTIONS

	31 Dec 2021					31 Dec 2020				
Valuation assumptions per property category (SEK thousand)	Office	Retail	Residential	Industrial/warehouse	Other	Office	Retail	Residential	Industrial/warehouse	Other
Rental value, SEK per sq.m	1,501	1,639	1,273	573	1,350	1,440	1,518	1,229	561	1,311
Operations & maintenance, SEK per sq.m	342	496	436	209	369	338	465	431	211	362
Yield for assessing residual value <sup>1</sup> , %	5.4	6.1	3.7	6.4	5.8	5.7	6.3	4.0	6.8	6.0
Cost of capital for discounting to present value, %	7.3	8.3	5.8	8.6	7.9	7.5	8.5	6.1	8.9	8.2
Long-term vacancy, %	4.8	4.5	0.5	10.2	4.4	5.0	4.3	0.6	10.6	4.3

The valuation model is based on a forecast period that ranges from five to ten years, but is generally five years, and a long-term inflation rate of 2 per cent. Valuation assumption 31 December 2020 has been restated to take account of a changed breakdown from category to property segment.

## CHANGES IN VALUE OF PROPERTIES BY BUSINESS AREA

BUSINESS AREA	Market value 31 Dec 2021, SEK million	Market value 31 Dec 2020, SEKm	Change, %	Change, SEKm	Investments, SEK million	Of which investments, SEK million	Of which sales, SEKm	Of which unrealised change in value, SEKm	Average cost of capital, %	Average yield requirement valuation, %
Dalarna	4,301	3,581	20.1	720	307	190	-48	272	7.40	5.76
Gävle	2,916	2,617	11.4	299	124	103	-70	141	7.60	5.52
Sundsvall	4,545	4,165	9.1	380	179	11	-106	294	6.86	5.30
Äre/Östersund	4,690	4,111	14.1	579	133	42	-	405	7.41	5.40
Umeå	4,721	4,076	15.8	645	323	112	-	211	6.84	5.18
Skellefteå	2,256	1,687	33.7	569	46	238	-	286	6.76	5.51
Luleå	4,563	4,275	6.7	288	107	-	-	181	7.52	5.43
<b>TOTAL</b>	<b>27,993</b>	<b>24,512</b>	<b>14.2</b>	<b>3,481</b>	<b>1,219</b>	<b>696</b>	<b>-224</b>	<b>1,790</b>	<b>7.21</b>	<b>5.44</b>



properties for the coming 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 city are taken into consideration here. A present value of each year's operating surplus, less the value of 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 property-specific data from the administration organisation and market-related information from Savills.

### 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 25,893–30,092m.

### Current assets

Cash and bank balances were SEK 1,150m (0). Other current assets comprised trade receivables, other receivables, prepaid expenses and accrued income, and current portion of right-of-use asset.

### Equity

Equity and total assets amounted to SEK 11,823m (9,148) and SEK 29,437m (24,890) respectively, giving an equity ratio of 40.2 per cent (36.8). The target for return on equity in 2021 was a return in excess of 35 per cent. The return on equity was 22.1 per cent (10.4). The total number of shares at year-end was 141,785,165 (134,512,438). All shares belong to the same share class and carry the same voting rights. During the year, a private placement of 7,272,727 shares was carried out, which raised SEK 794m in new equity.

### Deferred tax liability

Deferred tax in the income statement amounted to SEK 2,184m (1,689). The remaining tax loss carry-forwards are estimated at SEK 0m (0). The Group also has untaxed reserves of SEK 504m (466). The fair value of the properties exceeds their tax base by SEK 10,216m (7,728), less SEK 4,172m (3,811) in deferred tax relating to asset acquisitions. This also includes a deferred tax asset with regard to the new tax rules for tax reductions for purchased equipment during 2021, amounting to SEK 32m (0). This tax reduction will be received for the financial year ending in 2022.

### Liabilities to credit institutions

Liabilities to credit institutions amounted to SEK 14,748m (13,247). Of total interest-bearing liabilities, SEK 9,322m (10,725) refers to bank financing, SEK 1,090m (719) to covered bonds, SEK 2,613m (1,805) to commercial paper and SEK 1,750m (0) to unsecured bonds. The loan-to-value ratio was 48.6 per cent (54.3). The secured loan-to-value ratio amounted to 33.0 percent (46.9). The net liability in relation to EBITDA shows how quickly the company's debts can be repaid with its current level of earnings. At year-end, the key ratio was 11.1 (11.6).

At 31 December, the Group's interest-bearing liabilities had an average annual interest rate of 1.1 per cent (1.2), including loan commitments. The actual average annual interest rate for 2021, including costs related to derivative instruments and loan commitments, was 1.2 per cent (1.4). The average fixed-rate term of the loans, including derivatives, was 0.9 years (1.1) and the average loan maturity 2.0 years (2.5). This year's interest coverage ratio of 6.4 times (6.0) far exceeds the financial target of 1.8 times.

### Other liabilities

Other liabilities in the form of trade payables, prepaid rent, overdraft facilities and accrued interest expenses, etc. totalled SEK 618m (741).

### Derivative instruments

Out of the Group's total interest-bearing liabilities, SEK 4,500m (4,750) has been hedged through derivatives. The derivatives had a market value of SEK 38m (2,8), with the change being due to the rising interest rates.



# Risk management

## Asset value

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 growth cities. The well-balanced lease structure reduces the risk of high vacancy rates and loss of rental income. The property valuations are conducted according to established and revised methods.

## Financial risks

The financial risks are significant for a property company and are of fundamental importance for long-term value creation and financial performance. The management of financial risks is governed by the Group's financial policy, and risks are identified and managed by the Board of Directors, senior management and the finance department. For more information, see Note 23 and the Corporate Governance Report on pages 62–70.

## Liquidity and refinancing risk

Difficulties in obtaining finance or increased costs for financing the company's capital requirements constitute a significant risk that can affect the company's financial situation as well as its ability to fulfil its investment commitments. Our financial policy governs and limits financial risks. Business intelligence and good relationships with banks and capital markets as well as 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.

## Capital structure

The relationship between equity and liabilities affects the risk structure as a higher share of borrowed capital is more risky. Based on the targets for equity ratio and loan-to-value ratio set forth in the financial policy, which is adopted annually by the Board, the operations are adapted through a trade-off between flexibility and risk profile. The level of eco-

nomie activity and opportunities to make profitable investments affect the chosen capital structure.

## Credit risk

A counterparty to an agreement that is unable to fulfil its obligations represents a risk. Risks are limited through the financial policy, which specifies which counterparties the company may enter into contracts with and for which amounts. Before a contract is entered into and when required, an up-to-date individual assessment is made of the counterparty.

### LOAN PORTFOLIO SENSITIVITY ANALYSIS AS AT 31 DECEMBER 2021

					If market interest rates increase by 1 percentage point		
	Fixed-rate term, years	Maturity, years	Average annual interest rate, %	Market value, SEKm	Change in annual average interest rate, %	Change in annual average interest expense, SEKm	Change in market value, SEKm
Loan portfolio excl. derivatives	0.2	2.0	1.1 <sup>1</sup>	14,748	0.8	+119	-
Derivatives portfolio	0.7	-	0.0	38	-0.3	-45	+103
<b>Loan portfolio incl. derivatives</b>	<b>0.9</b>	<b>2.0</b>	<b>1.1</b>	<b>14,786</b>	<b>0.5</b>	<b>+74</b>	<b>+103</b>

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

### SENSITIVITY ANALYSIS PROPERTY VALUATIONS

	Change	Change in fair value, SEKm
Rental value	+/-SEK 50/sq.m	+1,251/-1,251
Operating costs	-/+SEK 25/sq.m	+656/-656
Yield	-/+0.5% percentage points	+2,852/-2,336
Cost of capital	-/+0.5% percentage points	+576/-556
Long-term vacancy	-/+1.0% percentage points	+352/-361

### SENSITIVITY ANALYSIS PROPERTY VALUE

Change in property value, %			
	-7.5	0.0	7.5
Property value, SEKm	25,894	27,993	30,092
Equity ratio, %	35.6	40.2	44.1
Loan-to-value ratio, %	52.5	48.6	45.2





Jenny Forsell, Property Manager, and Maria Fjellström, Business Manager, together with tenants Patrik Rönmark, WSP Property&Buildings and WSP Shina Lundström, AFRY, in the property Hjorten, Skellefteå.

# Consolidated statement of changes in equity and cash flow statement

## 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	Non-controlling interests	Total equity
<b>EQUITY 31 DECEMBER 2019</b>	<b>134,512</b>	<b>269</b>	<b>3,513</b>	<b>4,644</b>	<b>58</b>	<b>8,484</b>
Comprehensive income for the year after tax				914	-1	913
SHARE BUY-BACKS	-441			-29		-29
Cash dividend				-221		-221
<b>EQUITY 31 DECEMBER 2020</b>	<b>134,071</b>	<b>269</b>	<b>3,513</b>	<b>5,308</b>	<b>57</b>	<b>9,148</b>
Comprehensive income for the year after tax				2,306	17	2,324
Issue of new shares	7,273	15	785			800
Issue costs			-8			-8
Tax effect of issue costs			2			2
Cash dividend				-442	-	-442
<b>Equity 31 December 2021</b>	<b>141,344</b>	<b>284</b>	<b>4,292</b>	<b>7,172</b>	<b>74</b>	<b>11,823</b>

## Consolidated cash flow statement

SEKm	Note	2021	2020
<b>Operating activities</b>			
Operating surplus		1,289	1,219
Central administration		-70	-71
Reversal of depreciation, amortisation and impairment		0	1
Interest received		5	6
Interest paid		-189	-196
Tax paid		-53	-75
<b>Cash flow from operating activities before changes in working capital</b>		<b>982</b>	<b>884</b>
<b>Changes in working capital</b>			
Decrease (+)/increase (-) in receivables		91	-80
Decrease (-)/increase (+) in current liabilities		-60	-91
<b>Total changes in working capital</b>		<b>31</b>	<b>-171</b>
<b>Cash flow from operating activities</b>		<b>1,013</b>	<b>713</b>

<b>Investing activities</b>		
Investments in new builds, conversions and extensions	-1,219	-1,518
Acquisition of properties	-696	-38
Sale of properties	240	141
<b>Cash flow from investing activities</b>	<b>-1,675</b>	<b>-1,415</b>
<b>Financing activities</b>		
Dividends paid	-443	-221
SHARE BUY-BACKS	-	-29
New issue less transaction costs	794	-
New borrowing, interest-bearing liabilities	1,658	1,202
Repayment and redemption of interest-bearing liabilities	-134	-107
Change in overdraft facility	-63	-143
<b>Cash flow from financing activities</b>	<b>25</b>	<b>702</b>
Cash flow for the period	1,150	0
<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>1,150</b>	<b>0</b>

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





## › Comments on the statement of changes in equity

### Shares, share capital and issue

The share capital at 31 December was SEK 283,569,699 (269,024,276) represented by 141,785,165 shares (134,512,438). On 1 December, a private placement of 7,272,727 shares was carried out, which raised SEK 794m in new equity.

The number of outstanding shares at year-end was 141,343,747 (134,071,020). The average number of outstanding shares during the year was 134,668,778 (134,166,164). The face value of a share is SEK 2.

## › Comments on the cash flow statement

Cash flow from operating activities for the year increased by 42 per cent to SEK 1,013m (713). This represents cash flow per share of SEK 7.40 (6.58). The changes are mainly due to increased property management income.

### Investing activities

During the year, investments were made in projects in the form of new builds, conversions and extensions, which reduced cash flow by SEK 1,219m (1,518). The investments comprised 783 projects, of which 391 were concluded in 2021. In addition to project investments, 14 properties (2) were acquired, which reduced cash flow by SEK 696m (38). 7 properties (8) were sold, which increased cash flow by SEK 240m (141).

### Financing activities

During the year, Diös' shareholders received dividends totalling SEK 442m (221), which reduced cash flow. The net change in interest-bearing liabilities was SEK 1,524m (1 095), which is explained by new borrowings. Repayment and redemption of interest-bearing liabilities totalled SEK -134m (-107) and the change in overdraft facilities had an impact on cash flow of SEK -63m (-143). This also includes the principal repayment portion of finance lease payments. During the year, cash and cash equivalents were added with regard to a new share issue amounting to SEK 794m (0).

### Change in cash and cash equivalents

Consolidated cash and cash equivalents increased during the year. At 31 December, cash and cash equivalents stood at SEK 1,150m (0).



At the tenant RE Umeå.



# Parent company income statement

INCOME STATEMENT, SEKm	Note	2021	2020
Net revenue	3	175	181
<b>Gross profit</b>		<b>175</b>	<b>181</b>
Central administration	5.6	-213	-217
<b>Operating profit</b>		<b>-38</b>	<b>-36</b>
Financial income	7	580	528
Financial costs	8	-357	-303
Transfer to tax allocation reserve		-	-7
Current tax	10	-2	-5
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>183</b>	<b>177</b>

STATEMENT OF COMPREHENSIVE INCOME	2021	2020
Profit after tax	183	177
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>183</b>	<b>177</b>



# Parent company balance sheet

ASSETS, SEKm	Note	2021	2020
<b>Non-current assets</b>			
<b>Property, plant and equipment and intangible assets</b>			
Intangible non-current assets	12	0	0
Other property, plant and equipment	13	0	0
<b>Total property, plant and equipment and intangible assets</b>		<b>0</b>	<b>0</b>
<b>Non-current financial assets</b>			
Interests in Group companies	14	2,265	2,265
Receivables from Group companies		14,243	13,184
<b>Total non-current financial assets</b>		<b>16,508</b>	<b>15,449</b>
<b>Total non-current assets</b>		<b>16,508</b>	<b>15,449</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies		2,238	1,799
Other receivables		15	11
Prepaid expenses and accrued income		3	6
<b>Total current receivables</b>		<b>2,256</b>	<b>1,816</b>
Cash and bank balances		1,129	-
<b>Total current assets</b>		<b>3,385</b>	<b>1,816</b>
<b>TOTAL ASSETS</b>		<b>19,893</b>	<b>17,265</b>

EQUITY AND LIABILITIES, SEKm	Note	2021	2020
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	20	283	269
Statutory reserve		285	285
<b>Total restricted equity</b>		<b>568</b>	<b>554</b>
<b>Non-restricted equity</b>			
Share premium reserve		3,953	3,173
Retained earnings		-1,229	-963
Profit for the year		183	177
<b>Total non-restricted equity</b>		<b>2,907</b>	<b>2,387</b>
<b>Total equity</b>		<b>3,475</b>	<b>2,941</b>
<b>Untaxed reserves</b>			
Tax allocation reserve	21	16	16
<b>Total untaxed reserves</b>		<b>16</b>	<b>16</b>
<b>Provisions</b>			
Provision	22	-	1
<b>Total provisions</b>		<b>-</b>	<b>1</b>

<b>Non-current liabilities</b>			
Liabilities to Group companies		6,472	6,466
Liabilities to credit institutions	23	4,007	2,248
<b>Total non-current liabilities</b>		<b>10,479</b>	<b>8,714</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities	23	1,405	1,153
Liabilities to Group companies		4,476	4,311
Overdraft facilities	23	-	83
Trade payables		1	1
Other liabilities		12	17
Accrued expenses and deferred income	24	29	28
<b>Total current liabilities</b>		<b>5,923</b>	<b>5,593</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,893</b>	<b>17,265</b>

# Parent company statement of changes in equity and cash flow statement

## Parent company statement of changes in equity

SEKm	Number of out-standing shares, thousands	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Total equity
<b>EQUITY 31 DECEMBER 2019</b>	<b>134,512</b>	<b>269</b>	<b>285</b>	<b>3,173</b>	<b>-713</b>	<b>3,013</b>
Comprehensive income for the year after tax					177	177
SHARE BUY-BACKS	-441				-29	-29
Cash dividend					-221	-221
<b>EQUITY 31 DECEMBER 2020</b>	<b>134,071</b>	<b>269</b>	<b>285</b>	<b>3,173</b>	<b>-786</b>	<b>2,941</b>
Comprehensive income for the year after tax					183	183
Issue of new shares	7,273	15		785		800
Issue costs				-8		-8
Tax effect of issue costs				2		2
Cash dividend					-442	-442
<b>EQUITY 31 DECEMBER 2021</b>	<b>141,344</b>	<b>284</b>	<b>285</b>	<b>3,952</b>	<b>-1,046</b>	<b>3,475</b>

## Parent company cash flow statement

SEKm	Note	2021	2020
<b>Operating activities</b>			
Operating profit		-38	-36
Reversal of amortisation of intangible assets and depreciation of property, plant and equipment		-	-
Interest received		402	367
Interest paid		-321	-291
Tax paid		-2	-5
<b>Cash flow from operating activities before changes in working capital</b>		<b>41</b>	<b>35</b>
<b>Changes in working capital</b>			
Decrease (+)/increase (-) in receivables		-305	1,803
Decrease (-)/increase (+) in liabilities		161	462
<b>Total changes in working capital</b>		<b>-144</b>	<b>2,265</b>
<b>Cash flow from operating activities</b>		<b>-103</b>	<b>2,300</b>
<b>Investing activities</b>			
Change in long-term receivables		-1,059	-3,005
Acquisition of non-current financial assets		-	-5
<b>Cash flow from investing activities</b>		<b>-1,059</b>	<b>-3,010</b>
<b>Financing activities</b>			
Dividend		-443	-221
SHARE BUY-BACKS		-	-29
New issue less transaction costs		794	-
Change in non-current liabilities, Group companies		6	557
New borrowing, interest-bearing liabilities		2,031	566
Repayment and redemption of interest-bearing liabilities		-14	-20
Change in overdraft facility		-83	-143
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>25</b>	<b>2,291</b>	<b>710</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>1,129</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>1,129</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](http://www.dios.se) in week 11, 2022. The consolidated and parent company income statements and balance sheets will be presented for approval at the Annual General Meeting on 5 April 2022. Diös Fastigheter AB (publ), company registration number 556501-1771, is a Swedish public limited company with its headquarters in Östersund. The company offers commercial and residential properties near the centre of towns and cities 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 Hamngatan 14 in Östersund.

### OPERATIONS

The operating activities are monitored and are conducted in the Group's seven geographical business units: Dalarna, Gävle, Sundsvall, Åre/Östersund, Umeå, Skellefteå and Luleå. Each business unit comprised a property management 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". Assets and liabilities are recognised at historical cost, 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" and the Swedish Annual Accounts Act. The recommendation states that a legal entity shall apply IFRS, including interpretations from IFRIC/SIC, with exceptions for legislative provisions of the Swedish Annual Accounts Act 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 IFRS 9 Financial Instruments. The parent company applies a method based on the acquisition value in accordance with the Swedish Annual Accounts Act. Derivative instruments are not measured at fair value in the parent company but rather at the lower of cost principle. For intercompany receivables, the general method is used. Property, plant and equipment primarily constituting investment properties are recognised at cost less accumulated depreciation and impairment. The carrying amount increases for these in the balance sheet provided that requirements for revaluation exist. Shares in subsidiaries are recognised using the 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 non-restricted equity. The parent company applies the exemptions in IFRS 16 and recognises lease payments as operating leases under the exemption in RFR 2, i.e. as an expense on a straight-line basis over the lease term.

### NEW AND AMENDED STANDARDS AND INTERPRETATIONS

#### Group

From and including the financial year 2021, the Group has applied a number of new standards and interpretations. These new or amended standards and interpretations

had no significant impact on the consolidated financial statements for 2021 other than as mentioned below.

Phase 2 of the amendments to IFRS 9, IFRS 7, etc. regarding the benchmark interest rate reform entered into force on 1 January 2021. In short, the changes mean that it makes it possible for companies to reflect the effects of shifting from reference rates such as STIBOR to other reference rates without giving rise to accounting effects that would not provide useful information to users of financial statements. The company is affected by the benchmark interest rate reform mainly in the exposure to STIBOR in its interest rate derivatives. Exposure to IBOR is limited.

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

#### Parent company

The changes to RFR 2, which apply from the financial year 2021, have not had any material impact on the parent company financial statements except for that mentioned below.

Phase 2 of the amendments to IFRS 9, IFRS 7, etc. regarding the benchmark interest rate reform entered into force on 1 January 2021. In short, the changes mean that it makes it possible for companies to reflect the effects of shifting from reference rates such as STIBOR to other reference rates without giving rise to accounting effects that would not provide useful information to users of financial statements. The company is affected by the benchmark interest rate reform mainly in the exposure to STIBOR in its interest rate derivatives. Exposure to IBOR is limited.

The amendments to Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board that become effective from 1 January 2022 or later are also not expected to have a material impact when they are applied for the first time.

### CRITICAL JUDGEMENTS AND ESTIMATES

In order to be able to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) and generally accepted accounting practice, senior management is required to make estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets, liabilities, income and expense in the next financial year. These estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances. The actual results 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 Investment Properties. Other areas where judgements are made are asset acquisition versus business combination, and deferred tax liability. More information about the assumptions and judgements that are made is presented under Asset acquisitions and business combinations below and in Note 17 Deferred tax.

### 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's management and financial structure is grouped into seven segments, see the section Operations. Group operations are organised by business unit according to a geographic breakdown. Internal reporting systems are designed in order to facilitate follow-up of the returns generated by the respective business unit. 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.

### 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 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 2020. 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 intercompany 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 changes in value will be affected by the tax discount on subsequent valuation. For an assessment of whether an acquisition is an asset acquisition or business combination, a simplified concentration test is done that permits a simplified assessment of whether an acquired set of activities and assets is a business combination or an asset acquisition. If, in this optional test, substantially all of the fair value of the gross assets acquired can be attributed to an asset or a group of similar assets the acquisition is not a business combination but an asset acquisition. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.



## CONT. NOTE 1 ► ACCOUNTING POLICIES

### REVENUE

Diös' revenue consists substantially of rental income from the lease of commercial and residential premises and other leases including indexation as well as pass-through of investments and property tax. These are classified and accounted for as operating leases in accordance with IFRS 16 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. Turnover leases are used to a minor extent. In preparing the annual accounts, turnover rent is estimated based on the reported sales data. Any difference between the actual and estimated annual rent is accounted for as a changed estimate in the period in which the annual rent is determined. The rent discounts agreed with tenants in accordance with the directives on government rent support for property owners as well as other support schemes are recognised in the income statement in the same periods as the costs which the grants are intended to compensate for. For more information, see Note 3 Revenue.

Other income refers to service income, which consists of additional charges such as tariff-based income and income from the care and upkeep of properties. Care and upkeep includes technical management of the properties, such as heating, cooling, waste, water management, snow clearance, etc. In Diös' case, revenue is recognised in the income statement when control of the good or service is transferred to the counterparty, which in the great majority of cases is considered to take place over time as the services are provided. Revenue is recognised at an amount that reflects the compensation we are expected to be entitled to in exchange for the goods or services based on the applicable contract. Terms of payment are defined in the applicable contracts, under which rent is paid quarterly in advance or monthly in advance based on the agreement entered into. Our assessment is that we in our capacity as property owner are essentially acting as principal and not as agent in respect of service income. For further information, see Note 2 Segment reporting and Note 3 Revenue.

Income from property transactions is normally recognised on the completion date unless control has already been transferred to the buyer. If this is the case, the income from the sale of the property is recognised at this earlier date. In assessing the date of revenue recognition, account is taken of what has been agreed between the parties with regard to material assessment factors, e.g. risks and rewards as well as commitments in the day-to-day management of properties. Circumstances which could affect the outcome of the transaction and are beyond the control of the seller and/or buyer are also taken into account. 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.

Financial income mainly comprises interest income and is recognised in the period to which it refers. For the parent company, financial income also includes Group contributions received and dividends received and anticipated. Dividends are recognised as revenue when the right to receive payment is established. Financial income is calculated using the effective interest method.

### PROPERTY COSTS

Property costs include both direct and indirect costs incurred in the management of a property. Direct costs refer to tariff-based costs, maintenance costs and property tax. Tariff-based costs include electricity, heating, cooling, water and snow removal, etc. Indirect costs refer to costs for letting activities, rent administration and accounting.

### CENTRAL ADMINISTRATION

Central administration covers costs for general administration and group-wide activities. Parent company costs for senior management, human resources, IT, marketing activities, IR, audit fees, financial statements and the expense 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 registration of mortgage deeds 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. Net financial items are not affected by the market valuation of interest rate derivative contracts entered into, which are instead accounted for as changes in value under a separate heading. The interest rate is calculated based on an average borrowing cost for the Group.

### FINANCIAL ASSETS AND LIABILITIES

Financial instruments recognised in the balance sheet include, on the asset side, cash and cash equivalents, rent receivables, other receivables and loans, and, on the liability side, interest-bearing liabilities, interest rate derivative instruments, trade payables, other liabilities, lease liabilities and borrowings.

Financial instruments are initially recognised at fair value, which is equal to cost, plus transaction costs, except for the category financial instruments at fair value through profit or loss, for which transaction costs are not included. The subsequent accounting treatment depends on the classification, as described below.

Financial transactions such as receipts and payments of interest and credits are recognised at the settlement date of the account-holding bank while other incoming and outgoing payments are recognised at the accounting date of the account-holding bank. 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 the company loses control of the contractual rights. A financial liability is derecognised when the contractual obligation is discharged or is otherwise extinguished. 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.

Cash and cash equivalents may consist of the Group's disposable balances with banks and equivalent institutions.

Receivables, financial assets that are not derivatives, have specified or specifiable payments and are not listed on an active market are accounted for as receivables. Financial assets are classified at amortised cost, fair value through profit or loss or fair value through other comprehensive income based on the nature of the asset's cash flow and the business model applied for the asset.

All financial assets that are not derivatives meet the criterion for contractual cash flows and are held in a business model whose aim is to collect these contractual cash flows. The receivables are therefore recognised at amortised cost. The Group has other non-current asset investments, rent receivables and other receivables, the latter of which refer mainly to VAT and tax receivables and receivables related to divested properties.

Except for cash and cash equivalents, the simplified approach for expected credit losses is used for the Group's receivables. Provisions for credit losses are assessed continuously based on past experience and current and prospective factors. Due to the short maturities of the receivables, the amount of the provisions at the balance sheet date is insignificant. The Group defines default as receivables more than 90 days past due and in these cases an individual assessment is made and a provision is recognised. For cash and cash equivalents, the provision is based on the probability of default of the banks and prospective factors. Due to the short maturity and high creditworthiness, the amount of the provisions at the balance sheet date is negligible.

The ECL on intra-Group receivables has been calculated using the general model based on /internal/ rating assuming low credit risk and taking into account collateral in properties. The general model uses a probability of default (PD) based on the rating, an exposure at default (EAD) and a loss given default (LGD). Overall, the reserve becomes insignificant due to stable parties and good collateral and is therefore not accounted for. The company follows the assessment on an ongoing basis.

Financial liabilities refer to loans and operating liabilities such as trade payables and lease liabilities. The majority of loan agreements are long-term. In cases where short-term loans are raised that are covered by undrawn long-term credit agreements, these are also regarded as long-term. In cases where short-term loans are raised that are covered by undrawn long-term credit agreements, these are also regarded as long-term. Loans are recognised in the balance sheet at the settlement date and are measured at amortised cost. Interest accrued not paid is recognised in the item accrued expenses. A liability is recognised when the counterparty has fulfilled its obligation and there is a contractual duty to pay, even if no invoice has been received. Trade payables are recognised on receipt of invoice. Trade payables and other operating payables with short maturities are recognised at nominal value.

Foreign currency transactions are translated to Swedish kronor at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities are translated at the closing rate.

Interest rate derivatives are a financial asset or liability that is measured at fair value and changes in value are recognised through profit or loss. To manage exposures to fluctuations in the market interest rate in accordance with the adopted financial policy, the Group has entered into interest rate derivative contracts. The use of interest rate derivatives gives rise to changes in value depending mainly on changes in market interest rates. Interest rate derivatives are initially recognised at cost in the balance sheet on the trade date and are subsequently measured at fair value while changes in value are recognised through profit or loss. Payment flows under the contracts are recognised in the income statement in the period to which they refer.

### ACQUISITIONS AND SALES

On acquisition and sale of properties, the transaction is recognised on the completion date unless control has 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. Project properties that are intended to be managed in-house and for which there are contracted tenants are recognised at fair value, taking account of the project risk and after deducting the remaining investment. Valuations are based on estimates of future cash flows and the price that is expected to be obtained in a transaction between knowledgeable parties on market terms. For more information, see Note 11 Investment properties.

Changes in value are recognised in the income statement in the period in which they occur. Rental income and income from property sales are recognised in accordance



## CONT. NOTE 1 ► ACCOUNTING POLICIES

with the policies described under the section Revenue recognition. Transactions concerning the acquisition of properties or companies are normally reported on the completion date since that is the date on which control associated with ownership is usually passed on. For sales, see the Revenue and Acquisitions and sales.

When an owner-occupied property that has been accounted for as an item of property, plant and equipment is reclassified as an investment property as a result of a change of use, an unrealised capital gain is recognised directly against other comprehensive income in the translation reserve. This unrealised change in value is equal to the difference between fair value at the date of reclassification and the carrying amount of the owner-occupied property immediately before it was reclassified as an investment property. On any future sale, the property's share of the revaluation reserve is transferred from the revaluation reserve to retained earnings. Any loss incurred in such a transaction is recognised in profit or loss at the time of the sale. If an investment property is transferred for use by the Group, it is reclassified from investment property to owner-occupied property. The fair value of the property at the date of reclassification is then used as the basis for future component depreciation. If the Group initiates a redevelopment of an existing investment property for continued use as an investment property, the property will continue to be accounted for as investment property. Such investment properties are also recognised under the fair value method and are thus not reclassified as property, plant and equipment during the period of redevelopment.

### 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 amortised 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%

### LEASES

#### Leaseholds and leases as a lessee

For lessees, IFRS 16 means that finance leases should be recognised in the balance sheet at the present value of future lease payments. Leaseholds are accounted for as right-of-use assets and are not depreciated, as they are considered perpetual leases, and other smaller leases are recognised in the line for other property, plant and

equipment. All leases are included in the lease liability, which is remeasured in the event of a change in, for example, the lease term, residual value guarantees and any changes in lease payments. The cost of ground rent is recognised as a financial cost while other costs for the leased assets are recognised as depreciation and interest. Short-term leases (12 months or less) and leases for which the underlying asset is of low value do not need to be recognised in the statement of financial position. These are recognised in operating profit in the same way as previous operating leases. For more information, see Note 18 Leases.

The Group assesses whether the contract is, or contains, a lease when the contract is entered into. The Group recognises a right-of-use asset with a corresponding lease liability for all leases where the Group is a lessee, except for low-value leases. For these leases, the Group recognises the lease payments as an expense on a straight-line basis over the lease term, unless another systematic method is more representative of when the economic benefits from the leased assets are consumed by the Group. The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the lessee's incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security. Lease payments included in the measurement of the lease liability comprise fixed payments less any incentives on signing the lease, variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date. The lease liability is recognised as a separate item in the consolidated statement of financial position. After the commencement date, the lease liability is measured on an ongoing basis. The Group remeasures the lease liability if the lease term has changed or there is a change in the assessment of exercise of an option to purchase the underlying asset or if the lease payments change due to changes in an index or rate or if there is a change in the amounts expected to be payable under a residual value guarantee. Rights-of-use assets comprise the amount of the initial measurement of the corresponding lease liability. They are subsequently measured at cost less accumulated depreciation and impairment. Depreciation starts at the commencement date of the lease and is recognised in property, plant and equipment. The Group applies IAS 36 to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

### 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 them as defined benefit schemes, they are recognised for as defined contribution schemes. 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. A party is related to a company if the party has an interest in the company that gives it significant influence or joint control over the company. This includes parent companies, subsidiaries and affiliated 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 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 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 receipts and payments during the period, and for any income and expenses associated with cash flows for investing or financing activities.

**NOTE 2 > SEGMENT REPORTING 2021**

By segment, SEKm	Dalarna	Gävle	Sundsvall	Äre/Östersund	Umeå	Skellefteå	Luleå	Group
Rental income	259	169	267	277	225	116	274	1,587
Service income								
Tariff-based services	46	21	36	52	29	19	34	237
Care and upkeep	20	14	21	34	19	8	24	139
Other income	1	0	0	1	1	0	1	4
Repair and maintenance	-13	-7	-9	-15	-10	-5	-10	-69
Tariff-based costs	-43	-20	-34	-51	-27	-18	-30	-222
Property tax	-14	-11	-17	-17	-17	-7	-22	-106
Other property costs	-31	-24	-32	-43	-31	-12	-36	-209
Property management	-13	-9	-9	-16	-9	-5	-11	-72
<b>Operating surplus</b>	<b>212</b>	<b>133</b>	<b>222</b>	<b>222</b>	<b>180</b>	<b>97</b>	<b>224</b>	<b>1,289</b>
<b>Undistributed items</b>								
Central administration	-	-	-	-	-	-	-	-75
Net financial items	-	-	-	-	-	-	-	-184
<b>Property management income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,030</b>
<b>Changes in value</b>								
Property, realised	3	3	10	-	-	-	-	16
Property, unrealised	272	141	294	405	211	286	181	1,790
Interest rate derivatives	-	-	-	-	-	-	-	36
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,872</b>
Current tax	-	-	-	-	-	-	-	-53
Deferred tax	-	-	-	-	-	-	-	-495
Profit attributable to non-controlling interests	-	-	-	-	-	-	-	-17
<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>2,306</b>
<b>Leasable area, sq.m</b>	<b>289,540</b>	<b>158,569</b>	<b>215,019</b>	<b>299,257</b>	<b>207,306</b>	<b>135,043</b>	<b>206,687</b>	<b>1,511,421</b>
<b>Rental value, SEKm</b>	<b>358</b>	<b>231</b>	<b>343</b>	<b>401</b>	<b>301</b>	<b>158</b>	<b>348</b>	<b>2,141</b>
<b>Economic occupancy rate, %</b>	<b>90</b>	<b>87</b>	<b>85</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>94</b>	<b>89</b>
<b>Surplus ratio, %</b>	<b>65</b>	<b>65</b>	<b>69</b>	<b>66</b>	<b>66</b>	<b>68</b>	<b>67</b>	<b>68</b>
<b>Change in property portfolio</b>								
Property portfolio, 1 January 2021	3,580	2,617	4,167	4,111	4,075	1,686	4,276	24,512
ACQUISITIONS	190	103	11	42	112	238	-	696
Investments in new builds, extensions and conversions	307	124	179	133	323	46	107	1,219
Sales	-48	-70	-106	-	-	-	-	-224
Unrealised changes in value	272	141	294	405	211	286	181	1,790
Property portfolio, 31 December 2021	4,301	2,916	4,545	4,690	4,721	2,256	4,563	27,993

**CONT. NOTE 2 > SEGMENT REPORTING 2020**

By segment, SEKm	Dalarna	Gävle	Sundsvall	Äre/Östersund	Umeå	Skellefteå	Luleå	Group
Rental income	249	166	238	267	210	113	272	1,513
Service income								
Tariff-based services	41	22	34	45	27	17	34	220
Care and upkeep	20	13	21	29	17	7	22	129
Other income	2	2	2	3	2	1	3	16
Repair and maintenance	-13	-7	-11	-14	-11	-5	-10	-70
Tariff-based costs	-38	-18	-33	-44	-25	-17	-29	-203
Property tax	-13	-11	-17	-17	-16	-7	-22	-103
Other property costs	-33	-24	-31	-39	-31	-11	-35	-205
Property management	-13	-9	-11	-15	-10	-5	-11	-76
<b>Operating surplus</b>	<b>201</b>	<b>133</b>	<b>192</b>	<b>215</b>	<b>162</b>	<b>92</b>	<b>223</b>	<b>1,219</b>
<b>Undistributed items</b>								
Central administration	-	-	-	-	-	-	-	-76
Net financial items	-	-	-	-	-	-	-	-185
<b>Property management income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>958</b>
<b>Changes in value</b>								
Property, realised	-	-	-4	-	-	-	-	-4
Property, unrealised	64	14	65	80	-18	36	-43	198
Interest rate derivatives	-	-	-	-	-	-	-	0
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,152</b>
Current tax	-	-	-	-	-	-	-	-75
Deferred tax	-	-	-	-	-	-	-	-164
Profit attributable to non-controlling interests	-	-	-	-	-	-	-	1
<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>914</b>
Leasable area, sq.m	277,782	160,604	202,945	291,478	200,829	116,016	205,440	1,455,094
Rental value, SEKm	344	228	341	380	285	146	346	2,070
Economic occupancy rate, %	90	88	86	89	89	94	95	89
Surplus ratio, %	65	66	66	63	64	67	68	66
<b>Change in property portfolio</b>								
Property portfolio, 1 January 2020	3,197	2,468	3,803	3,828	3,789	1,590	4,210	22,885
Acquisitions	-	-	-	-	-	38	-	38
Investments in new builds, extensions and conversions	320	135	424	203	305	23	109	1,518
Sales	-	-	-127	-	-	-	-	-127
Unrealised changes in value	64	-14	65	80	-18	36	-43	198
Property portfolio, 31 December 2019	3,581	2,617	4,165	4,111	4,076	1,687	4,275	24,512



**NOTE 3 > REVENUE**

Consolidated revenue (rental and service income) was SEK 1,967m (1,878), which represents an economic occupancy rate of 89 per cent (89). For comparable properties, contracted rental income increased by 1.8 per cent year on year. Rental income was affected by rent discounts of SEK -9m (-33) attributable to the government rent support scheme. Government support relating to rent discounts totalled SEK 4m (16) and is accounted for as other income. Revenue consists of the rental value less the value of vacant spaces during the year plus service income. Rental value refers to income received plus estimated market rent for unleased space. The rental value also includes additional charges that are passed on to the tenant, such as heating costs, property tax and indexation adjustments. We do not have a tenant who accounts for more than 10 per cent of the Group's income.

SEKm	2021	SEK/sq.m	2020	SEK/sq.m
GROUP				
Comparable properties	1,799		1,768	
Rent discounts <sup>1</sup>	-9		-34	
Project properties	69		75	
Completed projects	17		2	
Acquired properties	29		0	
Sold	5		23	
<b>Contracted income</b>	<b>1,909</b>	<b>1,260</b>	<b>1,834</b>	<b>1,260</b>
Other property management income	54		28	
Other income	4		16	
<b>REVENUE</b>	<b>1,967</b>		<b>1,878</b>	

<sup>1</sup>Discounts attributable to the government rent support scheme

Intra-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.

SEKm	2021	2020
PARENT COMPANY		
Intra-Group revenue	175	181
Other income	-	-
<b>Total</b>	<b>175</b>	<b>181</b>

**Lease maturities at 31 December 2021**

	Maturity year	Concluded contracts	Rented area, sq.m	Contract value, SEKm	Share of value, %
Commercial leases	2022	988	191,305	256	13
	2023	812	244,223	374	19
	2024	652	282,049	405	21
	2025	340	155,402	228	12
	2026+	244	285,339	457	24
<b>Total</b>		<b>3,036</b>	<b>1,158,318</b>	<b>1,720</b>	<b>89</b>
Residential leases		1,909	127,899	159	8
Other leases		2,740	-	57	3
<b>TOTAL</b>		<b>7,685</b>	<b>1,286,217</b>	<b>1,936</b>	<b>100</b>

**NOTE 4 > PROPERTY COSTS**

SEKm	2021	2020
GROUP		
Operating costs	-427	-405
Repair and maintenance costs	-72	-74
Property tax	-106	-104
Property management	-73	-76
<b>TOTAL</b>	<b>-678</b>	<b>-659</b>

Property costs amounted to SEK 678m (659), corresponding to SEK 448/sq.m (453). The costs comprise direct property costs for operation, maintenance, property taxes, etc. and indirect property costs in the form of leasing and property management. Overall property costs are in line with the previous year. Operating costs are higher, which is due to higher energy efficiency and an increase in snow- and ice-related costs compared with the previous year. Maintenance costs increased compared with the previous year.

Operating costs include electricity, heating, water, care and upkeep of properties, cleaning, insurance and property-specific marketing costs. Some of the operating costs are charged to the tenants as rent supplements. Operating costs amounted to SEK 427m (405), corresponding to SEK 282/sq.m (279). SEK 14m (17) of the operating costs is for work carried out on leased premises which is charged to lessees. This corresponds to SEK 9/sq.m (12).

Repair and maintenance costs comprise periodic and ongoing measures necessary to maintain the standards of the properties and their technical systems. Costs in 2021 amounted to SEK 72m (74) or SEK 48/sq.m (51).

Property tax is a state tax based on the assessed value of a property. A large proportion of the property tax is charged to the tenants and lessees. The tax rate in 2021 was 1 per cent (1) of the assessed value for office/retail space and 0.5 per cent (0.5) for warehouse/industrial space. Property tax for residential properties is calculated at SEK 1,459/apartment or 0.3 per cent of the assessed value for 2021, whichever is the lower. Property tax expenses amounted to SEK 106m (104), corresponding to SEK 70/sq.m (71).

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 2021 amounted to SEK 73m (76), corresponding to SEK 48/sq.m (52).

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

Average number of employees	2021	2020
	of whom men	of whom men
Parent company	159	172
Other companies	4	-
<b>GROUP TOTAL</b>	<b>163</b>	<b>176</b>

At year-end 2021, the Board in the parent company consisted of 6 members (6), of whom 2 were women (2). The number of senior executives in the parent company was 6 (6), of whom 3 were women (3). Other companies refer to our Pick-Pack-Post concept.

**Salaries, other remuneration and social security contributions**

	2021	2020
SEK '000	Salaries and benefits	Social security contributions
Parent company	98,765	31,774
(of which pension costs) <sup>1</sup>	(13,235)	(3,156)
Other companies	2,197	572
(of which pension costs)	(63)	(14)
<b>GROUP TOTAL</b>	<b>100,962</b>	<b>32,346</b>
(of which pension costs) <sup>2</sup>	(13,298)	(3,170)

<sup>1</sup> SEK 1,104,000 (1,054,000) of the parent company's pension costs relate to the CEO.

<sup>2</sup> SEK 1,104,000 (1,054,000) 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 2021, this provision came to SEK 3,169,000.

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

SEK '000	2021	2020
	Board and CEO	Other employees
Parent company	6,888	91,878
(of which bonuses, etc.)	-	-
Other companies	-	2,197
(of which bonuses, etc.)	-	-
<b>GROUP TOTAL</b>	<b>6,888</b>	<b>94,075</b>
(of which bonuses, etc.)	-	-

**Remuneration and other benefits in 2021**

SEK '000	Base salary/ Directors' fees	Other benefits	Pension expense	Other remuneration	Statutory soc. sec. contrib. Total and payroll tax
Chairman of the Board	320	-	-	-	320
Other Board members	858	-	-	-	858
Chief Executive Officer	4,178	427	1,104	-	5,709
Other senior executives	7,592	499	2,701	366	11,158
<b>TOTAL</b>	<b>12,948</b>	<b>926</b>	<b>3,805</b>	<b>366</b>	<b>18,046</b>

Social security contributions and payroll tax for other employees of the parent company totalled SEK 26,596,000 (26,941,000).

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

Remuneration and other benefits in 2020						
SEK '000	Base salary/ Directors' fees	Other benefits	Pension expense	Other remuneration	Total	Statutory soc. sec. contrib. and payroll tax
Chairman of the Board	300	-	-	-	300	31
Other Board members	770	-	-	-	770	79
Chief Executive Officer	3,908	407	1,054	-	5,369	1,611
Other senior executives	6,650	409	2,945	377	10,381	2,932
<b>TOTAL</b>	<b>11,628</b>	<b>816</b>	<b>3,999</b>	<b>377</b>	<b>16,820</b>	<b>4,653</b>

### REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration paid to the Board of Directors is decided at the Annual General Meeting. The 2021 AGM approved the payment of future Directors' fees of SEK 1,205,000. Of this amount, SEK 330,000 will be paid to the Chairman of the Board and SEK 175,000 to each of the other Directors. No other remuneration or benefits are paid to the Board of Directors. The amounts cover the period 1 May 2021 to 30 April 2022.

SEK '000	2021	2020
Bob Persson	320	300
Eva Nygren	172	165
Ragnhild Backman	172	165
Anders Nelson	172	165
Peter Strand	172	165
Tobias Lönnevall	172	110
<b>TOTAL</b>	<b>1,180</b>	<b>1,070</b>

### REMUNERATION OF SENIOR MANAGEMENT AND THE CEO

Senior management refers to the CEO and other members of the management team. The group other senior executives consisted of 5 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. For 2021, variable remuneration to senior management amounted to SEK 366,000 (377,000). There is no share-based payment. Variable remuneration is capped at one month's salary. For 2021, the company's CEO has received variable remuneration of SEK 0 (0). The CEO is entitled to a company car, accommodation provided by the company, 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.

## 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 totalled SEK 75m (76), corresponding to SEK 50/sq.m (52). Of these costs, SEK 32m (33) relates to employee benefits and SEK 4m (5) relates to the amortisation/depreciation of intangible assets and property, plant and equipment. Other items of SEK 39m (38) are costs for IT and consulting fees, among other things.

Auditors' fees and expenses		FOR THE GROUP		PARENT COMPANY	
SEK '000		2021	2020	2021	2020
<b>Deloitte</b>					
Audit services		1,985	1,693	1,985	1,693
Audit activities in addition to audit engagement		290	260	290	260
Fiscal advice		246	186	246	186
Other services		64	74	64	74
<b>TOTAL</b>		<b>2,585</b>	<b>2,213</b>	<b>2,585</b>	<b>2,213</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 allocated among the subsidiaries through management fees.

## NOTE 7 > FINANCIAL INCOME

SEKm	2021	2020
<b>FOR THE GROUP</b>		
Interest income, other	5	6
<b>TOTAL</b>	<b>5</b>	<b>6</b>
<b>PARENT COMPANY</b>		
Interest income, Group companies	401	367
Dividends from Group companies	100	100
Group contributions	79	61
<b>TOTAL</b>	<b>580</b>	<b>528</b>

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

## NOTE 8 > FINANCIAL COSTS

SEKm	2021	2020
<b>FOR THE GROUP</b>		
Interest expenses	-161	-170
Other financial costs	-28	-21
<b>TOTAL</b>	<b>-189</b>	<b>-191</b>
<b>PARENT COMPANY</b>		
Interest expenses, Group companies	-254	-241
Interest expenses	-47	-42
Other financial costs	-19	-13
Impairment of shares in Group companies	-	-4
Group contributions	-37	-3
<b>TOTAL</b>	<b>-357</b>	<b>-303</b>

Of the Group's interest expense, SEK 161m (170) is interest attributable to liabilities measured at amortised cost. The corresponding expense for the parent company is SEK 301m (283).

### INTEREST EXPENSE FOR 2021 INCLUDING WEIGHTED AVERAGE INTEREST

In 2021, average interest-bearing liabilities amounted to SEK 14,012m (12,697). The actual interest expense, including cost of unused credit facilities and outcome regarding financial instruments, amounted to SEK 166m (171), corresponding to an average annual interest rate of 1.2 per cent (1.4). During the year, unrealised changes in value for held derivative instruments totalled SEK 36m (0), which have been fully recognised in the income statement.

GROUP, SEKm	Amount	Annual expense	Weighted average interest rate, %
Interest-bearing liabilities	14,012	157	1.1
Undrawn credit facilities <sup>1</sup>	2,862	8	0.1
Financial instruments	4,625	1	0.0
<b>TOTAL</b>		<b>166</b>	<b>1.2</b>

<sup>1</sup> The cost of undrawn credit facilities affects the average annual interest rate by 0.08 percentage points.

## NOTE 9 > CHANGES IN PROPERTY VALUES

SEKm	2021	2020
<b>GROUP</b>		
Realised changes in value	16	-4
Unrealised changes in value	1,790	198
<b>TOTAL</b>	<b>1,806</b>	<b>194</b>

During the year, 7 properties (8) were sold, resulting in a total realised change in value of SEK 16m (-4). During the year, 14 properties (2) were acquired. A valuation of all properties was carried out at year-end in line with annual business plans and based on a 5–10-year cash flow model, but where the calculation period is normally 5 years, with a valuation of future earnings capacity and required rate of return for each individual property. See also Note 11. Diös' property portfolio is divided into a main portfolio and a subsidiary portfolio. The main portfolio comprises around 70 per cent



of the property value, or SEK 19,338m, and 131 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 within a three-year period. In addition to the regular inspections, physical visits are also made after major changes. Properties in the secondary portfolio are valued with the help of Savills. These valuations have resulted in unrealised changes in value of SEK 1,790m (198) to the properties' market values.

## NOTE 10 > TAX ON PROFIT FOR THE YEAR

Tax is reported in the income statement in two line items, current tax and deferred tax. Current tax and deferred tax have been calculated based on a nominal tax rate of 20.6 per cent (21.4).

Current tax is based on the taxable profit (loss) for the year, which is lower than the recognised profit. 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, and tax-free sales of properties. There were no remaining tax loss carry-forwards for the year.

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 allow properties to be recognised at fair value in the legal entity, meaning that changes in the value of properties only take place at Group level and thus do not affect taxation. Limitations on the deductibility of interest expenses meant in Diös' case that approximately SEK 10m (6) of the Group's interest expenses were not deductible for 2021. New rules for the year are also a temporary tax reduction for acquisitions of inventories during 2021, which has a positive impact on deferred tax by SEK 32m. Actual tax reduction and impact on the tax in question will only be received for the financial year ending in 2022. Tax on issue expenses was recognised over equity. As shown in the table below, the taxable profit for 2021 is lower than the accounting profit, which is due to Diös being able to utilise the above-mentioned tax depreciation and tax-deductible investments, while completed sales mainly occurred in the form of tax-free share transfers.

	FOR THE GROUP		PARENT COMPANY	
SEKm	2021	2020	2021	2020
Current tax	-53	-75	-2	-5
Deferred tax	-495	-164	-	-
<b>Total tax</b>	<b>-548</b>	<b>-239</b>	<b>-2</b>	<b>-5</b>

	2021	2021	2020	2020
GROUP, SEKm	Basis for current tax	Basis for deferred tax	Basis for current tax	Basis for deferred tax
Property management income	1,030		958	
Conversion projects	-172	172	-62	62
Tax-deductible depreciation	-267	267	-240	240
Other tax adjustments	-389	441	-321	288
<b>Taxable property management income</b>	<b>203</b>	<b>880</b>	<b>335</b>	<b>590</b>
Sale of properties	53	-105	16	8
Change in value, properties	0	1,790	0	198
Issue costs	0	0	0	0
<b>Taxable profit before tax losses</b>	<b>256</b>	<b>2,565</b>	<b>351</b>	<b>796</b>

Tax loss carry-forwards, opening balance	0	0	0	0
Tax loss carry-forwards, utilised	0	0	0	0
Deferred tax attributable to tax reductions for purchased equipment in 2021.	0	-157	0	0
<b>Taxable profit</b>	<b>256</b>	<b>2,408</b>	<b>351</b>	<b>796</b>
<b>Taxable profit</b>	<b>256</b>	<b>2,408</b>	<b>351</b>	<b>796</b>
Tax 20.6%/21.4%	-53	-495	-75	-164
<b>Tax for the period as per income statement</b>	<b>-53</b>	<b>-495</b>	<b>-75</b>	<b>-164</b>

Tax 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. The remaining tax loss carry-forwards are estimated at SEK 0 million (0). Total tax may differ from nominal tax in cases where non-taxable or non-deductible income or expenses have been recognised or as a result of other types of tax adjustments. Diös' reported tax is lower than the nominal tax. The effective tax rate on the property management income for the year is 21 per cent (21).

	GROUP		PARENT COMPANY	
SEKm	2021	2020	2021	2020
Pre-tax profit for the year	2,872	1,152	185	182
Tax at the applicable rate of 20.6%/21.4%	-592	-247	-38	-39
Tax related to changed tax rate	0	0	-	-
<i>Tax effect of adjustments:</i>				
Tax on tax reduction on equipment	32	0	0	0
Sale of properties	11	1	0	0
Other business	1	7	38	34
<b>TAX ON PROFIT FOR THE YEAR</b>	<b>-548</b>	<b>-239</b>	<b>-2</b>	<b>-5</b>

## NOTE 11 > INVESTMENT PROPERTIES

	FOR THE GROUP	
SEKm	2021	2020
<b>OPENING CARRYING AMOUNT</b>	<b>24,512</b>	<b>22,885</b>
Acquisitions	695	38
Investment in existing properties	1,219	1,518
Sales	-224	-127
Unrealised change in value	1,790	198
<b>CLOSING CARRYING AMOUNT</b>	<b>27,993</b>	<b>24,512</b>

The closing carrying amount is consistent with the value in accordance with the property valuation as at 31 December 2021.

Investments of SEK 1,219m (1,518) have been made in new construction, extensions and conversions. During the year, 14 properties were acquired (2) and 7 properties were sold (8). For information on pledged properties, see Note 27.



Markus Westman, Property Manager, and Jan Fredriksson, Technical Property Manager, Mora.



## CONT. NOTE 11 ► INVESTMENT PROPERTIES

### Major investments in progress, 31 December 2021<sup>1</sup>

PROPERTY	Business Unit	Category	Investment, SEKm	Invested during 2021, SEK million	Uninvested, SEKm	Completed
Intagan 1	Dalarna	Office	500.0	218.7	102.0	2022
Mimer 1	Dalarna	Other business	483.0	0.3	474.3	2022
Noten 3	Sundsvall	Other business	441.0	37.6	4.9	2022
Magne 5	Umeå	Other business	412.6	113.3	9.0	2023
Stigbygeln 2	Dalarna	Office	290.0	127.5	118.6	2022
Porsön 1:423	Luleå	Office	182.2	30.9	151.3	2023
Noten 3	Sundsvall	Residential	135.7	12.6	123.1	2023
Lyckan 6	Sundsvall	Office	108.5	51.3	15.5	2022
Falan 23	Dalarna	Office	51.6	11.9	1.4	2022
Aeolus 5	Sundsvall	Residential	47.9	7.9	40.0	2022
Kansliet 20	Dalarna	Office	41.8	1.4	0.6	2022
Sigrid 11	Dalarna	Office	28.5	2.9	0.7	2022
Väster 4:17	Gävle	Other business	27.1	25.5	1.6	2022
Månadsmötet 8	Äre-Östersund	Retail	26.5	15.8	2.2	2022
Sigrid 10	Dalarna	Office	23.3	13.8	6.4	2022
Norr 14:5	Gävle	Retail	22.8	8.5	14.3	2022
Project property Gustav III torg	Äre-Östersund	Project planning	21.0	1.9	7.2	2022
Loke 7	Skellefteå	Other business	19.5	0.1	0.9	2022
Vattenormen 8	Luleå	Office	19.4	9.5	9.9	2022
Läkaren 12,13,14	Äre-Östersund	Office	16.4	11.3	5.1	2022
Hjorten 5	Skellefteå	Office	13.4	3.3	10.1	2022
Sirius 25	Skellefteå	Office	8.2	7.2	0.9	2022
Magne 4	Umeå	Office	8.0	7.4	0.6	2022
Stranden 18:4	Dalarna	Retail	8.0	3.9	4.1	2022
Rudan 4	Äre-Östersund	Office	7.3	4.1	3.2	2022
Norr 11:4	Gävle	Residential	7.2	3.0	4.2	2022
Njord 28	Umeå	Office	6.9	3.5	3.4	2022
Njord 28	Umeå	Office	6.6	4.7	1.9	2022
Arken 1	Umeå	Office	6.6	5.5	1.1	2022
Stranden 18:4	Dalarna	Retail	6.5	1.4	5.1	2022
Frigga 7	Dalarna	Office	6.0	1.4	2.0	2022

<sup>1</sup> Initial investment volume in excess of SEK 6m.

### 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 the operating surplus, less the value of remaining investments for ongoing projects, and the present value of the estimated residual value. The residual value 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. 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- to ten-year cash flow model, generally 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 long-term 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 and property management. Development rights are taken up for valuation once a detailed development plan is approved and has gained legal force.

According to Pangea Research, the total transaction volume in 2021 was SEK 356 billion, which is an increase by 89 per cent compared with 2020. Of the total amount,

Norrland and Dalarna accounts for just over SEK 15 billion, which is a 6 per cent increase over 2020. Continued low interest rates coupled with low returns on alternative investments have continued to drive interest in property investments, which has resulted in historically low required rates of return in many sub-segments and geographic sub-markets.

During 2021, Sweden again proved to have a well-functioning and liquid transaction market. The property transactions that take place offer the property owners and valuers valuable information that improves and provides important guidance for determining the required rates of return used as a basis for 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 properties has been lowered by 0.29 percentage points (0.16). 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 portfolio

An estimation of the market value of all properties has been performed. The date of valuation is 31 December 2021. Under the valuation model, 131 properties 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 27,993m (24,512) and resulted in unrealised changes in value of SEK 1,790m (198) on the market values of the properties, an increase of 7.4 per cent (0.8). The market value of the properties includes development rights for around 97,000 sq.m with a value of SEK 96m (56), valued at SEK 1,010/sq.m. The table at right presents the breakdown of fair value by property category and business unit.

### The impact of climate-related risks on property values

The property portfolio is continuously adjusted and maintained to meet tenant requirements and ensure its physical status and useful life. All properties must have a development and maintenance plan that is updated when necessary and in case of major changes. This plan aims to ensure the long-term value of the property and to contribute effectively to the company's financial and sustainability goals. The plan is long term and is run with a business perspective. The management's assessment is that the impact of climate change on the property portfolio is managed continuously in the respective property development and maintenance plan and thus does not lead to increased investment needs. Furthermore, climate-related risks are not considered to have a negative impact on the properties' long-term value, as the assessed investment needs are already discounted in the latest completed property valuation. The company management also estimates that no properties are currently extremely exposed to climate change that can lead to significant negative changes in value or costs.

**CONT. NOTE 11 > INVESTMENT PROPERTIES**

Property value, SEK million 31 Dec 2021	Office	Retail	Residential	Industrial/warehouse	Other	Total
Dalarna	2,726	631	424	30	490	4,301
Gävle	1,564	673	266	89	324	2,916
Sundsvall	2,740	652	383	0	770	4,545
Äre/Östersund	2,503	981	912	152	142	4,690
Skellefteå	1,499	411	111	105	130	2,256
Umeå	3,229	648	195	39	610	4,721
Luleå	3,035	1,325	141	0	62	4,563
<b>TOTAL</b>	<b>17,296</b>	<b>5,321</b>	<b>2,433</b>	<b>415</b>	<b>2,528</b>	<b>27,993</b>

Property value, SEKm 31 Dec 2020	Office	Retail	Residential	Industrial/warehouse	Other	Total
Dalarna	1,666	1,180	385	31	319	3,581
Gävle	1,461	684	222	12	237	2,617
Sundsvall	2,398	815	233	5	715	4,165
Äre/Östersund	1,974	1,154	769	123	92	4,111
Skellefteå	1,096	398	83	0	109	1,687
Umeå	2,697	620	105	116	537	4,076
Luleå	2,436	1,672	130	37	0	4,275
<b>TOTAL</b>	<b>13,727</b>	<b>6,523</b>	<b>1,927</b>	<b>325</b>	<b>2,009</b>	<b>24,512</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 25,893–30,092m.

Sensitivity analysis, property category (SEK million)	Office		Retail		Residential		Industrial		Other business		Total	
Rental value, +/- SEK 50 per sq.m	616	-616	205	-205	186	-186	97	-97	147	-147	1,251	-1251
Operations & maintenance, +/- SEK 25 per sq.m	-323	323	-107	107	-93	93	-54	54	-78	78	-656	656
Yield +/- 0.5%	-1,234	1,494	-364	430	-372	491	-56	67	-309	372	-2,336	2,852
Cost of capital +/- 0.5%	-303	315	-92	95	-62	64	-14	15	-85	88	-556	576
Long-term vacancy rate, +/- 1%	-197	197	-71	71	-47	19	-13	13	-52	51	-361	352

	2021					2020				
Valuation assumptions	Office	Retail	Residential	Industrial/warehouse	Other	Office	Retail	Residential	Industrial/warehouse	Other
Rental value, SEK per sq.m	1,501	1,639	1,273	573	1,350	1,440	1,518	1,229	561	1,311
Operations & maintenance, SEK per sq.m	342	496	436	209	369	338	465	431	211	362
Yield for assessing residual value <sup>1</sup> . %	5.4	6.1	3.7	6.4	5.8	5.7	6.3	4.0	6.8	6.0
Cost of capital for discounting to present value, %	7.3	8.3	5.8	8.6	7.9	7.5	8.5	6.1	8.9	8.2
Long-term vacancy, %	4.8	4.5	0.5	10.2	4.4	5.0	4.3	0.6	10.6	4.3

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

The valuation model is based on a forecast period that ranges from five to ten years, but is generally five years, and a long-term inflation rate of 2 per cent.

**NOTE 12 > INTANGIBLE ASSETS**

	GROUP		PARENT COMPANY	
SEKm	2021	2020	2021	2020
Opening cost	4	4	4	4
<b>Closing cost</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Opening amortisation	-4	-4	-4	-4
Depreciation for the year	0	0	0	0
<b>Closing accumulated depreciation</b>	<b>-4</b>	<b>-4</b>	<b>-4</b>	<b>-4</b>
<b>CLOSING RESIDUAL VALUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**NOTE 13 > OTHER PROPERTY, PLAND AND EQUIPMENT**

	FOR THE GROUP		PARENT COMPANY	
SEKm	2021	2020	2021	2020
Opening cost	43	43	7	7
Acquisition for the year	4	-	0	-
Sales/disposals	-	-	-	-
<b>Closing cost</b>	<b>47</b>	<b>43</b>	<b>7</b>	<b>7</b>
Opening depreciation	-42	-41	-7	-7
Sales/disposals	-	-	-	-
Depreciation for the year	-4	-1	0	0
<b>Closing accumulated depreciation</b>	<b>-46</b>	<b>-42</b>	<b>-7</b>	<b>-7</b>
<b>CLOSING RESIDUAL VALUE</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>

**NOTE 14 > INTERESTS IN GROUP COMPANIES**

SEKm	2021	2020
<b>PARENT COMPANY</b>		
Accumulated cost	2,265	2,263
Impairment/reduction	0	-3
Purchases/sales	0	5
<b>CARRYING AMOUNT AT END OF PERIOD</b>	<b>2,265</b>	<b>2,265</b>

A specification of the parent company's directly owned subsidiaries is given below. The parent company has 11 subsidiaries (11). Other Group companies can be found in the annual reports of each subsidiary. The principle for consolidation of Group companies is presented in the accounting principles in Note 1.

## CONT. NOTE 14 INTERESTS IN GROUP COMPANIES

### SUBSIDIARIES

Name	CRN	Reg. office	Equity interest, %	Carrying amount, SEKm
Diös Fastigheter I AB	556544-4998	Östersund	100	16
Diös Fastigheter II AB	556610-9111	Östersund	100	160
Diös Fastigheter V AB	556571-9969	Östersund	100	0
Diös Fastigheter VI AB	556561-0861	Östersund	100	3
Diös Fastigheter Parkering AB	556589-8433	Östersund	100	2
Äre Centrum AB	556624-4678	Äre	72	88
Fastighets AB Uprum	556711-2619	Östersund	100	40
Diös Obligation Holding AB	556912-4471	Östersund	100	99
Plock Pack and Posttjänst i Sverige Holding AB	559000-9279	Östersund	100	3
Diös Old Bergsskolan AB	559041-8355	Östersund	100	934
Diös Struktur 1 AB	559067-1912	Östersund	100	920
<b>TOTAL CARRYING AMOUNT</b>				<b>2,265</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 voting rights of the company. During the financial year, earnings attributable to non-controlling interests were SEK -1m (-1). At 31 December 2021, the accumulated non-controlling interest in Äre Centrum AB was SEK 57m (57). Condensed financial information for Äre Centrum AB (the Group) is presented below.

SEKm	2021	2020
<b>Condensed income statement</b>		
Net revenue	49	44
Operating profit	18	15
Profit for the period	12	9
Comprehensive income for the period	12	9

SEKm	2021	2020
<b>Condensed balance sheet</b>		
Non-current assets	441	443
Current assets	4	7
<b>TOTAL ASSETS</b>	<b>445</b>	<b>450</b>

Non-current liabilities	222	215
Current liabilities	58	82
<b>TOTAL LIABILITIES</b>	<b>280</b>	<b>297</b>

Equity attributable to		
parent company shareholders	91	96
non-controlling interests	74	57
<b>TOTAL EQUITY</b>	<b>165</b>	<b>153</b>

## NOTE 15 > INTERESTS IN ASSOCIATES AND JOINT OPERATIONS

	GROUP		PARENT COMPANY	
SEKm	2021	2020	2021	2020
Opening cost	7	7	-	-
ACQUISITIONS	-	-	-	-
Reclassifications	-	-	-	-
SALES	-	-	-	-
<b>Closing cost</b>	<b>7</b>	<b>7</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>	<b>7</b>	<b>7</b>	<b>-</b>	<b>-</b>

Name/Company reg. no	Reg. office	Equity interest, %	Carrying amount
Fastighetsaktiebolaget Norkom, 556483-5337 <sup>1</sup>	Härjedalen	50.0	0.5
Idun Samfällighetsförening, 716415-4358 <sup>2</sup>	Skellefteå	25.0	6.5
<b>TOTAL</b>			<b>7</b>

<sup>1</sup> Diös' interest in Fastighetsaktiebolaget Norkom is owned indirectly through Diös Norrland AB.

<sup>2</sup> Diös' interest in Idun Samfällighetsförening is owned indirectly through Diös Skellefteå I AB and Diös Fastigheter Idun AB.

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

SEKm	2021	2020
<b>Group</b>		
<b>Income statement</b>		
Rental income	5	5
Operating surplus	3	2
Profit for the year	2	1
<b>balance sheet</b>		
Non-current assets	8	8
Current assets	11	9
<b>TOTAL ASSETS</b>	<b>19</b>	<b>17</b>
Equity	12	10
Non-current liabilities	4	5
Other liabilities	3	2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19</b>	<b>17</b>

### Joint operations

The Group has joint operations. Diös has significant joint operations in an associate company, Svensk FastighetsFinansiering AB, which was formed in 2015. The company is jointly owned by Catena AB, Diös Fastigheter AB, Fabège 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. The company is engaged in deposit-taking activities in the form of borrowing in

the capital market through the issuance of bonds (medium-term notes, MTN) and lending activities through the issuance of cash loans.

During the year, three variable-rate bonds were issued through Svensk FastighetsFinansiering AB (SFF), SEK 310m with a margin of 0.70 per cent with a maturity of 3 February 2023, SEK 284m with a margin of 0.70 per cent with a maturity of 31 May 2023 and SEK 196m with a margin of 1.00 per cent with a maturity of 1 September 2026. The effective interest rate for all outstanding bonds at 31 December 2021 was 0.73 per cent.

For joint operations, Diös accounts for its share of assets, liabilities, income and expenses, and its share of joint assets, liabilities, income and expenses on an item by item basis in the consolidated financial statements. Transactions and balances with joint operations have been eliminated in the consolidated financial statements.

### Summary of our share of earnings and financial position in joint operations

SEKm	2021	2020
<b>Income statement</b>		
Operating expenses	-1	-1
Net financial items	1	1
Taxes	0	0
<b>Profit for the year</b>	<b>0</b>	<b>0</b>
<b>balance sheet</b>		
Non-current assets	831	330
Current assets	393	522
<b>Total assets</b>	<b>1,224</b>	<b>852</b>
Equity	132	132
Long-term liabilities	790	300
Other liabilities	302	420
<b>Total equity and liabilities</b>	<b>1,224</b>	<b>852</b>





## NOTE 16 > OTHER NON-CURRENT ASSETS INVESTMENTS

	FOR THE GROUP		PARENT COMPANY	
SEKm	2021	2020	2021	2020
Opening cost	1	1	0	0
ACQUISITIONS	-	0	-	-
Impairment	-	-	-	-
Reclassifications	0	-	-	-
SALES	-	-	-	-
Closing cost	1	1	0	0
Carrying amount	1	1	0	0

Name/Company reg. no	Reg. office	Equity interest, %	Carrying amount
Destination Östersund AB, 556798-5592	Östersund	4.4	0
Offerdalsvind ekonomisk förening, 769606-0719	Krokom	16.2	1
Äre Destination AB, 556171-5961	Äre	2.4	0
<b>TOTAL</b>			<b>1</b>

## NOTE 17 > DEFERRED TAX ASSETS/TAX LIABILITY

SEKm	2021	2020
FOR THE GROUP		
Deferred tax liability relating to temporary differences in properties	-2,105	-1,592
Deferred tax liability relating to other items	-79	-97
<b>TOTAL DEFERRED TAX ASSETS/LIABILITIES</b>	<b>-2,184</b>	<b>-1,689</b>

The reported deferred tax liability was SEK -2,184m (-1,689) as at 31 December 2021. The value of any deferred tax asset/liability 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 0 million (0). At a 20.6 per cent tax rate, the deferred tax asset on tax loss carry-forwards was SEK 0m (0).

Recognised temporary differences, i.e. differences between the fair values and tax bases of the properties, were SEK 10,216m (7,728) less deferred tax relating to asset acquisitions of SEK 4,172m (3,811). Deferred tax is calculated at a rate of 20.6 per cent. The deferred tax liability has been calculated based on the tax rate applying at the time when the deferred tax liability is expected to be settled. The deferred tax liability for temporary differences was SEK 2,105m (1,592) at 31 December. In the financial statements, deferred tax assets have been offset against deferred tax liabilities. Other deferred taxes are reported at SEK 79m (97). Other deferred taxes are for the most part calculated on untaxed reserves, but this also includes a deferred tax asset attributable to the new tax rules on tax reductions for purchased inventories during 2021 with SEK 32m. The tax reduction will be received for the financial year ending in 2022.

## NOTE 18 > LEASES

The remaining lease commitments refer essentially to leases related to ground rent and vehicle leases. Ground rent is the annual payment an owner of a building that stands on municipally owned land makes to the local authority. The ground rent for these is currently defined as a real interest rate on the estimated market value of the land, which is paid to the local authority. Ground rent is paid over time and is generally renegotiated at 10 to 20 year intervals. At year-end 2021, Diös had 20 properties (20) for which the company was paying ground rent. Diös also has commitments under leases for vehicles. These leases have an average term of 3 years and are recognised at the value of the right-of-use asset at inception less depreciation and a finance charge.

### AMOUNTS RECOGNISED IN THE BALANCE SHEET

Right-of-use assets OB/CB by lease category

SEKm	Leaseholds	Cars	Other business	Total
1 January 2021	45	14	0	60
Acquisitions	0	3	-	3
Depreciation and amortisation	-	-4	-	-4
<b>Total</b>	<b>45</b>	<b>13</b>	<b>0</b>	<b>58</b>

### LEASE LIABILITY RECOGNISED IN THE BALANCE SHEET

SEKm	2021	2020
Current liability	4	5
Non-current liability	54	55
<b>Total</b>	<b>58</b>	<b>60</b>

### AMOUNTS RECOGNISED IN THE INCOME STATEMENT

SEKm	2021	2020
Depreciation of right-of-use assets	4	4
Interest expense for lease liabilities	4	4
Expenses related to short-term leases	0	0
Expenses related to low-value leases	2	2
Expenses related to variable lease payments	0	0

At 31 December, the Group had short-term lease commitments of SEK 1m (1).

### FUTURE LEASE PAYMENTS

SEKm	2021	2020
Year 1	4	4
Years 2-5	16	16
After more than 5 years	38	40
<b>Total</b>	<b>58</b>	<b>60</b>

## NOTE 19 > TRADE RECEIVABLES

SEKm	2021	2020
FOR THE GROUP		
<b>Age structure of trade receivables</b>		
Trade receivables not past due and trade receivables up to 30 days past due	29	18
Trade receivables 31-60 days past due	2	6
Trade receivables 61-90 days past due	1	4
Trade receivables more than 91 days past due	28	25
Reserve	-22	-20
<b>TOTAL</b>	<b>38</b>	<b>33</b>
<b>Reserve</b>		
Reserve at beginning of year	20	11
Reserves for the year	16	16
Reversal of reserves	-13	-2
Actual credit losses	-2	-5
<b>CLOSING BALANCE</b>	<b>22</b>	<b>20</b>



At the tenant RE Umeå.

## NOTE 20 > EQUITY

At 31 December 2021, Diös Fastigheter AB (publ) had a share capital of SEK 283,569,699. The total number of shares at year-end was 141,785,165 with a face value of SEK 2 per share. 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
1 December 2021	Issue of new shares	7,272,727	141,785,165	14,545,423	283,569,699	2.00
<b>31 DEC 2021</b>	<b>AT YEAR-END</b>		<b>141,785,165</b>		<b>283,569,699</b>	<b>2.00</b>

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 2021 financial year of SEK 3.52 (3.30) per share be paid out, split into four payments of SEK 0.88 each, representing a total payout of SEK 498m (442). The proposal means that 48.4 per cent (50.3) of consolidated earnings, excluding unrealised changes in value and deferred taxes, will be paid out to shareholders. The amount is recognised as a liability when the Annual General Meeting has decided on the dividend. The amount of the proposed dividend, SEK 497,529,989, may change if the number of repurchased shares changes before the record date for the dividend.

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

Retained earnings	SEK 2,723,922,156
Profit for the year	SEK 183,043,916
<b>Total</b>	<b>SEK 2,906,966,071</b>

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

Distributed to ordinary shareholders	SEK 497,529,989
Carried forward	SEK 2,409,436,082
<b>Total</b>	<b>SEK 2,906,966,071</b>

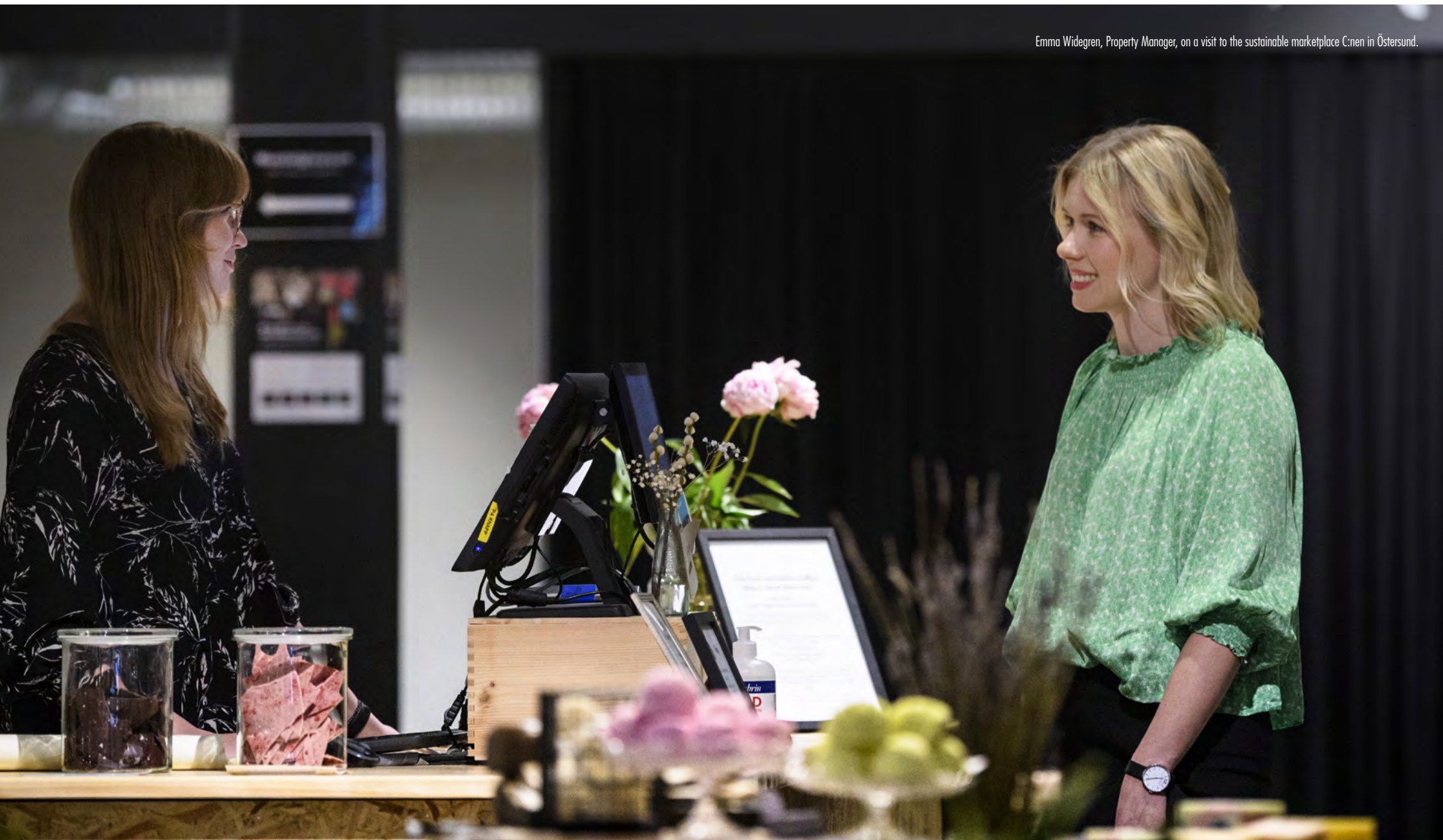
## NOTE 21 > UNTAXED RESERVES

SEKm	2021	2020
PARENT COMPANY		
Tax allocation reserve 2019	8	8
Tax allocation reserve 2020	8	8
<b>TOTAL</b>	<b>16</b>	<b>16</b>

## NOTE 22 > OTHER PROVISIONS

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

SEKm	FOR THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
At beginning of year	10	9	1	-
Provision for pensions	-1	1	-1	1
Change in tax	1	-	-	-
<b>CARRYING AMOUNT AT END OF PERIOD</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>1</b>



Emma Widegren, Property Manager, on a visit to the sustainable marketplace C:nen in Östersund.



## NOTE 23 > LIABILITIES TO CREDIT INSTITUTIONS

### Interest rate and debt maturity structure at 31 December 2021

Maturity, year	Interest rate and margin expiration		Loan maturity	
	Loan amount, SEKm	Average annual interest rate, %	Credit agreements, SEKm	Drawn, SEKm
2022	6,282	0.9	5,680	3,925
2023	6,104	1.1	6,220	5,918
2024	2,191	1.3	4,771	2,971
2025	-	-	-	-
>2026	196	0.9	1,960	1,960
<b>TOTAL</b>	<b>14,773</b>	<b>1.0</b>	<b>18,630</b>	<b>14,773</b>

FOR THE GROUP			PARENT COMPANY	
Interest-bearing liabilities, SEKm	2021	2020	2021	2020
Maturity date from the balance sheet date:				
< 1 year	3,925	3,026	1,405	1,153
1–2 years	5,918	4,705	1,903	2,250
2–3 years	2,971	2,868	2,117	-
3–4 years	-	887	-	-
> 4 year	1,960	1,764	-	-
TOTAL	14,773	13,249	5,425	3,403

	FOR THE GROUP		PARENT COMPANY	
Overdraft facility, SEKm	2021	2020	2021	2020
Credit limit granted	600	600	600	600
Undrawn	600	537	600	517
Drawn	0	63	0	83

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, loan-to-value and interest coverage ratios. The minimum equity 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. At year-end, the equity ratio was 40.2 per cent, the loan-to-value ratio amounted to 48.6 per cent, the secured loan-to-value ratio was 33.0 per cent and the interest coverage ratio was 6.4 times, meaning that all the limits were achieved.

### LIABILITIES TO CREDIT INSTITUTIONS

As a net borrower, Diös is exposed to financial risks, primarily interest rate risk, refinancing risk and credit risk. As at 31 December 2021, 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 26.

### 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 14,748m (13,249) with an average annual interest rate of 1.1 per cent (1.2), including loan commitments. The average fixed-rate term, including derivatives, was 0.9 years (1.1) and the average loan maturity 2.0 years (2.5). Of the Group's total interest-bearing liabilities, SEK 4,500m (4,750) is hedged through derivative instruments. The average remaining term is 2.3 years (2.5). Of the Group's outstanding loans, SEK 2,913m (2,105) is subject to fixed interest rates, of which SEK 2,613m (1,805) refers to commercial paper. The average annual interest rate, including costs related to derivative instruments, amounted to 1.1 per cent (1.2), including loan commitments.

If interest rates had been increased by 1 percentage point on 31 December 2021, the interest expense, excluding effects of derivatives, would have increased by SEK 119m annually. The effect of the derivative instruments would mean a reduction in interest expenses by SEK 45m on an annual basis. This would cause total interest expenses to increase by SEK 74m on an annual basis, including the effect of derivative instruments. If interest rates had been increased by 1 percentage point on 31 December 2021, the average interest rate would have risen by 0.5 percentage points and the value of derivative instruments would have increased by SEK 103m. Unrealised changes in the value of derivatives held amounted to SEK 36m (0) 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 un-

drawn credit facilities of SEK 3,855m, of which SEK 1,242m referred to undrawn loan commitments, as the outstanding volume of commercial paper is subtracted from the loan commitment, and an undrawn overdraft facility of SEK 600m. 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 the credit risk, the financial policy limits with which counterparties, and to 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 4,000 (13,000). The ten largest clients accounted for 16 per cent (17) of revenue.

Financial instruments measured at fair value		
SEKm	31 Dec 2021	Level 2
FOR THE GROUP		
Derivative instruments	38	38
<b>TOTAL</b>	<b>38</b>	<b>38</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 mainly 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 2021			31 Dec 2020		
	Asset	Liability	Net	Asset	Liability	Net
Interest rate derivatives	38	-	38	3	-	3
<b>Gross value derivatives</b>	<b>38</b>	<b>-</b>	<b>38</b>	<b>3</b>	<b>-</b>	<b>3</b>
Covered by netting	-	-	-	-	-	-
<b>NET VALUE DERIVATIVES</b>	<b>38</b>	<b>0</b>	<b>38</b>	<b>3</b>	<b>0</b>	<b>3</b>

**CONT. NOTE 23 LIABILITIES TO CREDIT INSTITUTIONS**

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

	Financial assets measured at amortised cost		Financial liabilities measured at fair value through profit or loss		Derivatives used in hedge accounting		Financial liabilities measured at amortised cost		Non-financial instruments	
SEKm	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>										
Rent receivables	38	33	-	-	-	-	-	-	-	-
Other receivables	123	94	-	-	-	-	-	-	-	-
Cash and bank balances	1,150		-	-	-	-	-	-		
Other business			-	-	-	-	-	-	62	176
<b>LIABILITIES</b>										
Interest rate derivatives			-38	-3	-	-		-		-
Non-current liabilities				-	-	-	14,386	13,198		-
Trade payables				-	-	-	81	96		-
Other liabilities				-	-	-	2,626	1,881		-
Other business				-	-	-		-	4	72
<b>TOTAL</b>	<b>1,311</b>	<b>127</b>	<b>-38</b>	<b>-3</b>	<b>0</b>	<b>0</b>	<b>17,093</b>	<b>15,175</b>	<b>66</b>	<b>248</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. Non-current interest-bearing liabilities are mainly short-term and the credit margin remains substantially unchanged. This means that amortised cost is essentially the same as fair value.

**Maturity analysis of financial assets**

	2021				2020			
SEKm	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	-	0	1	0	-	0	1	0
Trade receivables	-	38	-	-	-	33	-	-
Other receivables	-	184	33	-	-	146	123	-
Cash and cash equivalents	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>0</b>	<b>222</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>179</b>	<b>124</b>	<b>0</b>

**Maturity analysis of financial assets**

	2021				2020			
SEKm	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		0			-	12	-	-
Receivables from Group companies		0	1,188		-	12	852	-
Other receivables		43	14		-	9	13	-
Cash and cash equivalents					-	-	-	-
<b>TOTAL</b>	<b>0</b>	<b>43</b>	<b>1,202</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>865</b>	<b>0</b>

## CONT. NOTE 23 LIABILITIES TO CREDIT INSTITUTIONS

### Maturity analysis of financial liabilities

SEKm	2021				2020			
	0-1 month	1-3 months	3-12 months	1-3 years	0-1 month	1-3 months	3-12 months	1-3 years
FOR THE GROUP								
Trade payables		82			-	96	-	-
Repayment of debt		1,514	2,546	9,158	-	716	1,775	9,004
Interest expenses		41	123	329	-	40	120	320
Derivative instruments		1	2	7	-	0	1	0
<b>TOTAL</b>	<b>-</b>	<b>1,637</b>	<b>2,672</b>	<b>9,493</b>	<b>-</b>	<b>852</b>	<b>1,895</b>	<b>9,324</b>

### Maturity analysis of financial liabilities

SEKm	2021				2020			
	0-1 month	1-3 months	3-12 months	1-3 years	0-1 month	1-3 months	3-12 months	1-3 years
PARENT COMPANY								
Trade payables					-	1	-	-
Repayment of debt		232	1,173	4,020	-	403	780	2,550
Interest expenses		16	47	124	-	10	31	82
Derivative instruments		1	2	7	-	0	0	0
<b>TOTAL</b>	<b>-</b>	<b>248</b>	<b>1,222</b>	<b>4,150</b>	<b>-</b>	<b>414</b>	<b>811</b>	<b>2,633</b>

## NOTE 24 > ACCRUED EXPENSES AND DEFERRED INCOME

SEKm	FOR THE GROUP		PARENT COMPANY	
	2021	2020	2021	2020
Prepaid rents	331	320	-	-
Accrued interest expenses	5	5	2	3
Other items	177	165	27	25
<b>TOTAL</b>	<b>513</b>	<b>490</b>	<b>29</b>	<b>28</b>

## NOTE 25 > CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES

SEKm	Carrying amount		Changes not affecting cash flow			Carrying amount
	2020	Cash flow	Unrealised changes in value	Acquisitions	Reclassifications	2021
FOR THE GROUP						
Non-current liabilities to credit institutions	10,221	1,658	-	-	-2,811	9,068
Current portion of non-current liabilities	3,026	-134	-	-	2,788	5,680
Overdraft facilities	63	-63	-	-	-	-
Derivative instruments	-3	-	3	-	-	0
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>13,307</b>	<b>1,461</b>	<b>3</b>	<b>-</b>	<b>-23</b>	<b>14,748</b>

SEKm	Carrying amount		Changes not affecting cash flow		Carrying amount
	2020	Cash flow	Unrealised changes in value	Reclassifications	2021
PARENT COMPANY					
Non-current liabilities to Group companies	6,466	6	-	-	6,472
Non-current liabilities to credit institutions	2,248	2,031	-	-272	4,007
Current portion of non-current liabilities	1,153	-14	-	266	1,405
Overdraft facilities	83	-83	-	-	-
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>9,950</b>	<b>1,940</b>	<b>-</b>	<b>-6</b>	<b>11,884</b>



**NOTE 26 > 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 an equity ratio of at least 35 per cent and a loan-to-value ratio of 55 per cent or less. Diös has a covenant under our financial agreements that stipulates an interest coverage ratio of at least 1.8 times, an equity ratio of at least 25 per cent and a loan-to-value ratio of not more than 65 per cent. At 31 December 2021, the assets had a total value of SEK 29,437m (24,890). These were financed partly through equity of SEK 11,823m (9,148) and liabilities of SEK 17,614m (15,742), of which SEK 14,748m (13,249) 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	Goal	Outcome
Loan-to-value ratio	Capped at 65%	48.6%
Interest coverage ratio	At least 1.8 times	6.4 times
Currency risk	Not allowed	No exposure
Liquidity risk	Liquidity reserve to meet payment obligations	SEK 1,842m in undrawn committed credit facilities
Equity ratio	At least 25%	40.2%

The financial policy is independent of the financial targets, which may result in certain deviations. The Group's covenants are the equity ratio, loan-to-value ratio and interest coverage ratio. The minimum equity 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.

**NOTE 27 > PLEDGED ASSETS**

	FOR THE GROUP		PARENT COMPANY	
SEKm	2021	2020	2021	2020
Shares in subsidiaries	8,188	6,032	2,076	2,076
Floating charges	239	239	-	-
Property mortgages	14,081	13,659	-	-
Non-current receivables in Group companies	-	-	3,530	2,844
<b>TOTAL</b>	<b>22,508</b>	<b>19,930</b>	<b>4,920</b>	<b>4,473</b>

**NOTE 28 > CONTINGENT LIABILITIES**

	FOR THE GROUP		PARENT COMPANY	
SEKm	2021	2020	2021	2020
Guarantees to Group companies	-	-	9,349	9,846
Other contingencies	2	2	2	2
<b>TOTAL</b>	<b>2</b>	<b>2</b>	<b>9,351</b>	<b>9,848</b>

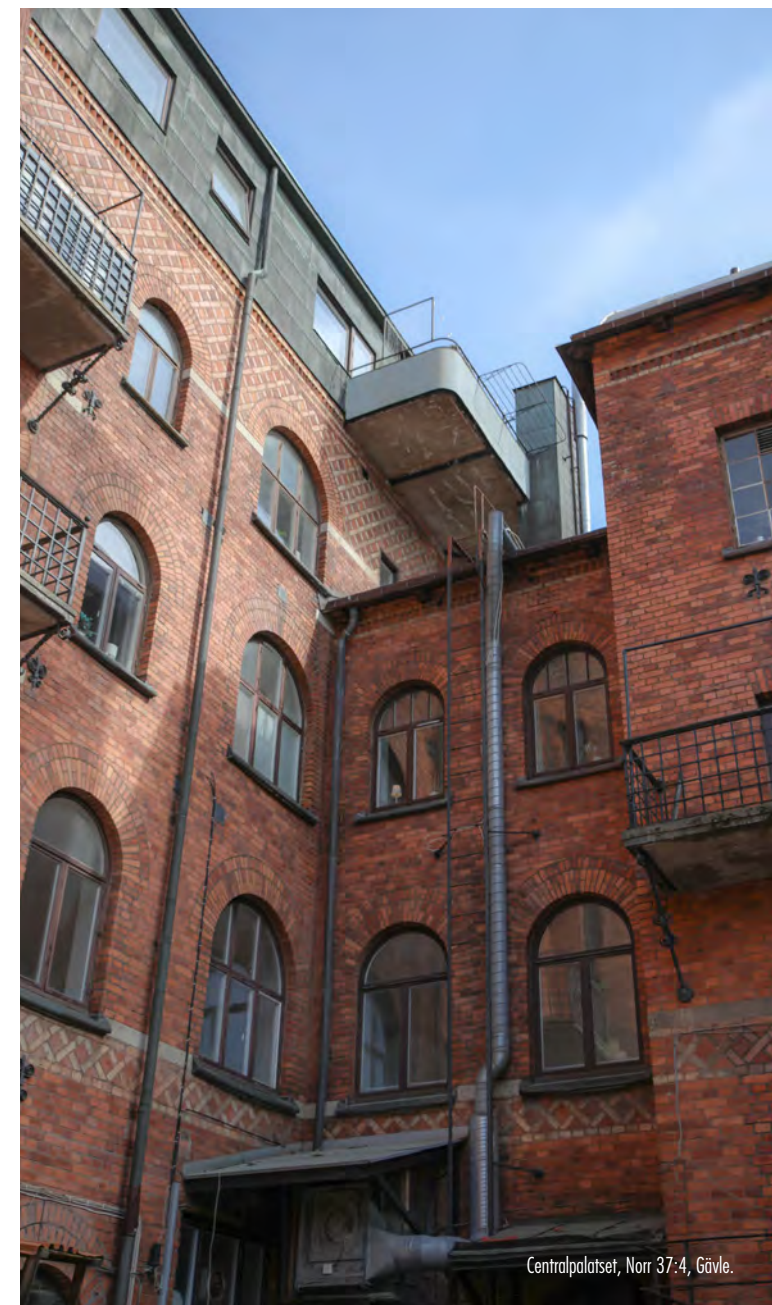
When borrowing is arranged directly against property ownership companies the parent company provides the guarantee.

**NOTE 29 > 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 2021. Transactions with the company's largest owner, AB Persson Invest, represented 1.0 per cent (1.0) of the company's purchasing costs for the year and pertain to car leasing. These transactions took place on market terms. Remuneration to the Board and senior executives is provided in Note 5.

**NOTE 30 > EVENTS AFTER THE END OF THE YEAR**

In January 2022, five properties were taken into possession in Skellefteå comprising approximately 40,000 sq.m. with an underlying property value of SEK 810m. At the beginning of February, two properties were acquired in Luleå comprising approximately 4,300 sq.m at an underlying property value of SEK 117.5m, completion occurred on 1 March.



Centralpalatset, Norr 37:4, Gävle.



# Other information



# Allocation of profit and dividend

## Dividend policy

Approximately 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 appropriation of retained earnings

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

Retained earnings	SEK 2,723,922,156
Profit for the year	SEK 183,043,916
<b>Total</b>	<b>SEK 2,906,966,071</b>

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

Distributed to ordinary shareholders	SEK 497,529,989
Carried forward	SEK 2,409,436,082
<b>Total</b>	<b>SEK 2,906,966,071</b>

As at 31 December 2021, the number of registered shares in Diös was 141,785,165. During March 2020, 441,418 shares were repurchased, so the outstanding shares at 31 December 2021 amounted to 141,343,747 shares.

## Proposed dividend

The Board of Directors proposes that the 2021 Annual General Meeting approve a dividend of SEK 3.52 per share, to be distributed in four separate payments of SEK 0.88 each. The total dividend amount may change up to and including the record date depending on pur-

chases and sales of treasury shares. The proposal would mean that 48.4 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 risks to a greater extent than what is normal in 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 that the proposed dividend will affect the company's ability to meet its short-term and long-term obligations or to make necessary investments. The proposed dividend constitutes 48.4 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 of Directors finds there is 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 credit lines. 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 of Directors has taken into account all other known circumstances that could have an impact on the financial position of the parent company and the Group and which have not been taken into account within the scope of the above considerations. In this respect, no circumstances have been found to indicate that the proposed distribution is not justified.

Östersund, 11 March 2022

The Board of Directors of Diös Fastigheter AB (publ)  
Company registration number 556501-1771



# Annual report signature

The Board of Directors and Chief Executive Officer of Diös Fastigheter AB (publ) hereby certify that the 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 financial statements give 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 annual financial statements give 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 Group, and describes significant risks and uncertainties faced by the companies in the Group. 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.

Östersund, 11 March 2022

Bob Persson  
*Chairman*

Eva Nygren  
*Board member*

Anders Nelson  
*Board member*

Ragnhild Backman  
*Board member*

Peter Strand  
*Board member*

Tobias Lönnevall  
*Board member*

Tomas Mellberg  
*Board member*  
*Employee representative*

Knut Rost  
*Chief Executive Officer*

Our auditor's report was submitted on 11 March 2022

Deloitte AB

Richard Peters  
*Authorised Public Accountant*



# Auditor's Report

To the General Meeting of Diös Fastigheter AB (publ)  
company registration number 556501-1771

## Statement on the Annual Report 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 2021, with the exception of the Corporate Governance Report on pages 61–70. The company's annual financial statements and consolidated financial statements can be found on pages 55–106 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 2021, 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 2021, 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. Our opinion does not cover the Corporate Governance Report on pages 61–70. 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/EU).

### 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 (Swedish GAAS). Our responsibility under these standards is described in greater detail in the section Auditor's responsibility. We are independent in relation to the parent company and Group in accordance with Swedish GAAS 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.

### Key audit matters

Key audit matters for the audit were the areas that, according to our professional assessment, were most important for the audit of the annual financial statements and consolidated financial statements for the relevant period. These areas were processed within the framework of our audit of and position on the annual financial statements and consolidated financial statements as a whole, but we make no separate opinions on these areas.

### Valuation of investment properties

Diös Fastigheter AB (publ) recognises its investment properties at fair value and the property portfolio was valued at SEK 27,993m as at 31 December 2021. The properties have been valued internally but a portion of the portfolio is also valued externally on a quarterly basis. The starting point for the valuation of each property consists of an individual assessment of future earning capacity and the market's required rate of return. The assessment is based on substantial estimates and assumptions that can significantly impact on the Group's earnings and financial position. For further information, please see the section

on property valuation on pages 76–77, the section on risks and risk management on pages 58–60, the Group's accounting policies on pages 86–89, and Note 11 Investment properties in the annual report.

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

- We have mapped the method and process for Diös' internal valuation practices.
- For a selection of properties, we have examined input data for income and calculations in the internal valuation model to assess completeness and accuracy.
- For a selection of properties, we have evaluated and assessed the material assumptions used in the valuation model.
- We have confirmed that appropriate accounting policies are being applied and the necessary disclosures are being made in the relevant notes accompanying the financial statements.

### Other information included in the annual report

The Board of Directors and the CEO are responsible for the other information. The other information consists of the remuneration report and pages 1–54, 112–135 in this document but does not include the annual accounts, consolidated financial statements and our auditor's report regarding these.

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 a material misstatement in the other

## Auditor's Report cont.

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 liquidate the company, discontinue operations or do not have a realistic alternative to either of these actions.

### 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 judgement 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 responsive 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.
- we 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.
- we conclude 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.
- we 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 statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

- we 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, measures implemented to eliminate threats or countermeasures implemented.

From the matters communicated with the Board, we determine those matters that were of most significance in 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 auditor's 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 2021 to 31 December 2021, 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.





## Auditor's Report cont.

### 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.

## Auditor's statement on the ESEF report

### Opinion

In addition to our audit of the annual accounts and the consolidated financial statements, we have also carried out an audit that the Board of Directors and the CEO have prepared the annual accounts and consolidated financial statements in a format that allows for uniform electronic reporting (the ESEF report) in accordance with Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528) for

Diös Fastigheter AB (publ) for the financial year 1 January 2021 to 31 December 2021.

Our review and our opinion relate only to the statutory requirement.

In our opinion, the ESEF report #Checksum has been drawn up in a format that essentially enables uniform electronic reporting.

### Basis for the opinion

Our conducted our review in accordance with FAR's recommendation RevR 18 Auditors' review of the ESEF report. Our responsibility in accordance with this recommendation is described in greater detail in the section Auditor's responsibilities. We are independent of Diös Fastigheter AB (publ) in accordance with Swedish GAAS and have otherwise fulfilled our ethical responsibilities under these standards.

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

### Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the CEO are responsible for the preparation of the ESEF report in accordance with Chapter 16, Section 4a of the Securities Market Act (2007:528), and for there being such internal control as the Board and the CEO deem necessary to draw up the ESEF report without material misstatement, whether due to fraud or error.

### Auditor's responsibilities

Our task is to express an opinion with reasonable assurance as to whether the ESEF report is prepared in a format that meets the requirements of Chapter 16, Section 4a of the Securities Market Act (2007:528), on the basis of our review.

RevR 18 requires us to plan and implement our review measures in order to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but is not a guarantee that a review conducted in accordance with RevR 18 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

## Auditor's Report cont.

economic decisions of users taken on the basis of the ESEF report.

The audit firm applies the International Standard on Quality Control (ISQC 1) Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and therefore has a broad system for quality control consisting of documented guidelines and procedures for compliance with professional ethical requirements, standards for professional conduct, and applicable requirements in laws, regulations and administrative provisions.

The review includes obtaining, through various measures, evidence that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual financial statements and consolidated financial statements. The auditor decides which procedures to use, by assessing the risks of material misstatement in the reporting, whether due to irregularities or errors. In making those risk assessments, the auditor considers the components of the internal control that are relevant to how the Board of Directors and the CEO prepare the underlying documentation in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal

control. The review also includes an evaluation of the effectiveness and reasonableness of the Board's and the CEO's assumptions.

The review measures mainly include a technical validation of the ESEF report, i.e., if the file containing the ESEF report complies with the technical specification set out in Commission Delegated Regulation (EU) 2019/815 and a reconciliation of the ESEF report with the audited annual and consolidated financial statements.

The review also includes an assessment of whether the ESEF report has been marked with iXBRL, which enables a fair and complete machine-readable version of the Group's income statement, balance sheet and equity statement and cash flow statement.

### Auditor's review of the Corporate Governance Report

The Board of Directors is responsible for the Corporate Governance Report on pages 61–70 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

Our review has been carried out in accordance with FAR's recommendation RevR 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.

A Corporate Governance Report has been prepared. Disclosures as per chapter 6, section 6, paragraph 2, points 2–6 of the Swedish Annual Accounts Act, and chapter 7, section 31, paragraph 2 of the same act are consistent with the other sections of the annual financial statements and consolidated financial statements and conform to the Swedish Annual Accounts Act.

Deloitte AB were appointed Diös Fastigheter AB's auditors by the Annual General Meeting on 13 April 2021 and have been the company's auditors since 30 May 2005.

Östersund, 11 March 2022

Deloitte AB

Richard Peters

Authorised Public Accountant

Tenant WSP in Gävle.



## Auditor's report on the review of Diös Fastigheter AB's Sustainability Report and opinion on the statutory Sustainability Report

Till Diös Fastigheter AB, CRN 556501-1771

### Introduction

We have been engaged by the Board of Directors of Diös Fastigheter AB to review Diös Fastigheter AB's Sustainability Report for the financial year 1 January 2021 to 31 December 2021. The company has defined the scope of the Sustainability Report on pages 112–128 and the statutory Sustainability Report is defined on page 128.

### Responsibilities of the Board of Directors and management

Responsibility for preparing a Sustainability Report including the statutory Sustainability Report in accordance with applicable criteria and the Swedish Annual Accounts Act rests with the Board of Directors and management. The criteria are defined on pages 112–128 of the Sustainability Report and comprise those sections of the framework for sustainability reporting published by GRI (Global Reporting Initiative) that apply to the Sustainability Report as well as the company's own reporting and calculation principles. This responsibility also includes such internal control as is deemed necessary for preparing a Sustainability Report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities

Our responsibility is to express a conclusion on the Sustainability Report based on our review and to express an opinion on the statutory Sustainability Report. Our engagement is limited to the historical information that is presented and thus does not cover prospective information.

We conducted our review in accordance with ISAE 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. A review consists of making inquiries, primarily with persons responsible for the preparation of the Sustainability Report, and applying analytical and other review procedures. We conducted our review of the statutory Sustainability Report in accordance with Recommendation RevR 12 The Auditor's Opinion on the Statutory Sustainability Report published by FAR, Sweden's professional institute for accountants. A review and an examination conducted in accordance with RevR 12 has a different focus and significantly narrower scope than a full audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards.

The audit firm applies the International Standard on Quality Control (ISQC 1) and therefore has a broad system for quality control consisting of documented guidelines and procedures for compliance with professional ethical requirements, standards for professional conduct, and applicable requirements in laws, regulations and administrative provisions. We are independent of Diös Fastigheter AB in accordance with Swedish GAAS and have otherwise fulfilled our ethical responsibilities under these standards.

The review procedures taken in a review and an examination in accordance with RevR 12 do not enable us to obtain a degree of certainty that would make us aware of all important circumstances that would have been identified if an audit had been performed. The conclusion expressed in a review and examination in accordance with RevR 12 therefore does not provide the same level of assurance as a conclusion based on an audit.

Our review of the Sustainability Report is based on the criteria selected by the Board of Directors and management, which are defined above. We consider these criteria to be appropriate for the preparation of the Sustainability Report,

and we believe the evidence we have obtained in the course of our review is sufficient and appropriate for the purpose of establishing a basis for issuing the following opinion.

### Opinion

Based on our review, we have not discovered any circumstances that would give us reason to believe that the Sustainability Report has not, in all material respects, been prepared in accordance with the above criteria indicated by the Board of Directors and management.

A statutory Sustainability Report has been prepared.

Östersund, 11 March 2022

Deloitte AB

Richard Peters

Authorised Public Accountant



# Sustainability Report





# Diös' Sustainability Report

**Diös' sustainability work is part of our everyday life; it is through our urban development strategy that our entire business will lead to better properties and more sustainable cities in the future.**

The Sustainability Report summarises the results of our operations based on our focus areas, the environment and climate, people and fair business practices. We describe our sustainability work, our overall climate target and how important this is for our business on pages 43–52. A summary of our prioritised business risks, including sustainability risks, can be found on pages 58–60. This is the in-depth sus-

tainability reporting that includes details on governance, measurement and follow-up of our sustainability work. This in-depth sustainability report also contains additional information that is requested in the various accounting frameworks that we follow.

Sustainability reporting covers the period 1 January to 31 December 2021, reporting is annual. The previous report was published in April 2021; the next report will be published in April 2023. The Sustainability Report is reviewed by an external party; see the auditor's report on page 111. The CEO has ultimate responsibility for the Sustainability Report and the Sustainability Director is responsible for its preparation.



## GRI

Since 2017, Diös has been reporting its sustainability work in accordance with GRI Standards, alternative Core, including some sector-specific indicators from previous GRI G4. The index can be found on pages 126–127.



## TCFD

In 2021, we are presenting our work on climate-related risks according to TCFD for the first time; this work is ongoing and will be complete for the next report.



## UN Global Compact

In the spring of 2017, Diös signed the UN Global Compact and we continue to support the initiative. In the spring of 2021, the latest Communication on Progress was submitted and is available on the Global Compact website.



## GRESB

Since 2018, we have reported our sustainability data to GRESB. GRESB is an investor-driven organisation that provides the financial sector with sustainability data and market comparisons for property and infrastructure companies.



## EPRA sBPR

We have been presenting sustainability data according to EPRA sBPR since 2017 in an appendix on our website.





# Environment and climate

**We want to manage and develop our properties in a way that takes into account the environment and climate. The property sector in Sweden accounts for around 20 per cent of the emissions and our challenges are primarily in energy, water and other resource use in operations and construction production.**

Our property portfolio is predominantly centrally located and we are developing our portfolio mainly through the conversion and expansion of existing properties or through the densification of the city on already hardened surfaces.

Through energy efficiency, the expansion of renewable energy production, active material and technology choices in the construction process and various re-use initiatives, we are reducing our negative impact and creating increased value for all.

Through environmental certification standards, we make demands on how our properties are to be built and managed and ensure the quality of our offering.

By creating cost-effective properties, with low risk and attractive offerings, we strengthen our business in the short and long term.

## Risks and opportunities

- › Climate adaptation
- › Attractive offering
- › Changed laws and regulations, taxes and other fees

Read more about how we manage our risks under the risk section on pages 58–60.

## Governance

Material aspects are Energy use, Water use, Waste, Carbon dioxide emissions and Environmental certification. The CEO, together with the Head of Sustainable Business, is ultimately responsible for sustainability issues. The Sustainability Manager has an operational responsibility to run and develop the sustainability work in the company together with other operations managers.

### Governing policies:

- › Sustainability policy
- › Environmental policy
- › Policy for Responsible Construction

### Surrounding world factors:

- › Agenda 2030 and the UN Sustainable Development Goals
- › UN Global Compact
- › National environmental legislation and targets

## Goal

### Halved

carbon dioxide emissions by 2030

### 55%

green assets by 2026

### 3%

energy savings annually





## ► Emissions

### 305-1, 2, 3, 4 and CRE 4 Direct GHG emissions (Scope 1)

TONNES OF CO <sub>2</sub> EQUIVALENTS	2021		2020	
	Tonnes	kg/sq.m	Tonnes	kg/sq.m
<b>Scope 1</b>				
- Company cars	6		33	
- Service vehicles	2		2	
<b>Total</b>	<b>8</b>		<b>35</b>	
<b>Scope 2</b>				
- Purchased energy (abs)	5,583	3.69	4,739	3.26
<b>Total</b>	<b>5,583</b>		<b>4,739</b>	
<b>Scope 3</b>				
- Travel via travel agency	9		7	
- Other travel	3		6	
- Private cars used for business	4		5	
<b>Total</b>	<b>16</b>		<b>18</b>	
<b>TOTAL</b>	<b>5,607</b>		<b>4,792</b>	

\* The figure for Scope 2 2020 is adjusted due to errors in last year's report.

### The year that was: Emissions

During the year, we adopted a climate target to cut our climate emissions in half by 2030 on the way to net zero by 2045. We also carried out a climate survey to understand our challenges and do the right activities moving forward. The climate mapping is based on calculations according to the GHG protocol and standard amounts for the areas in which we do not yet have access to data. The construction projects are an area where we need to learn more and create new routines to take into account the climate impact from the construction process. Find out more about our climate mapping on page 50. Emissions from energy, scope 2, increased this year. This is mainly due to the fact that 2021 was a much colder year than 2020, which means that we used more district heating and the absolute figures for emissions from energy are increasing. The statistics on carbon dioxide emissions are not adjusted in the same way as the statistics on energy use.

### Scope 1: Company cars and service vehicles

Emissions from company cars and service vehicles come from Volvofinans and are based on the vehicles' actual consumption and work-related mileage. Emissions from service vehicles refer to diesel heaters and refuelling of two heavy-duty vehicles. Our service vehicles are electrically powered.

### Scope 1: Refrigerant leakage

Refrigerant leakage from refrigerating machines in the properties probably accounts for a larger proportion of the emissions in Scope 1. We do not currently have any compiled statistics on this, but we are working to be able to produce these statistics during 2022 and to draw up a plan to cut these emissions in half by, for example, replacing refrigerant cooling with free cooling, district cooling or natural refrigerants.

### Scope 2: Purchased energy

Emissions for energy use comprise all energy purchased by Diös for its properties. The emission factors come from the energy suppliers and we use the Market based emissions method for emissions from electricity use. All energy covered by Diös' leases is included in the statistics. Electricity for which the tenants themselves have contracts is not included in the statistics.

### Scope 3: Travel via travel agency

The pandemic and travel restrictions led to a sharp decrease in all forms of travel. Emissions data for journeys booked through a travel agency is provided by the agency.

### Scope 3: Other travel

Some trips are not booked through our travel agency and are therefore not included in those figures. We have assumed that these trips are flights with SAS between Östersund and Stockholm Arlanda. The amount of emissions for a flight between Östersund and Stockholm according to the SAS emission calculator is 40.6 kg CO<sub>2</sub>. The number of trips is compiled by the travellers who made the bookings.

### Scope 3: Private cars used for business

Emissions from the use of private cars for work are based on mileage reported by the employees for journeys in 2021. It is assumed that the fuel used for all private cars is petrol and the distance travelled is multiplied by the emissions factor 2.86 kg of CO<sub>2</sub>e/l for petrol and the average fuel use for a mid-sized car, 0.058 l/km.

### Scope 3: Construction projects

We are currently unable to report emissions for our construction projects. During 2021, we carried out a mapping of our emissions within all scopes. During 2022, we will strengthen our competence in climate calculations of construction projects; we will also set a base level and specific targets for emissions from our construction projects.

### Scope 3: Waste

Our waste volumes are mainly generated in construction projects, both new production and conversions. We have started to collect data for waste volumes in our new production projects, data for this is presented in our EPRA report on the website. Within scope 3 there is also our tenants' waste; today we have no opportunity to compile waste statistics from different suppliers because they do not have a standardised way of structuring their data.

## > Energy and water

302-1 and CRE 1, 303-5 and CRE 2

TOTAL USAGE			2021			2020
	Absolute value (MWh)	Like-for-like (kWh/sq.m)	Non-fossil share (%)	Absolute value (MWh)	Like-for-like (kWh/sq.m)	Non-fossil share (%)
District heating	134,999	76.8	98	130,422	77.0	98
District cooling	3,790	11.2	96	3,928	14.2	93
Electricity	81,516	46.8	100	82,279	48.2	100
Own electricity generation	1,834		100	1,428		100
- Of which solar cells	1,159			632		
- Of which wind power	675			795		
Water	403	0.2		510*	0.4*	

\*Water use is measured as thousands of m<sup>3</sup> and m<sup>3</sup>/sq.m, respectively.

### The year that was: Energy

We have an annual energy efficiency target of 3 per cent in comparable properties. For 2021, we reported an energy saving of 1 per cent. Fewer energy projects as a result of the pandemic affected the rate of decline more than in the previous year as we still had results from projects that had been started before the pandemic. In electricity use, we reach the savings target of 3 per cent; for district heating, we reach the targets in three out of seven locations.

### General information

Currently, we are not able to report the amount of energy for which the cost is passed through to tenants. Absolute figures refer to all energy used in properties that were owned by Diös at some point during the year. Like-for-like data refers to properties that were owned by Diös' throughout 2020 and 2021. The area used is a tempered area, which is the area we consider to be most relevant for the comparison of energy figures.

## > Product liability

CRE 8 Certifications

ENVIRONMENTAL CERTIFICATIONS			2021		2020	
	Number	% of total area	Number	% of total area	Comments	
Sweden Green Building Council (Silver)	2	1	2	1		
BREEAM In-Use	42	21	38	19		
BREEAM-SE	2	2	0	0		
Nordic Swan Ecolabel	1	0	1	0		
Total	47	24	44	21		

Around 40 per cent of the BREEAM In-Use properties meet the criteria for Very Good. In the reporting for 2020, we indicated three ongoing BREEAM-SE certifications, two of which are now certified.

### District heating

All district heating data is adjusted to a normal year using degree days from Degreedays. Environmental data for district heating has been taken from Swedenergy's annual summary. As the environmental data for 2021 will be released only in the autumn, data from 2020 was used. For district heating, we have chosen to present the share of non-fossil energy production. The definition includes energy from renewable sources and waste heat from industry.

### District cooling

For district cooling, we have used the same environmental values as for district heating, as no other values are currently available.

### Electricity

All electricity is from renewable sources and comes with a certificate of origin.

### Water

In 2017–2019, water saving measures were implemented in all our apartments.

### The year that was: Environmental certification

At the end of the year, we had 47 properties with environmental certification under the Miljöbyggnad, Svanen, BREEAM-SE and BREEAM In-Use schemes. We have completed a further four certifications during the autumn of 2021, which will receive a certification now during Q1 2022. A total of 35 per cent of the market value is environmentally certified, and a total of approximately 16 per cent meet the certification requirement for our green financial framework. We continue to certify all new production and also to develop the certification work in the existing portfolio. BREEAM In-Use is a good way for us to create quality in the management work and to put tenant value in focus.



# People

**Our business model is based on creating value for the people in our cities. By developing properties, blocks and districts where people feel safe, want to work and live, we create a strong long-term business. In order to do this, we need to be relationship builders.**

We know that our relationships with tenants, suppliers and other actors in our cities are based on the fact that our employees are satisfied, which is why we offer, for example, fitness benefits, and support Diös IF, our employee-driven association for health promotion activities.

We believe in flexibility under responsibility, having trust in each other and creating strong teams that back each other up. At a time when many people worked at home, we reviewed the need for leadership support and work environment training and closely followed our employee surveys.

In the run-up to a spring without restrictions, we developed a guide for our managers and employees for our future work. We believe in the offices as attractive meeting places where our employees want to be to meet, develop and get energy from each other.

## Risks and opportunities

- > Commitment and efficiency
- > Health and safety
- > Brand and relationships

Read more about how we manage our risks under the risk section on pages 58–60.

## Governance

This focus area covers the following key aspects: Health and Safety, Education, Diversity and Equal Opportunities. The CEO, together with the Head of Sustainable Business, is ultimately responsible for sustainability issues. The Sustainability Manager has an operational responsibility to run and develop the sustainability work in the company together with other operations managers.

### Governing policies:

- > Sustainability policy
- > Code of Conduct
- > Equal treatment policy
- > Work environment policy

### Surrounding world factors:

- > Agenda 2030 and the UN Sustainable Development Goals
- > UN Global Compact
- > National work environment legislation
- > Collective bargaining agreement

## Targets & decisions

**eNPS > 40**

**Retained**

low sick leave

Zero tolerance for discrimination and harassment

**No work-related**

accidents



Kristina Grahn-Persson, Director of Sustainable Business.

## Responsibility & respect

We operate in a Swedish market where respect for human rights is considered a matter of course. According to the Swedish model, we have strong work environment legislation and a co-determination law that set requirements on us as a company. For us, collective agreements and freedom of association are givens and we add, for example, health insurance and health care benefits to protect our employees.

In order to protect the people in our cities, we are committed to supporting the 10 principles of the UN Global Compact and for Diös, it is a matter of course to always act to support and respect international human rights within our influence and to ensure that we are not involved in human rights violations.



## > GRI disclosures

102-8

ORGANISATIONAL PROFILE - EMPLOYEES		2021		2020	
	Number	Percentage of women	Number	Percentage of women	
Total number of employees	146	43	166	43	
Number of permanent employees	144	43	162	43	
- Of which full-time	140	40	156	40	
- Of which part-time	4	100	6	100	
Number of fixed-term employees	2	0	4	50	
<b>By business unit (permanent employees)</b>					
<b>Dalarna</b>	21	33	21	33	
- Of which full-time	20		20		
- Of which part-time	1		1		
<b>Gävle</b>	12	33	12	33	
- Of which full-time	12		12		
- Of which part-time	0		0		
<b>Östersund/Åre</b>	19	26	22	32	
- Of which full-time	19		22		
- Of which part-time	0		0		
<b>Luleå</b>	14	43	15	53	
- Of which full-time	14		15		
- Of which part-time	0		0		
<b>Skellefteå</b>	6	33	8	38	
- Of which full-time	6		8		
- Of which part-time	0		0		
<b>Umeå</b>	14	21	15	20	
- Of which full-time	14		15		
- Of which part-time	0		0		
<b>Sundsvall</b>	9	56	16	31	
- Of which full-time	9		16		
- Of which part-time	0		0		
<b>Head office</b>	49	59	53	60	
- Of which full-time	46		48		
- Of which part-time	3		5		

SICK LEAVE		2021		2020	
		%		%	
Sick leave (AR)		3.3		2.1	
- Women		3.0		2.6	
- Men		3.5		1.7	

## > Health and safety

### 403-1 Occupational health and safety management under the Work Environment Act

Diös takes a systematic approach to occupational health and safety management in accordance with the Swedish Work Environment Act and Regulation AFS 2001:1 of the Swedish Work Environment Authority. Under the Work Environment Act, we have a duty as an employer to plan, lead, control and investigate, risk assess, remedy and monitor our business in a way that promotes health and safety at work. Each manager is responsible for his or her employees' health and safety at work. Our health and safety policy and health and safety guide are useful tools in this work. It is important for us as an employer to be able to work together with our employees in promoting health and safety. We do this partly through our health and safety team, which consists of representatives from all business units, the head office and HR.

### 403-8 Workers covered

All Diös employees are covered by the activities under Section 403-1. External persons working on behalf of Diös or in our operations are also included in the work in item 403-1. Currently, we have no possibility to report statistics on how many external persons are covered.

### 403-9 Work-related injuries

No workplace injuries resulting in death or which had significant consequences for the injured person occurred in 2021. There were two accidents (2) during the year, which represents an injury rate of 1.6 (2.2) per 200,000 hours worked. There were also seven incidents (2) during the year, 5.7 per 200,000 hours worked. The injuries and incidents are of a minor nature, minor cuts, a joint injury and incidents are linked to employees exposed to infection at the workplace.

### 403-10 Work-related ill health

Currently, we do not report statistics on work-related illnesses.

### The year that was

We remain at a low level in terms of sick leave and we do not see any major changes as a result of the pandemic. Through internal guidelines, we have managed to create good conditions for working from home, enabled vaccination during working hours and managed to keep the spread of infection at a low level within the company.



## ➤ Education/training

### 404-1 Hours of training delivered

	2021		2020	
	Women (h/person)	Men (h/person)	Women (h/person)	Men (h/person)
Average hours of training	18.6	16.3	18.9	20.9
- White-collar (not broken down by sex)		18.1		24.6
- Blue-collar (not broken down by sex)		13.0		7.9

## ➤ Diversity and equal opportunities

### 405-1 Composition of the company

EMPLOYEES	2021		2020	
	Number	Percentage of women	Number	Percentage of women
Board of Directors <sup>1</sup>	6	33	6	33
- Of which under 30	0	0	0	0
- Of which 30–50	2	0	2	0
- Of which over 50	4	50	4	50
White-collar <sup>2</sup>	115	51	122	53
- Of which under 30	4	75	6	83
- Of which 30–50	85	55	89	55
- Of which over 50	26	35	27	41
Blue-collar <sup>2</sup>	29	7	40	10
- Of which under 30	4	25	5	20
- Of which 30–50	17	12	18	11
- Of which over 50	9	0	17	6
Total number of employees <sup>2</sup>	144	42	162	43

<sup>1</sup> AGM-appointed.

<sup>2</sup> Permanent employees.

### 404-1 Training and education

During 2021, our training efforts at Diös Academy included strengthened teams, self-leadership and message training for all employees.

### 404-3 Performance reviews

In 2021, 69 per cent of Diös' permanent employees (75) took part in performance and career development reviews. The statistics are based on the number of performance reviews registered in our HR system. Unfortunately, not all reviews are registered in the HR system, so the actual figure exceeds the number we are able to report.

### The year that was

During 2021, we managed to offer our employees training on the same scale as before the pandemic thanks to the digitalisation of Diös Academy. Through digital live education and that we have made available some of our educational material in our digital competence arena, we reach out faster and wider to all our employees.



David Nygren, Leasing Officer, and Malin Edfors, Property Manager, Umeå.

# Fair business practices

**For us, fair business practices are about the fact that trust in us is a prerequisite for being able to operate in a value-creating way. By being transparent in our reporting, we want to create confidence in our business and, together with good relationships, we can build a long-term reputation.**

Compliance with current laws and regulations is currently a minimum level and expectations from the rest of the world extend considerably further. At the same time, we see an incredibly fast development in laws, regulations, standards and frameworks in the area of sustainability and we are currently working hard to change, create effective routines to be able to live up to new prerequisites. The EU's Taxonomy and our new financing framework are a good example of how we think we benefit from having the courage to step into the future despite the fact that the prerequisites are not clear.

## Risks and opportunities

- Law and compliance
- Security and privacy
- Long-term trust and reputation

Read more about how we manage our risks under the risk section on pages 58–60.

## Governance

This focus area covers the following key aspects: Economic Development and Anti-corruption The CEO, together with the Head of Sustainable Business, is ultimately responsible for sustainability issues. The Sustainability Manager has an operational responsibility to run and develop the sustainability work in the company together with other operations managers.

### Governing policies:

- Sustainability policy
- Code of Conduct (CoC)
- Supplier code of conduct
- Anti-corruption policy

### Surrounding world factors:

- Agenda 2030 and the UN Sustainable Development Goals
- UN Global Compact
- National whistleblower legislation

## Targets & decisions

### Zero tolerance

for corruption

### Ethics & morals

All business should be characterised by high business standards and our Code of Conduct sets the minimum requirements for how the business is to be conducted. The Code has been prepared based on the UN Global Compact's ten principles on human rights, labour, environment and anti-corruption. The Code is introduced to new employees. For us, it is a given to as far as we can ensure our suppliers' handling of human rights and reduce the risk of a lack of compliance with the law or other violations. We do this through our Code of Conduct for Suppliers.

No reported cases of human rights violations were discovered in 2021.





## > Economic performance

### 201-1 Direct economic value

	2021		2020	
	SEKm	%	SEKm	%
Economic value added	2,212		2,025	
<b>Value distribution of revenue</b>				
- Employee salaries and benefits	131		131	6
- Interest and principal payments to our lenders	189		169	8
- Taxes to society: current tax, property tax and VAT	147		194	10
- Dividends to shareholders	498		442	22
- Purchases from suppliers	441		425	21
<b>Retained economic value for shareholders</b>	<b>807</b>		<b>664</b>	<b>33</b>

### 102-9 Supply chain

It is important for us that our suppliers and partners live up to the standard that is expected of us and the customer. Today, we have around 1,600 suppliers, with construction services accounting for the largest purchases. We work actively to strengthen our purchasing process and reduce the number of contracts in order to simplify quality assurance and reduce risks. Our Code of Conduct for Suppliers is attached to all supplier agreements, setting forth our expectations. During 2021, our technical property managers had monthly checks with all suppliers for technical management contracts to ensure that they meet our expectations.

## > Anti-corruption

### 205-2 Communication and training

Diös' anti-corruption policy applies to and has been communicated to all employees at a gathering and since then in connection with recruitment. The policy was adopted by senior management and presented to the Board.

We have a Code of Conduct for Suppliers that is enclosed with all contracts. The Code covers good business practice, free competition, corruption, bribery and money laundering.

No employees or suppliers took part in anti-corruption training programmes run by Diös in 2021; training efforts are planned for 2022.

### 205-3 Confirmed incidents

No concern reports or other reports were received during the year. Reports can be submitted through an external whistleblowing service that is available to internal and external stakeholders via our website.



Centralpalatset, Östersund.

# TCFD

**This section presents information according to the TCFD (Task Force for Climate-Related Financial Disclosures). This is the first time Diös reports how we work with climate-related risks and opportunities according to TCFD's recommendations.**

## Governance

The Board has overall responsibility for the company's risk management. The work of the Board of Directors is described in the Corporate Governance Report on pages 62–68. Regular monitoring takes place in order to establish operational targets to ensure that work on climate-related issues continues according to the climate targets and action plans. During 2021, the Board, together with Group management, held in-depth discussions on climate-related issues.

The CEO and senior management are responsible for ensuring that the Board's instructions are executed, and that procedures and processes exist and are complied with. The CEO and the Head of Sustainable Business are responsible for keeping the Board informed of the development. The Sustainability Manager has the operational responsibility to pursue climate issues, propose climate targets, monitor and report the outcome to Group management.

## Strategy

Diös' property portfolio is mostly existing properties built over different decades that we manage and develop in order for them to last a long time. Climate change means that we need to develop our properties through property management and project development according to the new conditions that a changed climate poses in the form of more extreme weather, floods and increased risk of moisture and mould damage. In addition, we need to adapt our operations to the changes that are taking place in the market and in society, increased expectations of our offering from our stakeholders, changed regulations and laws, increased prices for energy and materials, etc.

Today, we already have clear expectations of us both from investors and from our major tenants. An attractive offering contains parameters that reduce climate impact, take into account a changing climate and create value for tenants and, by extension, our cities.

Transition risks related to the transition to a low-carbon economy are both about meeting the market's expectations and about more complex requirements in property management and development. Reducing emissions in the value chain requires investments, more regulations and increased demands for follow-up and transparent reporting will require more resources.

Climate change poses a risk of damage to property caused by changing weather conditions that physically affect the properties. This could increase the need for investments in exposed properties or areas. The risk of climate change and awareness of this risk increases the risk of new regulations or laws that could affect the company through unforeseen costs, taxes or demands for investments to meet more stringent requirements.

One possibility in the transition that needs to take place is that by being early and creating an attractive offering, we can gain competitive advantages. In such work where we create clarity about our values, we can also engage employees and build a brand in the future.

We are a company inclined to change and are good at adapting to new conditions at the same time that we have a short distance from decision to action.

We see today a great opportunity to move our properties so that, through our management and development, they become more "green". This means that they will be more efficient in terms of energy, that they will be a more value-creating for both people and the environment, and that we will develop our work to make them more resilient to climate change. We are convinced that this goes hand in hand with creating an even more attractive offering to our tenants.

Through our market-leading role, we have a great opportunity to work with resource efficiency, through new business models with more collaborative use of e.g. surfaces and more re-use initiatives. Through our large network, we also have the opportunity, where we find good solutions or good models, to easily get a broad spread both

internally and externally together with our local teams and our close relationships with tenants and municipalities or other partners.

During 2022, we will carry out an overall risk assessment based on a scenario analysis. We will also carry out city-specific risk analyses to identify particularly vulnerable properties, identify the risks and create action plans.

## Risk management

Identification of sustainability risks is an extension of our ordinary risk management work where we assess the likelihood and impact of a wide range of risks. At the moment, climate risks require a specific analysis in order for us to be able to develop a well-thought-out risk management strategy. Climate adaptation and Scope 3 are the two biggest challenges that we are discussing in the industry in general. We have started a broader risk analysis effort, which in 2022 will involve concrete scenario analyses and action proposals for all our cities. This will involve the management organisation to create understanding and support to create the best conditions for the implementation of new ways of working and routines.

## Targets and metrics

Diös' long-term climate target is to cut our carbon dioxide emissions in half by 2030 on the way to net zero by 2045. We also have underlying targets to reach 55 per cent green assets by 2026 and to reduce energy use in comparable portfolios by 3 per cent annually. Targets and target follow-up are described in the sections Environment and Climate on pages 44 and 114. Emissions divided by Scope 1, 2 and 3 are presented on page 115. During 2020, we carried out a climate survey for all emissions within the company; during 2021, this survey was reviewed and improved. The climate survey shows that we have good control over Scope 1 and 2 and that we have made significant emission reductions or are about to make significant reductions in the future. Within scope 3, which is emissions in the value chain mainly from construction projects, we still have major challenges in terms of both data collection and measurement of emissions and reducing emissions.



## Recommended information according to TCFD

### Governance

- |  | Page |
|--|------|
| a. Describe the Board's supervision of climate-related risks and opportunities       | 122  |
| b. Describe the role of management in assessing and managing risks and opportunities | 122  |

### Strategy

- |   |     |
|---|-----|
| a. Describe the climate-related risks and opportunities that the organisation has identified in the short, medium and long term.                      | 122 |
| b. Describe the effects of climate-related risks and opportunities on the organisation's operations, strategy and financial planning.                 | 122 |
| c. Describe the resilience of the organisation's strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario | 122 |

### Risk management

- |   |     |
|---|-----|
| a. Describe the organisation's processes for identifying and assessing climate-related risks.   | 122 |
| b. Describe the organisation's processes for managing climate-related risks.  | 122 |
| c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management. | 122 |

### Targets and metrics

- |  |          |
|--|----------|
| a. State the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | 122      |
| b. Indicate Scope 1, Scope 2 and, if relevant, Scope 3 greenhouse gas emissions (GHG) and related risks.   | 115, 122 |
| a. Describe the targets used by the organisation to manage climate-related risks and opportunities and how well you have achieved these targets.       | 122      |

Therese Borssén, Project Manager, at the tenant Ykesakademien in Falun.



Joel Sjönnéby, Property Technician in Borlänge.



# Stakeholder dialogue

Diös conducts ongoing dialogues with stakeholders who in different ways are affected by or affect the business. The results of the dialogues as well as a more comprehensive materiality analysis have resulted in a priority order that continues to be deemed relevant and material. Stakeholders' expectations together with the external monitoring we do and current priorities guide the development of Diös' sustainability work.

## > Stakeholder dialogue

STAKEHOLDERS	EXAMPLES OF THE STAKEHOLDERS' EXPECTATIONS	EXAMPLES OF DIALOGUE AND ACTIVITY IN 2021
<b>Employees</b>	<ul style="list-style-type: none"> <li>Opportunities for skills and career development</li> <li>Health benefits</li> <li>Smart use of resources</li> </ul>	<ul style="list-style-type: none"> <li>Performance reviews</li> <li>Workshop for strengthened teams</li> <li>Monthly employee surveys</li> <li>Fitness allowance</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Providing stable and long-term total yield</li> <li>Smart use of resources</li> <li>Contributing to sustainable enterprise</li> </ul>	<ul style="list-style-type: none"> <li>Financial statements and presentations</li> <li>Energy efficiency projects</li> <li>Stable and long-term total yield</li> </ul>
<b>Tenants</b>	<ul style="list-style-type: none"> <li>Providing secure properties</li> <li>Smart use of resources</li> <li>Conducting an ethical business</li> </ul>	<ul style="list-style-type: none"> <li>Inspections and ongoing monitoring</li> <li>Annual tenant meetings</li> <li>Energy and development projects in the properties</li> </ul>
<b>Lenders and investors</b>	<ul style="list-style-type: none"> <li>Securing financial returns</li> <li>Conducting activities with financial stability</li> </ul>	<ul style="list-style-type: none"> <li>Financial statements and presentations</li> <li>Updated green financial framework</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>Conducting sustainable urban development</li> <li>Minimising environmental and climate impacts</li> <li>Providing and contributing to employment in society</li> </ul>	<ul style="list-style-type: none"> <li>Conversion of vacant premises</li> <li>Creating flexibility for existing tenants</li> <li>Environmental certification of properties</li> <li>Traineeships and collaboration with schools and universities</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Efficient use of resources</li> <li>Conducting an ethical business</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Code of Conduct</li> <li>Development of procurement requirements</li> <li>Update of framework agreement templates</li> </ul>



## Materiality analysis

Diös' materiality analysis follows the guidelines for the Global Reporting Initiative's Standards (GRI). Despite the second year of the pandemic and impact on individuals and society, Diös' priorities and impact have not changed. Identified areas according to GRI are the same as in the previous year. Below, we present our material sustainability issues based on a balanced grading of relevance to stakeholders and Diös' impact.

HIGHER

Relevance for stakeholders

HIGH

- Increase diversity and gender equality
- Improve the efficiency of water use

- Reduce climate change risks
- Improve the efficiency of energy use
- Create safe spaces in the cities
- Effective waste management and recycling

- Help build a healthy society
- Long-term financial performance and governance

- Reduce the climate impact
- Be an attractive employer
- Improving the environmental performance of our properties

Diös' impact on sustainable development

# GRI index

The GRI index contains references to those pages in the annual report and Sustainability Report where information about the various GRI disclosures is presented. The GRI disclosures' publication year is 2016, except for GRI 303 and 403, which were published in 2018.



## > General standard disclosures

GRI STANDARD	PAGE	COMMENTS
<b>ORGANISATIONAL PROFILE</b>		
102-1 Name	55	
102-2 Type of business	55	
102-3 Location of headquarters	135	Back cover
102-4 Active in which countries	55	
102-5 Nature of ownership	55-57	
102-6 Market	18-22, 55	
102-7 Size	55-57, 62, 118	
102-8 Employees	118	
102-9 Supply chain	121	
102-10 Changes to the organisation and its supply chain	55-57	
102-11 Precautionary principle	58-60, 74	
102-12 External declarations and principles	113	
102-13 Memberships	113, 126	Member of the Sweden Green Building Council and GRESB
<b>STRATEGY</b>		
102-14 Chief Executive's review	6-7	
<b>ETHICS AND INTEGRITY</b>		
102-16 Values, principles, standards and norms of behaviour	117	
<b>GOVERNANCE</b>		
102-18 Governance structure	62-70	
102-22 Composition of the highest governance body	70, 119	For ethical reasons, we only present a breakdown by sex and age.
102-24 Nominating and selecting the highest governance body	62-64	
102-25 Conflicts of interest	63, 67-68	

GRI STANDARD	PAGE	COMMENTS
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40 List of stakeholder groups	124	
102-41 Collective bargaining agreement	117, 126	All employees except the CEO are covered by collective bargaining agreements
102-42 Identifying and selecting stakeholders	124	
102-43 Approach to stakeholder engagement	124	
102-44 Key topics and concerns raised	124	
102-45 Entities in the organisation	56	
<b>REPORTING PRACTICE</b>		
102-46 Report content and topic boundaries	113	
102-47 Material aspects	127	
102-48 Effects and reasons for revisions	113	
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102-52 Reporting cycle	113	
102-53 Contact information	135	
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For key figures related to sustainability reporting in accordance with EPRA, see the annex at dios.se.





## ➤ Material disclosures

GRI STANDARD		PAGE	COMMENTS
<b>ECONOMIC DEVELOPMENT</b>			
201-1	Direct economic value	121	
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<b>ANTI-CORRUPTION</b>			
205-2	Communication and training	120	
205-3	Confirmed incidents	120	
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<b>ENERGY</b>			
302-1	ENERGY	116	
CRE 1	Energy intensity	116	
103-1, 2, 3	Governance	111, 113	
<b>WATER</b>			
303-5	Water consumption	116	
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<b>EMISSIONS</b>			
305-1	Direct (Scope 1) GHG emissions	115	
305-2	Energy indirect (Scope 2) GHG emissions	115	
305-3	Other indirect (Scope 3) GHG emissions	115	
305-4	Emissions intensity, buildings	115	
CRE 4	Emissions intensity, new build and conversion projects	115	
103-1, 2, 3	Governance	111, 113	

GRI STANDARD		PAGE	COMMENTS
<b>HEALTH AND SAFETY</b>			
403-1	Management system for health and safety	118	
403-8	Workers covered by an occupational health and safety management system	118	
403-9	Work-related injuries	118	
403-10	Work-related ill health	118	
103-1, 2, 3	Governance	113, 117	
<b>TRAINING AND EDUCATION</b>			
404-1	Hours of training delivered	119	
404-3	Performance review	119	
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<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
405-1	Composition of the company	118, 119	
103-1, 2, 3	Governance	113, 117	
<b>PRODUCT LIABILITY</b>			
CRE 8	Certifications	116	
103-1, 2, 3	Governance	113, 114	

## > Sustainability Report pursuant to the Annual Accounts Act

The table below shows references to the Sustainability Report that has been prepared in accordance with the Swedish Annual Accounts Act.

	ENVIRONMENT	EMPLOYEES	SOCIAL CONDITIONS	HUMAN RIGHTS	ANTI-CORRUPTION
<b>BUSINESS MODEL</b>	10 Business model, 43 Investments for the future, 44 Environment and climate, 113 Diös Sustainability Report, 114 Environment and Climate	10 Business model, 43 Investments for the future, 46 People, 113 Diös Sustainability Report, 117 People	10 Business model, 43 Investments for the future, 46 People, 113 Diös Sustainability Report, 117 People	10 Business model, 43 Investments for the future, 48 Fair business practices, 113 Diös Sustainability Report, 117 People, 120 Fair business practices	10 Business model, 43 Investments for the future, 48 Fair business practices, 113 Diös Sustainability Report, 120 Fair business practices
<b>POLICY AND POLICY OUTCOMES</b>	114 Environment and climate, Governance	117 People, Governance	117 People, Governance	117 People, Governance 120 Fair business practices, Governance	120 Fair business practices, Governance
<b>SIGNIFICANT RISKS AND HOW THEY ARE MANAGED</b>	114 Environment and climate, Risks and opportunities	117, People, Risks and opportunities	117, People, Risks and opportunities	117, People, Risks and opportunities 120, Fair business practices, Risks and opportunities	120, Fair business practices, Risks and opportunities
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This Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act and the Global Reporting Initiative (GRI) Standards: Core.

## > Taxonomy reporting

For the 2021 financial year, it is the first time that Diös presents data that is consistent with the EU taxonomy. Presentation is done through a simplified table where an estimate has been made of the proportion of income, capital expenditure and operating costs arising from environmentally sustainable economic activities.

According to our assessment, Diös' entire business is exposed to the EU taxonomy, and the established environmental objective of limiting climate impact, "climate mitigation". We see that we can contribute to the climate transition in society through, among other things, energy efficiency in our properties and purchasing renewable energy, but also promoting a low climate footprint in connection with new construction and renovations.

Diös has assessed that our primary economic activities constitute the acquisition and ownership of properties "7.7 Acquisition and ownership of buildings". For 2021, we choose to report the combined data for all activities.

For the 2022 financial year, current assumptions and interpretations may be adjusted and reporting extended.

ACTIVITY 7.7	TOTAL 2021 (SEK MILLION)	PERCENTAGE COVERED (%)	PERCENTAGE NOT COVERED (%)
Sales	1,647	100%	0%
Operating expenditure (OPEX)	169	100%	0%
Capital expenditure (Capex)	1,219	100%	0%

Key performance indicators are presented in Note 2 on page 89.

### Interpreting KPIs:

- > **Revenues/Sales:** We assess that rental income excluding deferred property tax and service income related to property management are included in this key figure.
- > **Capex/Capital expenditure:** We assess that capitalised expenses that increase the value of our properties including redevelopment, new construction and acquisitions and additional rights of use during 2021 are included in this key figure.
- > **Opex/Operating expenditure:** We assess that all ongoing costs related to internal and external property management and repair and maintenance, in order to maintain the value of our properties, are included in this key figure.

# Key ratios



Rolf Larsson, CFO



# Financial key ratios

The company presents certain financial measures in the annual report that have not been defined in accordance with IFRS. We consider that these measures provide valuable additional information for investors, analysts and the company's management, as they enable the evaluation of relevant trends and the company's performance. As not all companies calculate financial measures in the same way, these are not always comparable with the measures used by other companies. These financial measures should

	2021 12 mos Jan-Dec	2020 12 mths Jan-Dec
Number of outstanding shares at end of year, thousands ( <i>balance sheet key ratios</i> )	141,344	134,071
Average number of shares, thousands ( <i>income statement key ratios</i> )	134,669	134,166

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

## OPERATING RESULTS

The operations are governed based partly on the objective of generating capital growth by increasing the surplus ratio and thereby the cash flow from operating activities, i.e. increased income from property management. We also report the alternative performance indicators property management income and EPRA earnings, 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.

	2021 12 mos Jan-Dec	2020 12 mos. Jan-Dec
<b>Property management income</b>		
Profit before tax	2,872	1,152
Reversal		
Change in value, properties	-1,806	-194
Change in value, derivatives	-36	0
<b>Property management income</b>	<b>1,030</b>	<b>958</b>
<b>EPRA earnings (property management income after tax)</b>		
Property management income	1,030	958
Reversal, current tax property management income	-42	-29
Minority share of earnings	-17	1
<b>EPRA earnings</b>	<b>971</b>	<b>930</b>
<b>EPRA earnings per share, SEK</b>	<b>7.21</b>	<b>6.93</b>

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 page 134. The financial targets for 2021 proposed by the Board are presented on page 56. *Figures refer to SEK million unless otherwise indicated.*

## FINANCIAL RISK

Our strategy is urban development. Diös seeks to run its business in a sustainable manner with a stable financial risk. This is expressed in the ambition to ensure that the loan-to-value ratio does not exceed 55 per cent over extended periods and to maintain an equity ratio in excess of 35 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. Net debt to EBITDA shows our ability to generate cash flow in relation to our liabilities. These key ratios are deemed to be relevant for investors and analysts from a financial risk perspective. Our loan-to-value ratio, equity ratio and interest coverage ratio 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.

	2021 12 mos Jan-Dec	2020 12 mths Jan-Dec
<b>Loan-to-value ratio</b>		
Interest-bearing liabilities	14,748	13,247
Cash and cash equivalents	-1,150	0
Drawn overdraft facilities	0	63
<b>Net debt</b>	<b>13,598</b>	<b>13,310</b>
Investment properties	27,993	24,512
<b>Loan-to-value ratio, %</b>	<b>48.6</b>	<b>54.3</b>

## Secured loan-to-value ratio

Net debt	13,598	13,310
Unsecured liabilities	-4,353	-1,803
<b>Secured liabilities</b>	<b>9,245</b>	<b>11,507</b>
Investment properties	27,993	24,512
<b>Secured loan-to-value ratio, %</b>	<b>33.0</b>	<b>46.9</b>

## Equity ratio

Equity	11,823	9,148
Total assets	29,437	24,890
<b>Equity ratio, %</b>	<b>40.2</b>	<b>36.8</b>



## > financial key ratios cont.

	2021 12 mos Jan-Dec	2020 12 mos. Jan-Dec
<b>Interest coverage ratio</b>		
Property management income	1,030	958
Reversal		
Financial costs	190	191
<b>Total</b>	<b>1,220</b>	<b>1,149</b>
Financial costs	190	191
<b>Interest coverage ratio, times</b>	<b>6.4</b>	<b>6.0</b>

### Net debt to EBITDA

Interest-bearing liabilities as per balance sheet	14,748	13,247
Cash and cash equivalents	-1,150	0
Overdraft facilities	0	63
<b>Net debt</b>	<b>13,598</b>	<b>13,310</b>
Operating surplus as per income statement	1,289	1,219
Central administration as per income statement	-75	-76
Reversal		
Depreciation and amortisation	4	5
<b>EBITDA</b>	<b>1,218</b>	<b>1,148</b>
<b>Net debt to EBITDA</b>	<b>11.1</b>	<b>11.6</b>

### NET ASSET VALUE

Net asset value is the total capital which the company manages on behalf of its owners. Based on this capital, we aim to generate returns and growth while maintaining a low risk. EPRA NRV, EPRA NTA and EPRA NDV aim to show the company's value based on different scenarios. For more information, see the definitions on page 134. 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.

	2021 12 mos Jan-Dec	2020 12 mos Jan-Dec
<b>EPRA NRV/NTA</b>		
Equity	11,823	9,148
Equity relating to non-controlling interests	-74	-57
Reversal		
Fair value of financial instruments	-39	-3
Deferred tax on temporary differences	2,104	1,592
<b>EPRA NRV</b>	<b>13,815</b>	<b>10,680</b>
<b>EPRA NRV per share</b>	<b>97.7</b>	<b>79.7</b>

### Deductions:

Fair value of financial instruments	39	3
Estimated actual deferred tax on temporary differences, approx. 4% <sup>1</sup>	-392	-297
<b>EPRA NTA</b>	<b>13,461</b>	<b>10,386</b>
<b>EPRA NTA per share</b>	<b>95.2</b>	<b>77.5</b>

### EPRA NDV

Equity as per balance sheet	11,823	9,148
Equity relating to non-controlling interests	-74	-57
<b>EPRA NDV</b>	<b>11,749</b>	<b>9,091</b>
<b>EPRA NDV per share</b>	<b>83.1</b>	<b>67.8</b>

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

## > financial key ratios cont.

### OTHER KEY RATIOS

Other key ratios refer to a number of measures of return which are used to describe various aspects of the statement of financial position and to give investors and analysts further information about the operations. We report 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 the company's 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.

	2021 12 mos Jan-Dec	2020 12 mos. Jan-Dec
Return on equity, %	22.1	10.4
Equity per share, SEK	83.6	68.2
Earnings per share, SEK	17.08	6.81
<b>Cash flow per share, SEK</b>		
Profit before tax	2,872	1,152
Reversal		
Unrealised change in value, properties	-1,790	-198
Unrealised change in value, derivatives	-36	0
Depreciation and amortisation	4	5
Current tax	-53	-75
<b>Total</b>	<b>997</b>	<b>884</b>
Average number of shares ('000)	134,669	134,166
<b>Cash flow per share, SEK</b>	<b>7.40</b>	<b>6.58</b>
<b>Net leasing, SEK million</b>		
Newly signed contracts	159	244
Terminated contracts	-128	-193
<b>Net leasing</b>	<b>31</b>	<b>51</b>

### OTHER INFORMATION

We also report data for economic occupancy, surplus ratio, vacancy rate 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.

	2021 12 mos Jan-Dec	2020 12 mos. Jan-Dec
Contracted rental income, SEKm	1,909	1,834
Economic occupancy rate, %	89	89
Surplus ratio, %	68	66
Debt/equity ratio, times	1.2	1.4

### EPRA vacancy rate

Estimated market rent for vacant space	189	177
Annualised rental value, whole portfolio	2,110	2,070
<b>EPRA vacancy rate, %</b>	<b>9.0</b>	<b>8.6</b>

## > EPRA key figures

EPRA key figures	2021	2020
EPRA earnings, SEKm	971	930
EPRA earnings per share, SEK	7.21	6.93
EPRA NRV	13,815	10,680
EPRA NRV per share	97.7	79.7
EPRA NTA	13,461	10,386
EPRA NTA per share	95.2	77.5
EPRA NDV	11,749	9,091
EPRA NDV per share	83.1	67.8
EPRA vacancy rate, %	9.0	8.6
Rental growth for comparable portfolio, %	1.8	1.8

The EPRA key figure for sustainability can be found on our website, [www.dios.se](http://www.dios.se).





# Definitions

## ➤ Financial

### 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.

### Debt/equity ratio

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

### Equity ratio

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

### Interest coverage ratio

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

### Loan-to-value ratio properties

#### NEW DEFINITION

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

### Net debt

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

### Number of shares at end of period

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

### Return on capital employed

Profit before tax plus financial expense in relation to average capital employed.

### Return on equity

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

### Return on total assets

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

### Secured loan-to-value ratio NEW DEFINITION

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

### Service income

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

## ➤ Share-related

### Average number of outstanding shares

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

### Cash flow per share

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

### Dividend per share

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

### Earnings per share

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

### EBITDA

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

### EPRA earnings

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

### EPRA Net Disposal Value (NDV)

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

### EPRA Net Reinstatement Value (NRV)

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

### EPRA Net Tangible Asset (NTA)

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

### Equity per share

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

### Net debt to EBITDA

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

## ➤ Property-related and other

### Comparable properties

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

### Contracted rental income

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

### Economic occupancy rate

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

### Economic vacancy rate

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

### EPRA vacancy rate

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

### Market value of properties

Estimated market value from the most recent valuation.

### Net leasing

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

### Operating costs

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

### Operating surplus

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

### Physical occupancy rate

Rented area in relation to total leasable area.

### Project properties NEW DEFINITION

New builds or improvement properties with an investment amounting to at least 20 per cent of the initial market value and a project period exceeding 12 months. A project property will be returned as investment properties 12 months after completion.

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

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

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

### Property category

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

### Property management income

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

### Rental value

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

### Surplus ratio

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

### Yield

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

# Five-year summary

## INCOME STATEMENT

SEKm	2021	2020	2019	2018	2017
Revenue	1,967	1,878	1,854	1,810	1,719
Property costs	-678	-659	-667	-670	-639
<b>Operating surplus</b>	<b>1,289</b>	<b>1,219</b>	<b>1,187</b>	<b>1,140</b>	<b>1,080</b>
Central administration	-75	-76	-73	-71	-73
Profit from financial items	-184	-185	-162	-175	-185
<b>Property management income</b>	<b>1,030</b>	<b>958</b>	<b>952</b>	<b>894</b>	<b>822</b>
Unrealised changes in value on interest-rate derivatives	36	0	0	16	27
Change in value of properties, realised	16	-4	19	9	10
Change in value of properties, unrealised	1,790	198	331	678	402
<b>Profit before tax</b>	<b>2,872</b>	<b>1,152</b>	<b>1,302</b>	<b>1,597</b>	<b>1,261</b>
Current tax	-53	-75	-79	-90	-43
Deferred tax	-495	-164	-173	-166	-189
Less profit attributable to non-controlling interests	17	1	-9	3	2
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>	<b>2,306</b>	<b>914</b>	<b>1,041</b>	<b>1,338</b>	<b>1,027</b>

## BALANCE SHEET

SEKm	2021	2020	2019	2018	2017
Investment properties	27,993	24,512	22,885	20,802	19,457
Other non-current assets	71	74	81	54	46
Current receivables	223	304	221	201	173
Cash and cash equivalents	1,150	-	-	-	32
<b>ASSETS</b>	<b>29,437</b>	<b>24,890</b>	<b>23,187</b>	<b>21,057</b>	<b>19,708</b>
Equity	11,823	9,148	8,484	7,839	6,887
Deferred tax liability	2,194	1,699	1,533	1,362	1,206
Interest-bearing liabilities	14,748	13,247	12,145	11,099	11,104
Overdraft facilities	-	63	206	198	-
Non-current lease liability	54	55	53	-	-
Current liabilities	618	678	766	559	511
<b>LIABILITIES AND EQUITY</b>	<b>29,437</b>	<b>24,890</b>	<b>23,187</b>	<b>21,057</b>	<b>19,708</b>

## CONSOLIDATED CASH FLOW

SEKm	2021	2020	2019	2018	2017
Cash flow from operating activities	1,013	713	908	800	691
Cash flow from investing activities	-1,675	-1,415	-1,331	-495	-2,843
Cash flow from financing activities	1,812	702	423	-337	2,184
Cash flow for the year	1,150	0	0	-32	32
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>1,150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>

## FINANCIAL KPIS

	2021	2020	2019	2018	2017
Return on equity, %	22.1	10.4	12.8	18.2	18.3
Return on total assets, %	20.8	5.6	6.7	8.7	8.6
Return on capital employed, %	21.3	5.8	6.9	9.0	8.9
Equity ratio, %	40.2	36.8	36.6	37.2	34.9
Property loan-to-value ratio, %	48.6	54.3	54.0	54.3	56.9
Interest coverage ratio, times	6.4	6.0	6.6	5.9	5.3
Debt/equity ratio, times	1.2	1.4	1.4	1.4	1.6

## DATA PER SHARE

	2021	2020	2019	2018	2017
Earnings per share, SEK	17.08	6.81	7.74	9.94	7.78
Equity per share, SEK	83.6	68.2	63.1	58.3	51.2
Cash flow per share, SEK	7.40	6.58	6.67	6.05	6.00
EPRA earnings per share, SEK	7.21	6.93	6.43	6.05	5.54
EPRA NRV per share, SEK	97.7	79.7	73.4	67.6	59.7
Average number of shares outstanding at year-end (thousands)	134,669	134,166	134,512	134,512	132,041
Number of shares outstanding at end of period (thousands)	141,344	134,071	134,512	134,512	134,512
Dividend	3.52 <sup>1</sup>	3.30	1.65	3.00	2.90

<sup>1</sup> The Board's proposal.

## PROPERTY-RELATED KEY RATIOS AT YEAR-END

	2021	2020	2019	2018	2017
No. of properties	338	329	333	330	339
Leasable area, sq.m	1,511,421	1,455,094	1,482,780	1,463,822	1,552,524
Market value of properties, SEKm	27,993	24,512	22,885	20,802	19,457
Rental value, SEKm	2,141	2,070	2,018	1,936	1,875
Economic occupancy rate, %	89	89	90	91	91
Surplus ratio, %	68	66	65	64	64

## Annual General Meeting 2022

The Annual General Meeting of Diös Fastigheter AB (publ) will take place on Tuesday 5 April 2022. More information about the event can be found in the notice to the Annual General Meeting, which was sent out by press release on 2 March.

Shareholders wishing to attend the Annual General Meeting must:

- be registered in the shareholders register kept by Euroclear Sweden AB by Thursday 1 April 2022.

For more information and to register, visit Diös' website: [www.dios.se](http://www.dios.se)

### Key agenda items 2022

The Board proposes a dividend of SEK 3.52 per share, divided into two payments of SEK 0.88 per share on each date. The record dates for dividends, meaning the right to receive a dividend, are 7 April, 7 July and 7 October 2022, as well as 9 January 2023. If the AGM approves the proposed dividend, payments will be made on 12 April, 12 July and 12 October 2022, as well as 12 January 2023.

The Nomination Committee's proposals in brief:

- The Nomination Committee proposes that the Board members Bob Persson, Ragnhild Backman, Anders Nelson, Peter Strand and Tobias Lönnevall be re-elected. Eva Nygren has declined re-election.

The Nomination Committee proposes the new election of Erika Olsén.

- The Nomination Committee proposes the re-election of Bob Persson as the Chairman of the Board.
- The Nominating Committee proposes that Bob Persson be appointed to chair the AGM.
- The Nomination Committee proposes that auditor Deloitte AB be reappointed. Deloitte has notified that Richard Peters will remain as auditor-in-charge.



Diös' annual report was prepared by Diös Fastigheter in collaboration with Strand Kommunikation AB.  
Photos: Anette Andersson, Göran Strand, Henrik Bodin, Ulrika Eriksson, Jan Hedström and Paulina Holmgren.  
Printing: Lenanders Grafiska AB Kalmar 2022  
Paper: Cocoon Silk, FSC-certified and made from 100 per cent recycled fibre.

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A woman with glasses and a brown poncho stands on a staircase, holding a wooden handrail. A man in a white sweater stands next to her, also holding the handrail. The background is a wall covered in a colorful mosaic of small tiles, featuring abstract patterns and some green foliage. The staircase has wooden handrails and metal balusters.

*Diös*