INVITATION TO

SUBSCRIBE FOR SHARES

IN DIÖS FASTIGHETER AB (PUBL)

NOTE THAT THE SUBSCRIPTION RIGHTS ARE EXPECTED TO HAVE AN ECONOMIC VALUE

To ensure that the value of the subscription rights is not lost, the holder must either:

- exercise the subscription rights received and subscribe for New Shares not later than 23 January 2017, or
- not later than 19 January 2017, sell the subscription rights received that have not been exercised to subscribe for New Shares.

Note that shareholders with nominee-registered shareholdings are to subscribe for New Shares through their nominee.

Nordea

Swedbank

IMPORTANT INFORMATION

INFORMATION FOR INVESTORS

This prospectus (the "**Prospectus**") has been prepared by reason of the public offering in Sweden to institutional investors in Sweden and abroad to subscribe for shares in Diös Fastigheter AB (publ) ("**Diös**" or the "**Company**") in accordance with the terms of the Prospectus (the "**Offering**" or the "**Rights Issue**"). Except as expressly stated herein, no financial information in the Prospectus has been audited or reviewed by the Company's auditor. Financial information regarding the Company in this Prospectus that does not form part of the information that has been audited or reviewed by the Company's auditors in accordance with that stated herein, has been extracted from the Company's internal accounting and reporting systems.

Nordea and Swedbank are Diös' financial advisors and act as Joint Global Coordinators in connection with the Offering. Nordea and Swedbank act exclusively for Diös in connection with the Offering and will not be responsible in relation to any party other than Diös with regards to the protection provided to their clients, or for consultation in connection with the Offering.

The Swedish version of the Prospectus has been approved and registered by the Financial Supervisory Authority (FI) in accordance with the provisions of Chapter 2, Sections 25 and 26 the Swedish Financial Instruments Trading Act, which implements Directive 2003/71/EC of the European Parliament and of the Council (the "**Prospective Directive**"). Approval and registration does not entail that the Swedish Financial Supervisory Authority ("**FI**") guarantees that the factual information in the Swedish version of the Prospectus is accurate or complete. For definitions of specific terms used in the Prospectus, please refer to the section headed "*Definitions*". Swedish law applies to the Prospectus and the Offering. Disputes arising in connection with the Prospectus, the Offering or any subsequent legal relationship are to be settled exclusively by Swedish courts. This document is an English translation of the original Swedish prospectus. In the event of discrepancies between the Swedish and English versions, the Swedish version shall prevail.

Investments in securities are subject to certain risks, see section "*Risk factors*". When making an investment decision, investors must rely on their own assessment of Diös and the Offering according to this Prospectus, including the present circumstances and risks. Investors should not rely on any other information other than that referred to in this Prospectus, and any supplements thereto. No person is, or has been, permitted to provide information regarding the Offering, or make any statements of opinion other than those contained in this Prospectus, but should this nevertheless happen, such information or opinions should not be considered being approved by Diös. The distribution of this Prospectus does neither entail that the information contained therein is up-to-date as per any other date than the date of this Prospectus, nor that the business, earnings and financial position of the Company have remained unchanged since this date.

As a condition for exercising subscription rights or to subscribe for New Shares pursuant to the Offering in this Prospectus, any person exercising the subscription rights or subscribing for New Shares will be deemed to have made, or in some cases, be asked to make certain representations, upon which Diös, Nordea and Swedbank will rely (refer to the section "*Transfer restrictions, etc.*"). Diös reserves the right, at its sole discretion, to reject or cancel any subscription or acquisition of shares, subscription rights or BTAs pursuant to the Offering which Diös or its assignees believe may give rise to a breach or violation of any law, regulation or provision.

Subscription rights, BTAs or New Shares have not been, and will not be, registered under the US Securities Act of 1933 (the "**Securities Act**") as amended, nor under any similar law or with any securities regulator in any US state or other jurisdiction and may not, therefore, be offered for sale, sold, resold, delivered or transferred, directly or indirectly, within the US, except in accordance with an applicable exemption from, or in a transaction not subject to, registration requirements under the Securities Act, and other applicable securities regulations in any US state or jurisdiction. No public offering for shares, subscription rights or BTAs has been, or will be, made in the US. An application to subscribe for subscription rights, BTAs or New Shares in contravention of the restrictions described above may be considered invalid. All investors in the US who receive this Prospectus are advised to carefully read the information in the section "*Transfer restrictions, etc.*". Subscription rights, BTAs or New Shares have neither been approved nor disapproved by "the United States Securities and Exchange Commission", any state securities committee or any other regulator in the US. None of these authorities has reviewed or approved the present facts and the offer of subscription rights, BTAs and New Shares, nor the accuracy, sufficiency or adequacy of this document. Any representation to the contrary is a criminal offence in the US. Subscription rights, BTAs and New Shares are offered and sold outside the US under Regulation S of the Securities Act. In the US, subscription rights, BTAs and New Shares will only be offered by the Company to a limited number of existing shareholders who are reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A of the Securities Act) pursuant to an exception from the registration requirements under the Securities Act in a transaction not involving any public offering and who have executed and returned an investor letter to the Company. The Joint Global Coordinators will not carry out any transactions or induce, or attempt to induce, the purchase or sale of any securities in, or to, the US in connection with the Offering. For a description of these and certain additional restrictions on offers, sales and transfers of securities and the distribution of this Prospectus, refer to "*Transfer restrictions, etc.*" under the heading "*Information for investors in the US.*"

Unless expressly provided elsewhere in this Prospectus, subscription rights, BTAs or New Shares may not be offered for sale, sold, resold, transferred or delivered, directly or indirectly, in or into Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa, the US, or any other jurisdiction in which participation would require additional prospectuses, registration or other steps in addition to those imposed by Swedish law. This Prospectus may not, therefore, be distributed or published in any country or jurisdiction in which the distribution, publication or offer under this Prospectus would require such steps, or breach the regulations of that country or jurisdiction. Persons who gain access to this Prospectus are required to observe and comply with these restrictions, particularly in regard to not breaching the applicable securities law by publishing or distributing this Prospectus. Failure to comply with these limitations may lead to violation of the applicable securities law. Furthermore, any acquisition of shares, subscription rights or BTAs that breaches the above-named limitations may be invalid. For more information, please refer to the section "*Transfer restrictions, etc.*".

Within 40 days of the commencement of the Offering, any offer for sale or sale of the subscription rights, BTAs or New Shares in the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act.

INDUSTRY AND MARKET INFORMATION

Information made available in the Prospectus in respect of market climate, market development, growth rates and market trends, and the competitive situation in the markets and in regions in which the Company conducts operations, is based on data, statistical information and reports received from third parties and/or prepared by the Company based on the Company's own information and information contained in such third-party sources. Such information has been accurately reproduced and, as far as the Company is aware, no facts have been omitted that could render the information incomplete or misleading. Industry publications and reports normally specify that the information contained therein has been obtained from sources deemed reliable, but that the accuracy and completeness thereof is not guaranteed and is inherently forward-looking and subject to uncertainty, and does not necessarily reflect actual market conditions. The Company has not independently verified, and cannot therefore guarantee the accuracy of, the industry and market information contained in this Prospectus, which has been obtained or is derived from industry publications or reports. Such information is based on market research, which is inherently based on selection and subjective assessments, including assessments of the type of transactions that should be included in the relevant market, by those performing the research as well as the respondents.

The Prospectus also contains estimates of market data and information derived from this that could not be derived from publications from market survey institutions or any other independent sources. Such information has been compiled by the Company based on third-party sources and the Company's own internal estimates. In many cases there is no publicly available information and such market data from, for example, industry associations, public authorities or other organisations and institutions. The Company is of the opinion that its estimates of market data and the information derived from it are useful for providing investors with better understanding of both the industry in which the Company is active and the Company's position in the industry. Although the Company is of the opinion that its internal market observations are reliable, the estimates have not been examined or verified by any external parties. Although the Company is not aware of any misstatements regarding the industry or similar data presented herein, the statements concerning the industry or similar data involve risks and uncertainties and are subject to changes based on various factors, including those discussed under the heading "*Risk factors*" and "*Market Overview*" in this Prospectus.

FORWARD-LOOKING STATEMENTS

The Prospectus contains certain forward-looking statements and opinions. The Company urges readers of this Prospectus to take into consideration that forward-looking statements do not represent any guarantee of future results and that actual results may differ significantly from those described in the forward-looking statements. Anyone considering an investment in the Company is therefore urged to study the Prospectus carefully, in particular the section "*Risk factors*". All forward-looking statements are provided as per the date of the publication of the Prospectus. Apart from the requirements of Nasdaq Stockholm or relevant legislation, the Company explicitly disclaims all obligation to publish updates or revisions regarding the forward-looking statements in this Prospectus which result from changed expectations regarding the forward-looking statements or changes in events, conditions or circumstances upon which the forward-looking statements are based.

Definitions

"**BTA**" refers to paid-up subscribed shares (Sw: *betalda tecknade aktier*).

"**Castellum**" refers to Castellum Aktiebolag (publ), corporate registration number 556475-5550, or Castellum and its affiliated companies, that have entered into an agreement with Diös to transfer the Property Portfolio, depending on the context.

"**CPI**" refers to the Consumer Price Index.

"**Datscha**" refers to Datscha AB, corporate registration number 556578-7503.

"**Diös**" or "the **Company**" refers to Diös Fastigheter AB (publ), corporate registration number 556501-1771, or the Group, depending on the context.

"**Euroclear**" refers to Euroclear Sweden AB, corporate registration number 556112-8074.

"**GDP**" refers to Gross Domestic Product.

"**GRP**" refers to Gross Regional Product.

"**Guaranteed Shares**" refers to the unsubscribed shares or paid New Shares that the Joint Global Coordinators have committed to subscribe for under the Underwriting Agreement, under certain conditions.

"**IAS**" refers to International Accounting Standards.

"**IFRS**" refers to International Financial Reporting Standards as adopted by the EU.

"**Nasdaq Stockholm**" refers to Nasdaq Stockholm Aktiebolag, corporate registration number 556420-8394 or the regulated market Nasdaq Stockholm, depending on context.

"**New Shares**" refers to new shares in the Rights Issue.

"**Newsec**" refers to Newsec Sweden AB, corporate registration number 556695-7592.

"**Nordea**" refers to Nordea Bank AB (publ), corporate registration number 516406-0120.

"**PFIC**" refers to Passive Foreign Investment Company according to "**U.S.**" federal income tax regulations.

"**Regulation S**" refers to Regulation S in the Securities Act.

"**SEK**" or "**kronor**" refers to the legal currency in Sweden.

"**SEK billion**" refers to billions of Swedish kronor.

"**SEK million**" refers to millions of Swedish kronor.

"**Swedbank**" refers to Swedbank AB (publ), corporate registration number 502017-7753.

"**The Acquisition**" refers to the Company's intended acquisition of the Property Portfolio, which will be partly financed by the proceeds of the Rights Issue.

"**The Code**" refers to the Swedish Corporate Governance Code.

"**The Group**" refers to the group in which Diös is the parent company.

"**The Joint Global Coordinators**" refers jointly to Nordea and Swedbank.

"**The Offering**" refers to the offer to subscribe for newly issued shares in the Company, as presented in this Prospectus.

"**The Principal Owners**" refers jointly to AB Persson Invest, corporate registration number 556527-4767, Backahill Inter AB, corporate registration number 556592-5913, Bengtssons Tidnings Aktiebolag, corporate registration number 556031-2356.

"**The Property Portfolio**" refers to the properties in Sundsvall, Umeå and Luleå that Diös intends to acquire from Castellum.

"**The Prospectus**" refers to this Prospectus, which has been prepared in connection with the Offering.

"**The Prospectus Directive**" refers to Directive 2003/71/EG of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, combined with the appropriate measures for implementation, as amended by Directive 2010/73/EU.

"**The Rights Issue**" refers to the issue of New Shares with preferential rights for Diös' shareholders as presented in the Prospectus.

"**The Securities Act**" refers to the US Securities Act of 1933, including any additions and amendments.

"**The Underwriting Agreement**" refers to the contracted underwriting agreement between the Company and the Joint Global Coordinators dated 21 November 2016.

"**VP account**" refers to the securities account with Euroclear according to the Swedish Financial Instruments Accounts Act (1998:1479), in which (i) an owner of a security is directly registered as the owner of a securities or (ii) an owner's holding of securities is nominee-registered in the name of the nominee.

INNEHÅLL

Summary of the terms and conditions of the Rights Issue

Each share held in Diös on 4 January 2017 carries one (1) subscription right. Five (5) subscription rights entitle to subscription for four (4) shares at a subscription price of SEK 31.00 per share. Subscription pursuant to subscription rights takes place during the subscription period through cash payment. Note that if unexercised subscription rights are not sold by 19 January 2017, they will become worthless.

Important dates

Record day	4 January 2017
Subscription period	9 January 2017 – 23 January 2017
Trading in subscription rights	9 January 2017 – 19 January 2017

Other information

Trading venue		Nasdaq Stockholm
Ticker		DIOS
ISIN codes	Shares	SE0001634262
	Subscription rights	SE0009496391
	BTA	SE0009496409

Financial calendar

Year-end Report	16 February 2017
Q1 Interim report, January 2016 – March 2017	26 April 2017

SUMMARY

This summary contains specific disclosure requirements arranged into a number of items. The elements are numbered in sections A–E (A. 1–E.7). This summary contains all of the elements required to be included in a summary for this type of security and issuer. Since not all elements are applicable for all types of prospectuses, there may be gaps between the numbering of the items. Even if the regulations require that an item be included in the summary for relevant securities and issuers, it is possible that no relevant information can be provided concerning a particular element. In such cases, the Information has been replaced by a brief description of the item along with the reference "not applicable".

SECTION A – INTRODUCTION AND WARNINGS

A.1	*Introduction and warnings*	This summary should be viewed as an introduction to, and a summary of, the information contained in this Prospectus. Any decision to accept the Offering should therefore be based on this Prospectus in its entirety, and not on this summary only. Potential investors should be aware that a person may only be held liable for information included in, or omitted from, the summary, or its translation, if the summary or translation is misleading or incorrect in relation to other parts of this Prospectus. An investor bringing an action before the court regarding the information in this Prospectus may be forced to pay the costs of translating the Prospectus. Civil liability may only be imposed upon those persons who have prepared the summary, including translations thereof, but only if the summary is misleading, inaccurate or inconsistent with the other parts of this Prospectus, or does not, in combination with other parts of this Prospectus, provide key information to the shareholders addressed by the Offering.
A.2	*Consent to use of the Offering Document*	Not applicable. Financial intermediaries are not permitted to use this Prospectus for subsequent resale or final placement of securities.

SECTION B – ISSUER

B.1	*Legal and commercial name*	The Company's legal and commercial name is Diös Fastigheter AB (publ), corporate registration number 556501-1771. The Company's share is traded on Nasdaq Stockholm under the ticker DIOS.
B.2	*Registered office and legal form, etc.*	The registered office of the Company and its Board of Directors in the municipality of Östersund. The Company is a public limited liability company incorporated in Sweden under Swedish law, and conducts operations under Swedish law.
B.3	*Current and principal activity*	Diös is a property company with an operational strategy to achieve growth through a diversified and focused property portfolio in locations in the north of Sweden which fulfil the following criteria: population growing, stable infrastructure, active economy, defined city centres, active and prosperous municipalities and an established university or institute of higher education. The operations are organised into six business areas, based on their geographic market: Dalarna, Gävleborg, Västernorrland, Jämtland, Västerbotten and Norrbotten. The Company's property portfolio consists of offices, retail and residential premises, warehouse/industry facilities and other premises. As of 30 September 2016, the total property portfolio consisted of 313 properties with a total leasable area of 1,351,000 square metres. As of 30 September 2016, rental value during the period 1 October 2015 – 30 September 2016 amounted to SEK 1,479 million, rental income to SEK 1,320 million and operating surplus to SEK 806 million.

<table>
<tr><td>B.4a</td><td><i>Industry trends</i></td><td>The property market, in which Diös operates, is to a great extent impacted by macroeconomic factors that influence economic activity and conditions, which are measured, for example, in terms of GDP, employment, governmental debt, inflation, interest rates and growth. Other strong drivers for the property market include population growth, residential housing development, household purchasing power and the price development on residential housing.
In the first three quarters of 2016, Sweden had slower growth compared to the corresponding period in 2015, but is expected to grow with 3.1 per cent over the full-year 2016, which is greater than the growth of the Eurozone which is expected to be 1.6 per cent in the corresponding period. Sweden's gross governmental debt-to-GDP ratio is low compared to those of other Eurozone countries and by the end of 2016 it is expected to be 42 per cent of GDP according to the European Commission. Over the past few years, inflation in Sweden has remained below the Riksbank's (Sweden's central bank) inflation target of 2 per cent. Due to low inflation in Sweden, uncertainty about the macroeconomic developments abroad and low global interest rates, the Riksbank has maintained a negative official bank rate (Sw: <i>reporänta</i>) since February 2015. According to the Riksbank, the expansionary monetary policy has contributed to the development of the Swedish economy and the rising inflation.
Interest in properties has remained high in 2016 and after the third quarter the transaction volume had increased with 29 per cent compared to the corresponding period in 2015. Favourable access to financing combined with low interest rates and, for example, low yields in the bond market, have supported the transaction volumes in the Swedish property market, according to Newsec. Furthermore, rents in the Swedish rental market broadly increased between 2010 and 2015, both for different types of properties and in different geographic segments, and this trend is expected to continue in 2016, according to Newsec.
The development in terms of, <i>inter alia</i>, population growth and access to efficient public transportation and infrastructure in the counties and regional centres in which Diös operates is of great importance for Diös. Between 2010 and 2015, all regional centres in which Diös operates had positive population growth rate, with the exception of Mora, and employment growth rate was positive in all regional centres between 2011 and 2014.</td></tr>
<tr><td>B.5</td><td><i>Group</i></td><td>As of the date of this Prospectus, Diös is the parent company of 94 directly or indirectly owned subsidiaries.</td></tr>
<tr><td>B.6</td><td><i>Notifiable interests, various voting rights and control of the Company</i></td><td>In Sweden, the minimum threshold for notifiable holdings (Sw: <i>flaggning</i>) is 5 per cent of all shares, or of the voting rights for all shares. Based on data obtained from Euroclear, the Company's ten largest, direct or Indirect, shareholders as of 30 November 2016 are presented below. As of the date of this Prospectus and as far as the Company is aware, there are no natural or legal persons who own five per cent or more of all shares and votes in the Company, except as stated below. All shares carry equal voting rights.
<table>
<tr><th>Shareholder</th><th>No. of shares</th><th>Holding and votes, %</th></tr>
<tr><td>AB Persson Invest</td><td>11,499,691</td><td>15.4</td></tr>
<tr><td>Backahill Inter AB</td><td>7,830,754</td><td>10.5</td></tr>
<tr><td>Bengtssons Tidnings Aktiebolag</td><td>7,518,222</td><td>10.1</td></tr>
<tr><td>Pensionskassan SHB Försäkringsförening</td><td>4,498,239</td><td>6.0</td></tr>
<tr><td>Försäkringsaktiebolaget Avanza Pension</td><td>2,517,247</td><td>3.4</td></tr>
<tr><td>Fjärde AP Fonden</td><td>2,155,240</td><td>2.9</td></tr>
<tr><td>Länsförsäkringar Fastighetsfond</td><td>1,512,968</td><td>2.0</td></tr>
<tr><td>Ssb Client Omnibus Ac Om07 (15%)</td><td>1,430,779</td><td>1.9</td></tr>
<tr><td>SEB Sverigefond</td><td>1,281,990</td><td>1.7</td></tr>
<tr><td>Staffan Rasjö</td><td>1,263,846</td><td>1.7</td></tr>
<tr><td>Total, 10 largest shareholders</td><td>41,508,976</td><td>44.5</td></tr>
<tr><td>Other shareholders</td><td>33,220,158</td><td>55.5</td></tr>
<tr><td>Total</td><td>74,729,134</td><td>100.0</td></tr>
</table></td></tr>
</table>

B.7

Selected historical financial information

The financial information presented below has been obtained from Diös' annual reports for the 2015, 2014 and 2013 financial years, and from the interim report for the period 1 January – 30 September 2016. The annual reports for 2015, 2014 and 2013 financial years were prepared in accordance with IFRS and audited by Deloitte, which is, and has been, Diös' auditor throughout the entire period covered by the historical financial information presented. The interim report for the period 1 January 2016 – 30 September 2016 was prepared in accordance with IAS 34 and reviewed by Deloitte AB.

CONDENSED INCOME STATEMENT

INCOME STATEMENT, SEK million	**Jan–Sep 2016**	**Jan–Sep 2015**	**2015**	**2014**	**2013**
Rental income	992	967	1,295	1,291	1,292
Other income	12	14	20	21	15
Property costs	–393	–400	–539	–550	–569
Operating surplus	**611**	**581**	**776**	**762**	**738**
Central administration	–45	–40	–58	–58	–84[1]
Loss from financial items	–160	–158	–210	–283	–300
Operating profit	**406**	**383**	**508**	**421**	**354**
Unrealised changes in value of interest rate derivatives	74	36	64	–91	68
Changes in value of properties, realised	–10	6	11	15	11
Changes in value of properties, unrealised	157	108	262	47	–35
Income before tax	**627**	**533**	**845**	**392**	**398**
Current tax	23	–153	–163	–10	–15
Deferred tax	–84	–87	–140	–80	–62
Comprehensive income for the period	**566**	**293**	**542**	**302**	**321**
Share attributable to non-controlling interests	–7	–	–12	–5	2
Profit attributable to shareholders of the parent for the period	**559**	**293**	**530**	**297**	**323**

1) Of which SEK 26 million pertains to restructuring costs attributable to the acquisition of Norrvidden.

CONDENSED BALANCE SHEET

BALANCE SHEET, SEK million	**30 Sep 2016**	**30 Sep 2015**	**2015**	**2014**	**2013**
Investment properties	13,357	12,627	13,381	12,200	11,823
Other property, plant and equipment	4	5	4	7	7
Intangible assets	3	3	3	4	4
Financial assets	39	9	13	7	9
Current receivables	190	77	104	43	91
Cash and cash equivalents	0	0	0	79	121
Assets	**13,593**	**12,721**	**13,505**	**12,340**	**12,055**
Equity	4,047	3,445	3,694	3,365	3,235
Deferred tax liability	957	822	875	735	655
Non-current liabilities	7,969	7,642	8,106	7,673	7,666
Overdraft facilities	118	138	227		
Current liabilities	502	674	603	567	499
Liabilities and equity	**13,593**	**12,721**	**13,505**	**12,340**	**12,055**

CONDENSED CASH FLOW STATEMENT

CASH FLOW STATEMENTS, SEK million	**Jan–Sep 2016**	**Jan–Sep 2015**	**2015**	**2014**	**2013**
Operating cash flow	293	302	347	422	334
Investing cash flow	181	–275	–888	–299	68
Financing cash flow	–474	–106	462	–165	–401
Cash flow for the period	0	–79	–79	–42	1
Closing cash and cash equivalents	**0**	**0**	**0**	**79**	**121**

B.7	*Selected historical financial information (cont.)*	**COMPILATION OF KEY FIGURES** Below, Diös presents the key figures not prepared in accordance with IFRS, nor reviewed by the Company's auditors, unless otherwise stated. Diös deems that these key figures provide analysts with valuable and complementary information about the Company's financial position and earnings trend. Below, Diös presents the alternative key figures regarding property management income, EPRA Earnings and surplus ratio since these measures are considered relevant for investors and provide a complementary view of the Company's earnings from operations. The key figures provide a view that excludes factors partly beyond the Company's control, such as changes in property value and derivatives. In addition, recognition of the Company's short and long-term NAV is expressed through EPRA NAV and EPRA NNNAV. They represent the Company's long and short-term equity in the event of liquidation. These key figures can be compared with the current share price to demonstrate how the Company's share is valued relative to equity. EPRA is an industry-wide organisation that harmonises key figure calculations to enable comparison between companies and countries, which is considered valuable for investors and analysts. The alternative key figures of loan-to-value ratio and solidity demonstrate the Company's financial stability, while the interest coverage ratio represents the Company's ability to pay its interest expenses. These key figures are considered relevant for investors and analysts from a financial risk perspective. They are also covenants from the Company's lenders and subject to targeting by the Board of Directors. Diös also recognises return on equity, equity per share and cash flow per share since these key figures show the Company's earnings and profitability, how equity is distributed per share and the Company's ability to meet its commitments and issue dividends to its shareholders. These alternative key figures complement the view of the Company's financial performance and provide investor and analysts with a better understanding of performance and earnings. Yield represents the properties' earnings relative to their market value and provides a view of the properties' profitability and is considered to provide supplementary information to investors and analysts about risk in the property portfolio. The debt/equity ratio is presented to complement the view of the Company's financial situation and show the relationship between interest-bearing liabilities and equity. This measure is considered to increase the ability of investors and analysts to assess the Company's financial stability. The Company presents economical occupancy rate, rental value and net leasing as these key figures provide a more detailed picture of the economic developments regarding the proceeds of the property portfolio and the Company. These key figures are common in the industry and provide investors and analysts a possibility to compare different property companies. PROPERTY MANAGEMENT INCOME The control of Diös' operations is based on the objective of creating value growth by increasing the surplus ratio and thereby increasing cash flow from operating activities, in other words, increasing property management income. The target is a surplus ratio in excess of 60 per cent. Property management income also provides the basis for annual dividends to shareholders — around 50 per cent of the profit for the year after tax, excluding unrealised changes in value and deferred tax.

B.7

Selected historical financial information (cont.)

Property management income	2016 9 months Jan–Sep	2015 9 months Jan–Sep	2015 12 months Jan–Sep	2014 12 months Jan–Sep	2013 12 months Jan–Dec
Profit before tax	627	533	845	392	398
Reversal					
Change in value of properties	–147	–114	–273	–62	24
Changes in value of derivatives	–74	–36	–64	91	–68
= Property management income	**406**	**383**	**508**	**421**	**354**
EPRA earnings					
Property management income	406	383	508	421	354
Reversal current tax, property management income	–31	–30	–64	–24	–31
Share attributable to non-controlling interests	–7	0	–12	–5	2
EPRA earnings (long-term earnings capacity)	**368**	**353**	**432**	**392**	**325**
EPRA EPS (long-term earnings capacity per share), SEK	**4.93**	**4.72**	**5.77**	**5.25**	**4.29**
Surplus ratio					
Operating surplus according to income statements	611	581	776	762	738
Rental income according to income statements	992	967	1,295	1,291	1,292
Surplus ratio	**61.6**	**60.1**	**59.9**	**59.0**	**57.1**

NET ASSET VALUE

Net asset value (NAV) is the total amount of capital that the company manages on behalf of its shareholders. Based on this capital, Diös aims to generate returns and growth while maintaining a low level of risk. NAV can also be calculated on a long-term and short-term basis. Long-term NAV is based on the balance sheet, adjusted for items not involving payment in the near future, which in Diös' case refers to the fair value of financial instruments (derivatives) and deferred tax on temporary differences. The current NAV consists of equity according to the balance sheet, adjusted for the market value of the deferred tax liability.

NAV	2016 9 months Jan–Sep	2015 9 months Jan–Sep	2015 12 months Jan–Dec	2014 12 months Jan–Dec	2013 12 months Jan–Dec
Equity according to balance sheet	4,047	3,445	3,694	3,365	3,235
Equity held by non-controlling interests	–43	–24	–36	–24	–19
Reversal in the balance sheet					
Fair value of financial instruments	60	163	134	198	107
Deferred tax on temporary differents	972	854	912	784	727
EPRA NAV (long-term net asset value)	**5,036**	**4,438**	**4,704**	**4,324**	**4,050**
EPRA NAV (long-term net asset value) per share	**67.39**	**59.39**	**62.95**	**57.86**	**54.20**
Less					
Fair value of financial instruments	–60	–163	–134	–198	–107
Estimated actual deferred tax on temporary differences, 4%[1]	–177	–155	–186	–143	–132
EPRA NNNAV (current net asset value)	**4,799**	**4,120**	**4,384**	**3,983**	**3,811**
EPRA NNNAV (current net asset value) per share	**64.22**	**55.13**	**58.67**	**53.30**	**50.99**

1) *Estimated actual deferred tax has been calculated at 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 22 per cent, and the remaining 90 per cent being sold indirectly through companies subject to a nominal tax rate of 6 per cent. The use of tax loss deductions is taken into account for the first two years.*

B.7

Selected historical financial information (cont.)

FINANCIAL RISK

Diös' strategy is to own, develop and manage properties in a value-creating, sustainable and developing manner, while maintaining a stable level of financial risk. This is expressed in the ambition to maintain a loan-to-value ratio of less than 65 per cent, a short-term equity ratio in excess of 25 per cent, a long-term equity ratio of 30 per cent and an interest coverage ratio higher than 1.8 times.

Loan-to-value ratio	**2016 9 months Jan–Sep**	**2015 9 months Jan–Sep**	**2015 12 months Jan–Dec**	**2014 12 months Jan–Dec**	**2013 12 months Jan–Dec**
Interest-bearing liabilities	7,960	7,642	8,121	7,671	7,664
Interest-bearing liabilities	7,959	7,642	8,121	7,671	7,664
Investment properties	13,357	12,627	13,381	12,200	11,823
Loan-to-value ratio, %	**59.6**	**60.5**	**60.7**	**62.9**	**64.8**
Equity ratio					
Equity	4,047	3,445	3,694	3,365	3,235
Total assets	13,593	12,721	13,505	12,340	12,055
Equity ratio, %	**29.8**	**27.1**	**27.4**	**27.3**	**26.8**
Interest coverage ratio					
Property management income	406	383	508	421	354
Reversal					
Net financial items	160	158	210	283	300
Total	**566**	**541**	**718**	**704**	**654**
Financial costs	161	159	212	284	303
Interest coverage ratio, times	**3.5**	**3.4**	**3.4**	**2.5**	**2.2**

OTHER KEY FIGURES

Other key figures refer to a number of performance measures used by Diös to describe various aspects in the statements of the Company's financial position, and to provide shareholders with additional information about Diös' operations.

	2016 9 months Jan–Sep	**2015 9 months Jan–Sep**	**2015 12 months Jan–Dec**	**2014 12 months Jan–Dec**	**2013 12 months Jan–Dec**
Return on equity, %	**14.4**	**8.6**	**15.0**	**9.0**	**10.2**
Operating surplus, SEK million, according to the income statement	**611**	**581**	**776**	**762**	**738**
Yield, %	**4.6**	**4.6**	**5.8**	**6.2**	**6.2**
Equity per share, SEK	**54.16**	**46.10**	**49.00**	**45.03**	**43.29**
Rental income, SEK million, according to the income statement	**992**	**967**	**1,295**	**1,291**	**1,292**
Cash flow per share, SEK					
Profit before tax	627	533	845	392	398
Reversal unrealised change in value according to the income statement					
Properties	–157	–114	–262	–47	35
Derivatives	–74	–36	–64	91	–68
Depreciation	2	2	3	2	2
Current tax	23	–153	–162	10	–15
Cash flow, SEK million	**421**	**232**	**359**	**428**	**352**
Number of shares at the end of period, 000s	74,729	74,729	74,729	74,729	74,729
Cash flow per share, SEK	**5.63**	**3.10**	**4.80**	**5.52**	**4.57**
Earnings per share, SEK	**7.48**	**3.92**	**7.09**	**4.00**	**4.30**
Debt/equity ratio, times	**2.0**	**2.2**	**2.2**	**2.3**	**2.4**
Other information					
Rental value, SEK million	1,107	1,095	1,466	1,448	1,457
Economic occupancy rate, %	89.6	88.3	88.3	89.2	88.7
Number of properties at the end of the period	313	351	351	354	364
Leasable area at the end of the period, sq.m.	1,351,198	1,422,224	1,462,538	1,422,519	1,446,900
Market value of properties, SEK million	13,357	12,627	13,381	12,200	11,823

B.7

Selected historical financial information (cont.)

COMPARISON OF EARNINGS BETWEEN INTERIM REPORTS FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2016 AND THE PERIOD 1 JANUARY – 30 SEPTEMBER 2015

At the end of the period, rental income amounted to SEK 992 million (967). The number of leases amounted to 2,643 (2,539) with contracted rental income of SEK 1,170 million (1,098).

Realised changes in the value of the property portfolio amounted to a negative SEK 10 million (6) and unrealised changes in value to SEK 157 million (108). The unrealised changes in value represented a change of 1.2 per cent (0.9).

COMPARISON OF EARNINGS BETWEEN THE FULL-YEARS OF 2015 AND 2014

Rental income for the year amounted to SEK 1,295 million (1,291). The number of leases amounted to 2,677 (2,544) with contracted rental income of SEK 1,162 million (1,107).

Realised changes in the value of the property portfolio amounted to SEK 11 million (15) and unrealised changes in value to SEK 262 million (47). The unrealised changes in value represented a change of 2.0 per cent (0.4). Consolidated positive unrealised changes in value were attributable to both lower yield requirements and improved cash flows due to higher rents, primarily due to project investments.

COMPARISON OF EARNINGS BETWEEN THE FULL-YEARS 2014 AND 2013

Rental income for the year amounted to SEK 1,291 million (1,292). The number of leases amounted to 2,544 (2,578) with contracted rental income of SEK 1,107 million (1,086).

Realised changes in the value of the property portfolio amounted to SEK 15 million (11) and unrealised changes in value to SEK 47 million (–35). The unrealised changes in value represented a positive change of 0.4 per cent (–0.3). Consolidated positive unrealised changes in value were attributable to both lower yield requirements and improved cash flows due to higher rents.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 22 November 2016, Diös announced that the Company had signed an agreement to acquire the Property Portfolio from Castellum and that a decision had been made to hold an extraordinary general meeting to resolve on the Rights Issue, as part of financing the acquisition of the Property Portfolio.

On 18 November 2016, the Company announced that the proceeds from an issue had increased the financing provided by Nya Svensk Fastighetsfinansiering AB in an amount of SEK 574 million and that the Company had repurchased a bond of SEK 500 million, with a maturity date of 9 March 2017, in connection with the new share issue.

Otherwise, there have been no other significant changes in Diös' financial or market position since the last reporting date.

DEFINITIONS OF KEY FIGURES

NUMBER OF SHARES AT THE END OF THE PERIOD

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

RETURN ON EQUITY

Profit for the period divided by average equity. Average equity is calculated as the sum of the opening and closing balances divided by two.

LOAN-TO-VALUE RATIO PROPERTIES

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

YIELD

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

OPERATING SURPLUS

Rental income less operating and maintenance costs, leasehold fees, property tax and property management.

EQUITY PER SHARE

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

B.7	*Selected historical financial information (cont.)*	**ECONOMIC OCCUPANCY RATE** Rental income for the period divided by the rental value at the end of the period.
		EPRA EPS Property management income less nominal tax attributable to property management income, divided by the average number of shares. Taxable property management income refers to property management income, less such items as tax-deductible depreciation and refurbishments.
		EPRA NAV/LONG-TERM NET ASSET VALUE PER SHARE Equity at the end of the period after reversal of interest-rate derivatives, deferred tax attributable to temporary differences in properties and non-controlling interests' share of equity, divided by the number of shares outstanding at the end of the period.
		EPRA NNNAV/CURRENT NET ASSET VALUE PER SHARE Equity at the end of the period adjusted for actual deferred tax instead of nominal deferred tax and non-controlling interests' share of equity, divided by the number of shares outstanding at the end of the period.
		PROPERTY MANAGEMENT INCOME Income less property costs, central administration costs and net financial items.
		AVERAGE NUMBER OF SHARES Number of shares outstanding at the beginning of the period, adjusted by the number of shares issued or repurchased during the period, weighted by the number of days that the shares were outstanding in relation to the total number of days in the period.
		RENTAL INCOME Rents invoiced for the period, less rental losses and discounts.
		RENTAL VALUE Rent at the end of the period, plus estimated market rent for vacant floor space.
		CASH FLOW PER SHARE Profit before tax, adjusted for unrealised changes in value plus depreciation less current tax, divided by the average number of shares.
		NET LEASING Net of annual rent, excluding discounts and allowances for newly signed, terminated and renegotiated contracts. No account is taken for the contract period.
		EARNINGS PER SHARE Profit for the period after tax, attributable to shareholders, divided by the average number of shares.
		INTEREST COVERAGE RATIO Profit after financial items, excluding unrealised changes in value, plus financial costs in relation to financial costs for the period.
		DEBT/EQUITY RATIO Interest-bearing liabilities in relation to equity at the end of the period.
		EQUITY RATIO Equity divided by total assets at the end of the period.
		SURPLUS RATIO Operating surplus for the period divided by the rental income for the period.

B.8	*Selected pro forma data*	On 21 November 2016, Diös entered into an agreement with Castellum to acquire the Property Portfolio comprising properties located in Sundsvall, Umeå and Luleå at a value of SEK 4,500 million, taking into account a valuation of deferred tax of SEK 119 million. The Acquisition will take the form of a share purchase and the purchase consideration for shares in subsidiaries will be payable on the date of transfer. The number of companies to be acquired on the transfer date is 13, and each of these companies owns one or more properties. The purchase consideration for shares and participations in the acquired companies amounts to about SEK 2,286 million, where the difference between the value of the Property Portfolio and the purchase consideration is due to the redemption of loans in the Seller's group attributable to the acquired companies. The acquisition of the Property Portfolio will be financed by the proceeds from the Rights Issue of SEK 1,853 million, before deduction of issue costs, new credit facilities of SEK 2,700 million and own funds. These transactions will have a direct impact on Diös' future earnings, financial position and cash flows. Due to the acquisition of the Property Portfolio, a pro forma balance sheet as of 30 September 2016 is presented below as if the above events had occurred as of 30 September 2016. The pro forma financial statements include a pro forma balance sheet only, and not a pro forma income statement. The Company does not believe that a pro forma income statement can be prepared in a reliable and meaningful manner. This is due to the fact that most of the property-owning companies included in the Property Acquisition have no financial history, and the Company has not appraised the market value of the properties at any time other than the acquisition date. As a result, changes in the market value for historical periods cannot be presented. The pro forma financial statements are intended solely to provide information and highlight the facts, and to describe a hypothetical situation. Diös is presenting pro forma financial statements solely for illustrative purposes, and it should not be considered as an indication of the actual financial position or earnings that would have applied should the above events have taken place on the date indicated. Nor should the information be considered as an indication of Diös' future financial position. The pro forma financial statements are based on Diös' unaudited interim report for the period 1 January – 30 September 2016, and internally prepared financial statements for the Property Portfolio that have not been examined by the Company's auditors. Diös applies IFRS, as adopted by the EU. The Property Portfolio's internally prepared financial statements provided by Castellum have been prepared in accordance with the Swedish Annual Accounts Act. The pro forma financial statements have been prepared in accordance with Diös' accounting policies as described in the Company's Annual Report for the 2015 financial year. When preparing the pro forma financial statements, Diös performed an analysis of whether there is any significant difference between the accounting policies applied by Diös under IFRS, and those applied to the Property Portfolio under the Swedish Annual Accounts Act. The significant differences identified are reported as pro forma adjustments in the pro forma financial statements. In addition, pro forma adjustments have been made to reflect the impact of the acquisition on the Property Portfolio, the Rights Issue of SEK 1,853 million, and the new credit facilities of SEK 2,700 million.

B.8 *Selected pro forma data (cont.)*

PRO FORMA BALANCE SHEET AS OF 30 SEPTEMBER 2016

SEK million	Diös at 30 Sep 2016[1]	Property Portfolio[2]	Pro forma adjustments	Notes	Diös pro forma
ASSETS					
Non-current assets					
Investment properties	13,357	2,321	2,187	3)	17,865
Other non-current assets	46	2	–		48
Total non-current assets	**13,403**	**2,323**	**2,187**		**17,913**
Current assets					
Current receivables	190	19	–		209
Cash and cash equivalents	–	–	–		–
Total current assets	**190**	**19**	**–**		**209**
TOTAL ASSETS	**13,593**	**2,342**	**2,187**		**18,122**
EQUITY AND LIABILITIES					
Equity	4,047	116	1,690	4)	5,853
Deferred tax liability	957	–	–		957
Non-current liabilities	7,969	2,057	643	5)	10,669
Overdraft facilities	118	–	–		118
Current liabilities	502	169	–146	6)	525
TOTAL LIABILITIES AND EQUITY	**13,593**	**2,342**	**2,187**		**18,122**

1) *Based on the Company's unaudited interim report as of 30 September 2016.*
2) *Based on the Property Portfolio's unaudited, internally prepared financial statements per planned date of transfer.*
3) *Fair value adjustment attributable to the Property Portfolio. The fair values of the investment properties are based on a property valuation by Savills Sweden AB dated 30 September 2016. Fair value has been adjusted with agreed price reductions plus transaction costs of SEK 8 million. Since the Acquisition is an asset acquisition, no deferred tax is recognised for the acquired assets.*
4) *The total amount of the Rights Issue of SEK 1,853 million, less issue expenses of SEK 47 million, and eliminations of acquired equity of SEK 116 million.*
5) *Increased financing of SEK 643 million represents a partial financing of acquired properties. Including the refinancing of interest-bearing liabilities in the Property Portfolio, total future interest-bearing liabilities amount to SEK 2,700 million.*
6) *A decrease of SEK 148 million in current liabilities due to the redemption of negative working capital in the acquired companies through long-term financing of the acquired Property Portfolio, a net increase of SEK 2 million in current liabilities through issue expenses of SEK 47 million and transaction costs of SEK 8 million following regulation of SEK 53 million of proceeds from the Rights' Issue.*

B.9 *Earnings forecast*

Diös' current earning capacity pro forma after acquisition of the Property Portfolio on a 12-month basis as of 30 September 2016 is presented below.

The earning capacity is not a forecast and should only be considered as a theoretical snapshot and is presented for illustrative purposes only. The estimate current earning capacity does not include an assessment of the future trend for rents, vacancy rates, operating costs, interest rates or other factors. Diös' earnings are also impacted by changes in the value of the property portfolio and derivatives, and by any future acquisitions and divestments of property and investments in new construction, extensions and refurbishment. Earning capacity should be read together with the other information contained in this Prospectus. Information about earning capacity has been reviewed by the Company's auditors.

SEK million	Diös before the acquisition	Acquired Property Portfolio	Diös after the acquisition
Rental value	1,469	360	1,829
Vacancies and discounts	–148	–25	–173
Rental income	**1,321**	**335**	**1,656**
Other income	17	0	17
Property costs	–525	–99	–624
Operating surplus	**813**	**236**	**1,049**
Central administration costs	–60	–5	–65
Net financial items	–148	–42	–190
Property management income	**605**	**189**	**794**

B.10 *Auditor's note*

Not applicable. There are no auditor's notes.

B.11	*Insufficient working capital*	In this context, working capital is defined as Diös' capacity to discharge its obligations over a 12-month horizon. Due to the acquisition of the Property Portfolio, the Company considers its existing working capital being insufficient. The Rights Issue of SEK 1,853 million, before deduction of issue costs and new credit facilities of SEK 2,700 million are expected to cover the Company's working capital needs for the next 12 months. The acquisition is expected to be completed by early February 2017. The Rights Issue is fully underwritten. The Principal Owners, who jointly represent about 36 per cent of the shares and votes in the Company, have made separate undertakings to subscribe for their respective *pro rata* shares in the Rights Issue. The Company has also entered into the Underwriting Agreement under which the Joint Global Coordinators have individually undertaken to subscribe for any New Shares that are not subscribed for or paid for under the Rights Issue up to an amount corresponding to the maximum limit for the Rights Issue, less the subscription undertakings of the Principal Owners. The subscription commitments of the Principal Owners and the guarantee obligations of the Joint Global Coordinators under the Underwriting Agreement are not secured; they are subject to certain conditions. There is, therefore, a risk that one or more of the Principal Owners will be unable to fulfil their subscription commitments, and a risk that the Joint Global Coordinators will be unable to fulfil their guarantee obligations, which could have a negative impact on the ability to successfully complete the Offering. The new credit facilities have been granted through a positive credit decision. If, despite being fully underwritten, the Rights Issue should not be completed or should the granted credits not be disbursed, the shortfall in working capital will be a maximum of SEK 4.2 million. At present, Diös has no reason to assume that this will happen, but should it occur, Diös will have to seek alternative financing for the non-received amount. Examples of alternative financing include additional share capital, bank financing or divestment of certain assets. The Company currently assesses its ability to obtain such alternative financing as relatively favourable (however, this would depend on the reasons for why the Rights Issue cannot be completed, or the reasons for why the credits cannot be disbursed).

»» SECTION C – SECURITIES

C.1	*Securities offered*	The Offering comprises a maximum of 59,783,304 New Shares in the Company (ISIN code: SE0001634262).
C.2	*Currency*	The shares are denominated in Swedish kronor (SEK).
C.3	*Number of shares issued and nominal value per share*	As of the date of this Prospectus, the total number of registered and outstanding shares in the Company is 74,729,134, with a quotient value of SEK 2.00 per share. All shares are fully paid. Following the Rights Issue, the Company's share capital will amount to a maximum of SEK 269,024,276, divided between no more than 134,512,438 registered shares.
C.4	*Rights associated with the securities*	All shares carry equal voting rights. Each share in Diös entitles the holder to one vote at general meetings. The shares carry equal rights to the Company's assets and profit, and to any surplus in the event of liquidation. If Diös issues New Shares, warrants or convertibles in a cash or set-off issue, the shareholders, as a general rule, have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue.
C.5	*Transfer restrictions*	Not applicable. The shares are not subject to any restrictions on transferability.
C.6	*Trading in the securities*	The Company's shares are listed on Nasdaq Stockholm. When the Swedish Companies Registration Office has registered the New Shares issued in the Rights Issue, they will also be listed on Nasdaq Stockholm.
C.7	*Dividend policy*	Diös aims to distribute about 50 per cent of consolidated profit after tax, excluding unrealised changes in value and deferred tax.

SECTION D – RISKS

D.1	*Key information about the main risks that are specific to the issuer or the industry*	The Group is subject to risks that are wholly or partly beyond the Group's control and that affect, or could affect, the Group's business, earnings, financial position and future prospects. The following risk factors, which are not presented in any particular order or with any claims to be exhaustive, are considered the main risks for the Group's future development. **Macroeconomic risks –** Macroeconomic factors as GDP growth, employment, public debt, inflation, interest rates and the ability to obtain financing impact the Company's operations. Negative changes in these factors could have a significantly adverse effect on the Company's business, earnings and financial position. **Competition –** Should the Company be unable to compete successfully, this could have a significant effect on rents and vacancy rates and the Company's revenues would decline, which, in turn, could have a material adverse impact on the Company's business, earnings and financial position. **Urbanisation –** Should the Company be unable to take advantage of a continued urbanisation, this could have a material adverse effect on the Company's business, earnings and financial position. **Property Portfolio –** Should the Company make inaccurate assumptions of the regions and segments with the right conditions for continued property holdings, or should the Company fail to future-proof its properties, this could have a material adverse effect on the Company's business, earnings and financial position. **Changes in property values –** Changes in the value of the Company's property portfolio may occur due to macroeconomic, microeconomic or property-specific factors (usually cash-flow related). There is also a risk that properties in the portfolio have been incorrectly valued. Should any of these risks materialise, this could have an immediate and material adverse impact on the Company's business, earnings and financial position. **Property management –** There is a risk that the Company will be unable to provide the solutions requested by tenants, and in competition, not have the resources required to retain or attract tenants, which could have a material adverse effect on the Company's business, earnings and financial position. **Property development –** Poor choice of contractors, suppliers, materials and technical solutions could have a negative impact on the Company's property development. New construction, extensions and refurbishment entail occupational health and safety risks, and accidents or negative environmental impacts could have an adverse effect on the Company. Should the Company make wrong decisions about development of the Group's properties, this could have a material adverse effect on the Company's business, earnings and financial position. **Strategy –** Should the Company not succeed in designing appropriate strategies and guidelines for its activities, or otherwise make inaccurate strategic decisions, this could have a material adverse effect on the Company's business, earnings and financial position. **Acquisitions and divestments –** Completed acquisitions of properties and property-owning companies could have a negative impact on the Company's business, earnings and financial position should, for example, unexpected vacancies occur, accounting and/or financial assumptions be incorrect and/or unforeseen environmental and tax claims arise. When divesting properties and property-owning companies, the Company is dependent on a liquid property market. An illiquid property market could have a material adverse effect on the Company's business, earnings and financial position, as well as the ability to take advantage of attractive investment opportunities. **The Acquisition –** The transfer agreements between the Company and Castellum do not entitle the Company to withdraw from the agreements should the Company be unable to obtain adequate financing. Should adequate financing not be obtained and the Company be unable to complete the acquisition, the Company may face legal penalties due to breach of contract. There is a risk that the due diligence conducted by the Company prior to the acquisition is insufficient or misguided. Subsequently, there is also a risk that the Company's assumptions about the Property Portfolio are inaccurate, which could have a negative impact on the anticipated yield. Errors could also result in the Company needing to take costly development and adaptation measures. Should any of these risks materialise, this could have a material adverse effect on the Company's business, earnings and financial position.

D.1	*Key information about the main risks that are specific to the issuer or the industry (cont.)*	**Rental income –** Rental income from the Company's tenants could be adversely affected by multiple factors, including falling market rents, no index-linked adjustments, smaller space standards requirements, higher vacancy rates, lower demand or increased bad debt expense. Should the Company be affected by lower rental income, this could have a material adverse impact on the Company's business, earnings and financial position. **Property costs –** The Company may incur increased property costs due to operating expenses, tariff charges, property management, insurance, property tax and other expenses. Unforeseen property costs may be significant to the Company, have a negative effect on the attractiveness of the Group's properties, require considerable expense to resolve or remedy and reduce the occupancy rate and rental income, which may have a material adverse effect on the Company's business, earnings and financial position. **Legal risks –** There is a risk that the Company will not be granted the permits or obtain the decisions required to conduct and develop its activities in a desirable manner, which could have a negative impact on the Company's earnings and financial position. There is also a risk of changes in the applicable law, and that the Company or its customers are obligated to comply with these changes, which could have a material adverse effect on the Company's business, earnings and financial position. **Disputes –** The Company is exposed to risks related to disputes, claims, investigations and legal proceedings, which could result in the Company being liable to pay damages or ordered to cease certain practices which, in turn, could have a material adverse effect on the Company's business, earnings and financial position. **Environmental risk –** Claims may be brought against the Company for soil remediation or post-treatment in relation to the presence, or suspicion, of contamination in soil, water or groundwater in order to restore properties to such a condition required by the Swedish Environmental Code. Such claims could impact the ability to use the properties and have a material adverse effect on the Company's business, earnings and financial position. **Bribery and corruption –** There is a risk that the Company's internal regulations and guidelines on national and international anti-corruption and anti-bribery laws are not followed, and that the Company does not effectively detect and prevent breaches of such laws and regulations, or cases of fraud, bribery and corruption. The Company could subsequently be subject to regulatory sanctions and reputational damage which, in turn, could have a material adverse impact on the Company's business, earnings and financial position. **Reputational damage –** Should the Company's reputation be damaged, or the Company be subject to negative publicity, this could impair the Company's competitiveness, consume time and resources of the management and lead to additional costs for the Company, which could have a material adverse effect on the Company's opportunities to achieve its growth target, and on its operations, earnings and financial position in general. **IT risks –** Serious errors and disruptions in the Company's IT or control systems could impact the Company's customer relationships, reputation, risk management and profitability which, in turn, could have a material adverse effect on the Company's business, earnings and financial position. **Insurance risks –** Uninsured losses, or losses exceeding the Group's insurance coverage could have a material adverse effect on the Company's business, earnings and financial position. **Employee-related risks –** An inability to recruit, develop and retain employees and senior executives with the right expertise could have a material adverse effect on the Company's business, earnings and financial position. **Tax –** Changes in tax laws could increase the Company's tax burden, which could have a material adverse effect on the Company's business, earnings and financial position. The Company has considerable interest expenses, for example, and should any limitation on interest expense deductions be introduced in Sweden, the Company's tax burden could increase significantly. The Company's right to tax loss deductions could be limited or denied due to future changes in Swedish tax law or, under current regulations, due to changes in ownership. Should the Company fail to interpret correctly, or comply with, the applicable tax regulations for the Company and its operations, this could have a material adverse impact on the Company's business, earnings and financial position.

D.1	*Key information about the main risks that are specific to the issuer or the industry (cont.)*	**Liquidity and refinancing –** Should the Company fail to obtain the necessary financing, not have sufficient liquidity to meet its obligations, be unable to refinance its loan agreements or fulfil its acquisition strategy due to lack of liquidity, or only be able to refinance its loan agreements on terms that are unfavourable for the Company, this could have a material adverse effect on the Company's business, earnings and financial position. **Interest-rate risk and changes in the value of derivatives –** The Company's operations are exposed to interest-rate risk, since costs and earnings can change in line with market rates. The Company uses interest-rate derivatives to manage some of its interest-rate risk. Should the Company's interest-rate derivatives vary greatly in value, this could have major unrealised effects on earnings, and should unforeseen changes in interest rates have a negative effect on the Company's cash flow, this could have a material adverse impact on the Company's business, earnings and financial position.
D.3	*Key information about the main risks that are specific to the issuer or the industry*	Investments in securities are subject to risk. Such risks could lead to a significant drop in the Company's share price and investors could lose all or some of their investment. The following risk factors, which are not presented in any particular order or with any claim to be exhaustive, are considered the main risks for the Company's shares. **Share price –** There is a risk that active and liquid trading in the Company's shares will not be generated, and therefore a risk that shareholders will not be able to sell their shares, or only be able to sell their shares at a loss. The Company's share price could also be subject to extreme fluctuations. First and foremost, the share prices could be affected by fluctuations in supply and demand, variations between actual and forecasted earnings, the ability to meet equity analysts' profit expectations, changes in general economic conditions, regulatory changes and other factors. Furthermore, general share-market volatility could push the share prices down. **Possible future issues –** There is a risk that future issues could lower the price of the shares and/or dilute the ownership in the Company's share capital. **Shareholders with significant influence –** A few of the Company's shareholders own a significant percentage of the Company's outstanding shares and votes. There is a risk that the interests of these shareholders may conflict with those of the other shareholders, which could have a negative impact on these shareholders. Should any major shareholder decide to divest their holding, this could also have a negative effect on the share price. **Trading in subscription rights –** There is no guarantee that an active trading in subscription rights or BTAs will be generated, or that sufficient liquidity of subscription rights or BTAs will be available. In addition, failure to participate in the Rights Issue or the sale of subscription rights will correspondingly reduce the ownership proportion and voting rights of these shareholders. **Subscription commitments and guarantee obligations for the Rights Issue –** The subscription commitments of the Principal Owners and the guarantee obligations of the Joint Global Coordinators under the Underwriting Agreement are not secured; they are subject to certain conditions. There is, therefore, a risk that one or more of the Principal Owners will be unable to fulfil its or their subscription commitments, and a risk that the Joint Global Coordinators will be unable to fulfil their guarantee obligations, which could have a negative impact on the ability to complete a successful Offering. **Currency risk for foreign investors –** Investors with a reference currency other than SEK could be negatively impacted by a decline in the value of SEK relative to their own reference currency. Such investors could also incur additional transaction costs for converting SEK into another currency.

»» SECTION E – THE OFFERING

E.1	*Issue amount and issue expenses*	Diös expects to receive net proceeds of about SEK 1,806 million from the Rights Issue less total issue expenses of SEK 47 million, including fees and guarantee fees of SEK 32 million to Joint Global Coordinators.
E.2a	*Reasons for the offer and use of proceeds*	On 21 November 2016, Diös signed an agreement to acquire the Property Portfolio consisting of properties in Sundsvall, Umeå and Luleå from Castellum. The Acquisition is subject to a resolution by the extraordinary general meeting to implement the Rights Issue and that the Swedish Competition Authority approves the Acquisition. The Swedish Competition Authority's approval was received on 12 December 2016. On 21 December 2016, the extraordinary general meeting of the Company resolved on the Rights Issue and authorised the Board of Directors to make a decision on the final conditions of the Rights Issue. This means that the conditions of the transfer agreements have been met as of the date of this Prospectus. The expected date of transfer is 1 February 2017. The Board of Directors of Diös has resolved on a Rights Issue to secure financing for the Acquisition. The Rights Issue is expected to raise proceeds of SEK 1,853 million, before deduction of issue costs, for the Company, before deduction of issue costs. The issue proceeds will be used to partly finance the Acquisition.
E.3	*The Offering's forms and terms*	The Rights Issue comprises a maximum of 59,783,304 New Shares. Persons who are registered as shareholders in Diös on the record date at 4 January 2017 will receive one (1) subscription right for each share held. Five (5) subscription rights entitle the holder to subscribe for four (4) New Shares at a subscription price of SEK 31.00 per share. Subscription can also be effected without subscription rights, whereby the subscription price is SEK 31.00 per share. The subscription period for New Shares is from, and including, 9 January 2017 up to, and including, 23 January 2017. The Company's Board of Directors is entitled to extend the subscription period. Subscription rights will be traded on Nasdaq Stockholm from, and including, 9 January 2017 up to, and including, 19 January 2017. BTAs will be traded on Nasdaq Stockholm from, and including, 9 January 2017 up to, and including, 1 February 2017. The Company will announce the preliminary results of the Rights Issue in a press release on or about 24 January 2017. The final subscription results of the Rights Issue will be announced in a press release from Diös on or about 26 January 2017.
E.4	*Interests and conflicts of interest*	The Principal Owners, who jointly represent about 36 per cent of the shares and votes in the Company, have undertaken to subscribe for their respective *pro rata* shares in the Rights Issue. The Joint Global Coordinators or their respective affiliated companies have provided and may, in future, provide financial advisory, placement, investment, commercial banking or other services to the Company and its affiliated companies, for which they have received and may, in future, continue to receive the customary fees and commissions. In addition, the Joint Global Coordinators (and their affiliates) are lenders and/or banks, alternatively underwriters, for the loans granted to Diös and have signed guarantee obligations under the Underwriting Agreement relating to the forthcoming Rights Issue.
E.5	*Seller of shares and lockup agreements*	The Company is solely issuing New Shares. In their respective subscription commitments, the Principal Owners have agreed not to reduce their holdings in the Company in any way until, and including, 21 February 2017. The commitment includes subscribed New Shares. The Board of Directors (excluding employee representatives) and senior executives of the Company have signed lockup agreements and thereby committed themselves to not reduce their holdings in the Company in any way, which also includes the subscribed New Shares that are subscribed. The commitment applies until, and including, 31 March 2017, with the exception of the Principal Owners' board representatives whose commitments extend until the same date as the Principal Owners' lockup, which is 21 February 2017.
E.6	*Dilution effect*	The shareholdings of shareholders who choose not to participate in the Rights Issue will be diluted by a maximum of 44 per cent,1) but such shareholders will be entitled to full or partial financial compensation by selling their subscription rights.
E.7	*Costs imposed on investors*	Not applicable. No additional costs will be imposed on those who accept the Offering.

1) Calculated using the number of New Shares in the Rights Issue divided by the total number of shares outstanding in the Company after the Rights Issue.

RISK FACTORS

An investment in Diös is subject to various risks. Before making a decision to invest in the Company's shares, investors should consider carefully all of the risks stated below and all other information contained in this Prospectus. If any of the risks below should materialise, the result could be a material adverse effect on the Group's business, earnings and financial position. In such cases, the Company's share price could fall, and investors could then lose all or part of their investment. The risks described below are not the only risks affecting the Group and investors in the Company. Additional risks not currently known to the Group, or that are currently considered immaterial based on the Company's risk analysis, could have a significant negative effect on the Group's business and a material adverse effect on the Group's business, earnings or financial position. The order in which the risks are presented is not intended to indicate the likelihood of their occurrence or their seriousness or significance. In addition to this section, investors should consider the other information provided in this Prospectus in its entirety.

This Prospectus contains forward-looking statements that are based on assumptions and estimates, and that are subject to risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements due to numerous factors, including the risks described below and in other sections of this Prospectus.

RISKS ASSOCIATED WITH DIÖS

MACROECONOMIC RISKS

The Company's business is affected by macroeconomic factors outside the Company's control. These factors include, but are not limited to, GDP growth, employment, public debt, inflation, interest rates and the possibility to obtain financing. For example, a weak economic trend has a negative effect on demand for premises, which in turn can result in higher vacancies, declining market rents or the inability to raise the Company's rent on existing leases in accordance with an index. Moreover, there would be an increased risk that the Company's tenants experience financial difficulties and become subject to insolvency proceedings, which would mean an immediate and negative effect on the Company's cash flow. Limited access to capital due to factors such as general difficulties in obtaining financing (or financing at terms acceptable to the Company) impedes the Company's ability to operate. General economic downturns could also have a negative impact on the market values of the Group's properties. If any of the following risks should materialise, the result could be a material adverse impact on the Company's business, earnings and financial position.

COMPETITION

The Company owns and manages commercial, public sector and residential properties in an industry characterised by competition from both private and public operators. The Company's competitiveness depends on factors including its ability to attract and retain tenants, to anticipate future changes and trends in the property industry and to adapt quickly to current and future market needs. Therefore, the Company could be forced to engage in costly investments, restructuring or price cuts. Moreover, the Company's competitors may have greater resources and a better capacity to withstand market declines, to compete more successfully, to retain skilled employees and react faster to changes in tenant needs. If the Company is unable to compete successfully, this could significantly affect rents and vacancy rates and the Company's income could decline which, in turn, could have a material adverse impact on the Company's business, earnings and financial position.

URBANISATION

The Company's property portfolio and operations are concentrated to priority locations in Northern Sweden that meet specific growth criteria, such as positive population growth. A negative urbanisation trend in the locations in which the Company operates, or the inability of the Company to benefit from continued urbanisation, could have an adverse effect on the Company's growth prospects. Such an adverse effect could lead to lower demand for premises and housing, which could impact rental income and property values, as well as the ability to recruit and retain employees. Should the Company be unable to participate in a continued urbanisation, this could have a material adverse effect on the Company's business, earnings and financial position.

PROPERTY PORTFOLIO

The Company's property portfolio is diversified, consisting of both commercial and residential properties in prioritised locations in Northern Sweden. The composition of the Company's property portfolio could be affected by incorrect geographic distribution, meaning that the Company owns properties in the wrong submarket, place or location with respect to such factors as future growth and urbanisation trends, or properties that are not future-proof based on customer preferences, technical requirements, micro location or flexibility in terms of use and contract terms. Properties that are not future-proof entail a greater risk of higher vacancies, which could in turn lead to a decline in the value of the property in question or cause the Company to have to make costly investments. Properties continually undergo renovation in order to maintain, improve or adapt their technical status. If the Company fails to identify and finance the technical changes required to future-proof its property portfolio, this could affect the Company's business, earnings and financial position in the long term. The Company's property portfolio is further divided into the property categories of office, retail, warehouse, industry and residential, all of which have different outlooks. Should the Company make erroneous judgements of the regions and property types with the right conditions for continued property ownership, or if the Company fails to future-proof its properties, this could have a material adverse impact on the Company's business, earnings and financial position.

CHANGE IN THE VALUE OF PROPERTIES

The market value of the Company's property portfolio depends on several different factors. Changes in value can occur either as a result of macroeconomic causes, microeconomic causes or property-specific causes (usually related to cash flow). There is also a risk that properties in the property portfolio have been incorrectly valued. Regardless of their causes, changes in value affect both the income statement and the financial position. Large negative changes in value could cause the Company to violate the agreed terms and conditions in its credit agreements, which could result in more expensive borrowing, or in the worst case, to termination of the credit agreements by the lenders in question. The Company applies IFRS 13, and therefore recognises its properties at fair value in the balance sheet, and any changes of value in the property portfolio are recognised in the income statement. Should any of the risks mentioned above materialise, this could have an immediate and material adverse impact on the Company's business, earnings and financial position.

PROPERTY MANAGEMENT

Contracts are frequently negotiated with professional parties who expect professional treatment by the Company. Should the Company not act in a professional manner, this could affect the Company's long-term ability to operate a profitable management unit, and thereby affect the Company' earnings and reputation. Property management consists partly of being responsive to tenant needs and, in dialogue, trying to develop the relationship and satisfy tenant requests. There is a risk that the Company will be unable to provide the solutions requested by the tenant, and in competition, may not have the resources required to retain or attract tenants, which could have a material adverse impact on the Company's business, earnings and financial position.

PROPERTY DEVELOPMENT

The Company's property development takes the form of new construction, extensions and refurbishment that will lead to higher growth and profitability. Every development decision entails future assumptions about returns on investments made. These assumptions take into account parameters such as rent levels, vacancies, interest rates and opportunities for financing. Assumptions and assessments also consider tenants' wishes. Decisions based on incorrect assumptions or changed conditions during the investment period could lead to yields that are too low or negative, with an adverse impact on future growth. New construction, extensions and refurbishment is exposed to production risk. An incorrect choice of contractor, supplier, materials or technical solutions could adversely affect the Company's property development. New construction, extensions and refurbishment entails occupational health and safety risks, where accidents or environmental damage could have an adverse effect on the Company. If the Company makes incorrect decisions concerning the Group's properties, this could have material adverse effects on the Company's business, earnings and financial position.

PROPERTY COSTS

Property costs include operating costs, tariff charges, property administration, insurance, property taxes and other expenses. Electricity prices are determined by supply and demand in an open, deregulated and partly international market, and other operating costs are partly determined by local monopolies, which creates uncertainty in regard to future costs. Operating costs include the cost of maintenance and repairs, due to, for example, lease provisions or regulatory requirements, and should the Company not carry out maintenance and repairs in accordance with such provisions, the Company could incur liability for damages or fines. The Swedish National Board of Housing, Building and Planning, for example, continually issues new regulations on the design, safety and supervision of lifts, and regulations and recommendations regarding accessibility. Adapting properties to new regulations is generally associated with various costs. Property maintenance can also be impacted by design flaws, other hidden defects (such as power outages, asbestos or mould), damage (due to fire or natural causes, for example) and pollution, and the Company may need to fix or repair such defects due to contractual or regulatory requirements. Should any of these risks materialise, they could result in unforeseen costs that are material for the Company, could have an adverse impact on the attractiveness of the Group's properties, require significant costs to resolve or fix, and could reduce the occupancy rate and rental income, which could in turn have a material adverse impact on the Company's business, earnings and financial position.

STRATEGY

The Company continually reviews its overall strategy and objectives, and revises them as needed to stay up-to-date and in accordance with prevailing conditions. The Company's operational success depends upon the Company developing and maintaining clear strategies and guidelines. The three parts of the Company's business model contain guidelines: property management, property development and transactions. Should the Company fail to design appropriate business strategies and guidelines, or otherwise make incorrect strategic decisions, this could have a material adverse impact on the Company's business, earnings and financial position.

ACQUISITION-RELATED RISK

The acquisition of properties or property-owning companies is a natural part of the Company's operations. The possibility to execute overall acquisition strategies may be restricted by external factors such as competition, demand for attractive objects, the possibility to obtain finance, economic conditions and the price of investment objects. The subsequent effect may be non-compliance with the strategy, or that the financial results of completed transactions have a negative effect on the Company. Completed acquisitions could have an adverse impact on the Company's operations in the case of events such as unexpected vacancies, incorrect accounting and/or economic assumptions, and/or unforeseen environmental or tax requirements arising. Should the Company misjudge any of these effects, this could have an adverse impact on the Company's business and profitability. When integrating operations and staff in connection with acquisitions, positive effects that had been predicted may not come to pass, and processes may take longer as well as demand more resources than the Company had predicted. If the Company makes misjudgements related to one or more of the transaction risks described above, this could have a material adverse impact on the Company's business, earnings and financial position.

THE ACQUISITION

On 21 November 2016, the Company entered into a transfer agreement with Castellum to acquire the Property Portfolio. The Rights Issue is being conducted as part of the financing of the acquisition, which will also be financed through the exercise of interest-bearing credit facilities of approximately SEK 2,700 million. Should the Rights Issue not be fully subscribed and proceeds not raised according to the aforementioned credit facilities, the Company would be forced to seek alternative financing. There is a risk that such alternative financing cannot be obtained, or only obtained on unfavourable terms for the Company. Furthermore, the transfer agreements between the Company and Castellum do not entitle the Company to withdraw from the agreements should the Company be unable to obtain adequate financing. Should adequate financing not be obtained and the Company be unable to complete the acquisition, the Company may face legal penalties due to breach of contract. Should any of these risks materialise, this could have an immediate and material adverse impact on the Company's business, earnings and financial position.

Prior to the Company's acquisition of the Property Portfolio, the Company conducted various due diligence to identify and examine the risks that the Property Portfolio and the property-owning companies are subject to. There is a risk that these due diligence was inadequate or defective. Subsequently, there is a risk that the Company's assumptions about the Property Portfolio are inaccurate, which could have a negative impact on the anticipated yield. Inaccuracies could also result in the Company needing to take costly development and adaptation measures.

In the transfer agreements, the Company obtained certain guarantees regarding the Property portfolio. However, this guarantee protection is not comprehensive and there is a risk that significant portions of the Property Portfolio are not covered by any guarantees. Should it transpire that such a significant portion is defective, the Company, in such a case, would be unable to make any claims and therefore suffer damage that is not compensable. The guarantees are also restricted in time and subject to various threshold amounts and other qualifications. Thus, there is also a risk that damage, is not compensable, or only partially compensable, on the grounds of such qualifications. Should any of the above risks materialise, this could have a material adverse effect on the Company's business, earnings and financial position.

DIVESTMENT-RELATED RISK

From time to time, the Company may divest properties for reasons including the optimisation and adaptation of its property portfolio. In addition, the Company may sell properties to finance investments such as purchasing new properties or new construction, extensions and alterations. The Company therefore depends on a liquid property market, which in turn depends on several different factors such as macroeconomic conditions, changes to the financial position or financing prospects of potential buyers, changes in national or international economic conditions and changes in laws, regulations or tax policies. An illiquid property market could have a material adverse impact on the Company's ability to complete attractive investments, as well as the Company's business, earnings and financial position.

RENTAL INCOME

The Company has a diversified base of tenants that operate in diverse industries in diverse locations. Rental income from the Company's tenants could be adversely affected by numerous factors, such as declining market rents, an inability to raise rents in accordance with an index, lower space requirements, higher vacancies, lower demand or higher customer losses. Raising quality is often compensated by an ability to raise rent levels when developing properties. If the investments are more expensive than estimated, or if schedules are not maintained, this could mean a risk that profitability will decline since contractual rental income would not cover costs incurred. Should the Company be affected by lower rental income, this could have a material adverse impact on the Company's business, earnings and financial position.

LEGAL RISKS

The Company's operations are extremely dependent on laws and ordinances, provisions and regulatory decisions related to planning and construction measures, environmental considerations, safety and leasing. Using and developing the Group's properties as intended requires various permits and decisions, including local plans and various types of real property formation. There is a risk that the Company in the future may not be granted the necessary permits or receive the necessary decisions to operate and develop its business in a desirable manner, which could have a negative impact on the Company's earnings and financial position. There is also a risk of changes in the applicable law, and that the Company or its customers are obligated to comply with these changes, which could have a material adverse effect on the Company's business, earnings and financial position.

DISPUTES

The Company is not involved in any legal disputes or arbitration that have or have had significant effects on the Company's financial position or profitability. Nor is the Company aware of any circumstances that could result in any such judicial proceedings or arbitration. There is however a risk that the Company could become involved in such disputes in the future. Disputes, claims, investigations and legal proceedings could result in the Company being liable to pay damages or to end certain practices. Moreover, the Company or its board members, managers, employees or affiliates could be the object of investigations or criminal proceedings. Such disputes, claims, investigations and legal proceedings could be time-consuming, disrupt daily operations, include claims for significant amounts and entail significant legal expenses. Moreover, it can often be difficult to predict the outcome of complex disputes, claims, investigations, and legal proceedings. Consequently, disputes, claims, investigations and legal proceedings could have a material adverse impact on the Company's business, earnings and financial position.

ENVIRONMENTAL RISK

Property management and development impact the environment. Under the Swedish Environmental Code (1998:808), the entity that carries out, or has carried out, an operation, or taken an action that has contributed to pollution damage or serious environmental damage (the operator) is primary responsible for its subsequent remediation under the said Code. If the operator is unable to perform or pay for remediation of a polluted or environmentally damaged property, the party that has acquired the property and that knew about or should have detected the pollution at the time of acquisition is responsible for remediation. This means that under certain conditions claims could be lodged against the Company for soil decontamination or follow-up treatment of the occurrence or suspicion of pollution in the soil, water areas or groundwater in order to bring the property into the condition stipulated by the Swedish Environmental Code. Such claims could impact the Company's ability to use the property and, in turn, have a material adverse effect on the Company's business, earnings and financial position.

BRIBES AND CORRUPTION

The Company's operations are subject to various national and international anti-corruption and anti-bribery laws. The Company may enter into transactions with governments and government-owned organs that are also subject to such laws in the course of its operations. The Company has established internal regulations and guidelines, and has provided training for its employees in order to facilitate compliance with such laws. However, there is a risk that the Company's internal regulations and guidelines might not be followed, or that the Company might not effectively detect and prevent violations of applicable laws and regulations or cases of fraud, bribes and corruption. The Company could subsequently be subject to penalties and reputational damage which, in turn, could have a material adverse impact on the Company's business, earnings and financial position.

REPUTATIONAL DAMAGE

The Company's ability to attract and retain tenants is to some extent dependent upon its reputation, and thus the Company's operations are sensitive to risks related to reputational damage. For example, the Company's reputation could be adversely affected by rumours, negative publicity or other factors that could result in the Company no longer being considered a competent and serious market operator. Should the Company's reputation be damaged, or the Company be subject to negative publicity, this could impair the Company's competitiveness, consume time and resources and lead to additional costs for the Company, which could have a material adverse effect on the Company's opportunities to achieve its growth target, and on its operations, earnings and financial position in general.

IT RISKS

The Company's ability to efficiently manage its operations and maintain good internal controls depends on a smoothly functioning IT environment and operation, as well as control systems that are integrated into the entire organisation. Faults or disruptions in the Company's IT systems or control systems could also affect its ability to produce accurate financial reports or to produce such reports on time, both internal and external reports. To the extent that the Company experiences a serious fault or disruption in any of its systems or in another technology, the Company could become unable to efficiently run and manage its operation. Serious faults or disruptions in the Company's IT systems or control systems may affect its customer relationships, reputation, risk management and profitability which could, in turn, have a material adverse impact on the Company's business, earnings and financial position.

INSURANCE RISKS

The Group's insurance coverage could prove to be insufficient for compensation of damages related to the Group's properties, for example. Certain types of risks (such as war, acts of terrorism, insufficient preparation in the event of natural disasters or extreme weather conditions such as floods) could be, or could in the future be, impossible or too costly for the Company to insure itself against. Moreover, if damage to a property were to occur and subsequently cause tenants to terminate or not renew their leases, there is a risk that the Company's insurance coverage would not cover lost rental income for this reason. If a case of uninsured damage were to occur, or if a case of damage were to exceed the insurance coverage, the Company could lose the capital it invested in the affected property, as well as future income from the property. In addition, the Company could be liable to repair cases of damage caused by uninsured risks. The Company could also become liable for debts and other financial liabilities for damaged buildings. Uninsured losses, or losses that exceed insurance coverage, could thereby have a material adverse impact on the Company's business, earnings and financial position.

EMPLOYEE-RELATED RISKS

The Company's employees are one of the Company's most important assets, since operations are driven by their actions and decisions. Disgruntled personnel, poor leadership and high staff turnover lead to higher costs, poorer customer relationships and lower internal efficiency, resulting in lower profitability. The Company is therefore dependent on its ability to recruit, develop and retain employees and senior executives with the right skills. Should the Company be unsuccessful in this respect, it could have a material adverse impact on the Company's business, earnings and financial position.

PROPERTIES AS INVESTMENT OR TRADING OBJECTS

The Company's operations are conducted through several subsidiaries with tax domicile in Sweden. The operations encompass the management, development, acquisition and divestment of properties. Since property transactions are part of operations, there is a risk that special tax provisions could apply in cases where the properties held by certain companies constitute stock items rather than capital assets. The tax classification of shares in subsidiaries as either capital assets or stock items is important for considerations including possible taxation of dividends received and profit from the sale of shares. It also affects the conditions for exchanging group contributions. The boundary between property management and trading in properties is not expressed in laws and regulations. Instead, it must be assessed with the guidance of the case-law in the area. Based on case-law, it appears the most important criterion for whether trading in properties exists is the number of property sales and whether the length of time the properties are held and the purpose of the acquisitions and sales have been significant. Based on the legislative history of the law, the number of property transactions must be viewed in relation to the company's size, which means that the scope to acquire and divest properties, without engaging in the trading of properties, is greater for listed property companies.

If the Company's interpretation or application of tax legislation, tax treaties and other tax regulations are erroneous; if one or more authorities succeed in applying negative tax adjustments to a unit within the Group; or if applicable laws, contracts, regulations or government interpretations of these or administrative practice in relation to these change, including with retroactive effect, the Group's previous and current management of tax issues could be challenged. If any tax authority succeeds in asserting such claims, this could result in a higher tax cost including penalties and interest. The Group's tax losses could also be reduced as a consequence.

Should the Company fail to correctly interpret and comply with the tax regulations that apply to the Company and its operations, this could have a material adverse impact on the Company's business, earnings and financial position.

TAX LEGISLATION

Tax rules are subject to constant changes. A review of the interest deduction limitation rules is currently in progress. At present it is uncertain what kind of future restrictions may be proposed, what they would include as wells as when such restrictions may enter into force.

The Company runs a capital-intensive operation and has significant interest expenses. Should the Company become subject to restrictions on its right to deduct interest and capital expenses, this could have a material adverse impact on the Company's business, earnings and financial position.

In June 2015, the Swedish government appointed a committee to review tax planning in the property sector. Properties are often packaged in limited liability companies, meaning they can be transferred through a customary share transfer. The task of the committee includes a review of, and action list for, income tax, property tax, property charges, stamp duty and VAT. The report is to be delivered by 31 March 2017. If new tax regulations are introduced that limit opportunities for packaging property transactions, or other taxes increase, this could have material adverse effect on the Company's business, earnings and financial position.

New taxation case-law may in certain cases be applied retroactively, and there is a risk that this could affect the Company's operations. Should the Company become subject such retroactive enforcement, it could have a material adverse impact on the Company's business, earnings and financial position.

POTENTIAL DEDUCTIONS

The Company has loss carryforwards, primarily due to the acquisition of dormant limited companies that the Company completed in April 2005. For example, an amendment of tax legislation that meant changes in the possibilities for making tax write-offs or utilising loss carryforwards could result in an altered tax situation in the future. The possibilities for utilising loss carryforwards may also be limited by changes in the Company's ownership structure, such as if a group of natural persons or other foreign legal persons other than foreign companies together acquires more than fifty (50) percent of the votes in the Company during a five year period and each of them owns or acquires at least five (5) percent of the Company. The persons do not need to cooperate or even be aware of each other for the rule to apply. Depending on how the rule is interpreted, even smaller changes in ownership could limit the loss.

The potential to make deductions could change or be eliminated if amendments to tax legislation are made or if the ownership structure changes.

The Company has utilized tax loss carryforwards in accordance with The Company's interpretation of current rules and practices. If the Company's application of the current rules are considered inaccurate or if the deductibility the losses change or disappear, it can affect the Company's effective tax rate and possibly result in tax penalties. Such possible effects could, together or individually, have a material adverse effect on the Company's operations, results and financial position.

CLASSIFICATION

The Company makes significant ongoing investments in its properties through new construction, extensions and refurbishment. For tax purposes, these property investments are classified on the basis of a direct deduction and depreciation perspective. Since these classifications are based on interpretations of applicable tax legislation and precedents, they could be challenged. Tax legislation can also be subject to amendments. If the Swedish Tax Agency were to successfully assert that the Company erred in its classification, or if the tax legislation were amended, this could result in a higher tax burden including penalties and interest, and expense for the Company. Moreover, the tax loss carryforwards could be reduced. Should these risks materialise, this could have a material adverse impact on the Company's business, earnings and financial position.

LIQUIDITY AND REFINANCING

There is a risk that the Company is unable to obtain sufficient finance, or that existing finance is not renewed at the end of its term, or that such finance can only be obtained or renewed at substantially higher costs or on unfavourable terms for the Company. Properties are a long-term asset that require long-term financing allocated between equity and interest-bearing liabilities. To secure the Company's needs for long-term financing and liquidity, the Company continually renegotiates its credits and adds new ones as needed. The Company is exposed to requirements in the credit agreements it has entered into concerning the general economic climate or disruptions in the capital and credit markets, and if these requirements are not fulfilled, the consequences could include a sharp restriction in the Company's ability to utilise its existing credits. The Company's credit agreements also expose the Company to counterparty risks. A decline in the general economic climate or disruptions in the capital and credit markets could also result in a restriction of the Company's access to financing. Should the Company fail to obtain the necessary financing, not have sufficient liquidity to meet its obligations, be unable to refinance its loan agreements or fulfil its acquisition strategy due to lack of liquidity, or only be able to refinance its loan agreements on unfavourable terms for the Company, this could have a material adverse effect on the Company's business, earnings and financial position.

INTEREST-RATE RISK AND CHANGES IN THE VALUE OF DERIVATIVES

The Company's operations are exposed to interest-rate risk, since costs and earnings can change in line with market rates. The Company uses interest-rate derivatives to hedge future cash flows and to fend off unforeseen and substantial changes in interest rates. The value of the Company's interest-rate derivatives changes over time along with changes to the market rate of interest. As long as the interest-rate derivatives are not sold off but held until maturity, these changes in value do not affect cash flow. They affect the Company's income statement and balance sheet instead. The value of an interest-rate derivative is always 0 at maturity. Parts of the financing agreements are fixed-rate, and thus not directly exposed to interest-rate risk.

The income and expenses that are not hedged against interest-rate risk may therefore be affected by changes in interest rates, and have a negative effect on cash flow via net interest income. The rapidity and extent to which changes affect net interest income depend primarily on the chosen capital and fixed interest term. The Company has chosen to link the interest to both short and long fixed-rate periods. Negative interest rates affect the Company's ability to successfully implement its chosen fixed-interest strategy.

Should the Company's interest-rate derivatives vary greatly in value, this could have major unrealised effects on earnings, and should unforeseen changes in interest rates have a negative effect on the Company's cash flow, this could have a material adverse impact on the Company's business, earnings and financial position.

RISKS RELATED TO THE COMPANY'S SHARES AND THE OFFERING

SHARE PRICE

Since a share may both rise and decline in value, it is not certain that shareholders will get their invested capital back. Moreover, there is a risk that active and liquid trading in the Company's shares will not develop, thereby posing a risk that shareholders will be unable to sell their shares or can only sell their shares at a loss. Share prices could also be subject to substantial fluctuations. First and foremost, share prices may be affected by changes in supply and demand, fluctuations in actual or forecast results, the ability to meet equity analysts' profit expectations, changes in general economic conditions, changes to laws and regulations and other factors.
In addition, general share market volatility can push share prices down.

POTENTIAL FUTURE ISSUES

The Company may attempt to raise capital in the future by issuing additional shares or other securities. Such issues could negatively affect the price of the Company's shares and also result in a dilution of existing shareholders' percentage ownership of share capital and shares in the Company. The Company cannot currently project or estimate times, terms or issue amounts for any future issues. Thus shareholders should take into account the risk that future issues could reduce the price of shares and/or dilute their percentage ownership of share capital in the Company.

POOR LIQUIDITY IN TRADING OF SUBSCRIPTION RIGHTS

Persons who are registered as shareholders in the Company on the record date receive subscription rights in proportion to their existing shareholdings. The subscription rights are expected to have an economic value that can only accrue to the holder if the holder either exercises them to subscribe for New Shares by 23 January 2017, or sell them by 19 January 2017. After 23 January 2017, unexercised subscription rights will be removed from the holder's VP account without notice, whereupon the holder will lose the expected economic value of the subscription rights. Moreover, if shareholders do not exercise their subscription rights, their proportional ownership and share of voting power will be reduced to an equivalent extent. Even if shareholders choose to sell their unexercised subscription rights, the compensation received may not reflect the immediate dilution of their percentage ownership in the Company's share capital once the Rights Issue has been completed. Both subscription rights and BTAs ((Sw: *betalda tecknade aktier*), which are recorded in the VP accounts of the people who subscribed for New Shares after payment is received) will be traded for a limited period of time on Nasdaq Stockholm. Trading in these instruments may be limited, which may cause individual holders to experience problems in selling their subscription rights and/or BTAs. Limited liquidity could also strengthen fluctuations in the market price of subscription rights and/or BTAs. Pricing of these instruments could thus be incorrect or misleading.

THE COMPANY'S ABILITY TO PAY DIVIDENDS

The Company's dividend policy depends on the Group's results and financial position, future profits, cash flows, obligations to the Group's lenders, investments and other factors. Furthermore, according to Swedish law there are provisions that limit the Company's ability to propose or pay dividends to those earnings defined by law as distributable earnings. There is a risk that no dividend will be proposed or adopted for a given year. As a holding company in the Group, the Company's main assets consist of direct or indirect shareholdings and loans to subsidiaries, which generate the Company's cash flow. Consequently, the Company's revenues primarily come from intra-group interest payments and loan repayments from subsidiaries, as well as possible contributions and dividends from such subsidiaries. The ability of the Company's subsidiaries to make these payments to the Company could be adversely affected due to changes in their operations. Group contributions in the form of dividends or other financial flows may also be limited due to various undertakings, such as credit agreements entered into by subsidiaries, tax restrictions that make financial transfers more difficult or expensive, and a shortage of sufficient distributable reserves and liquid funds in the Company's subsidiaries. The Company's ability to pay dividends in accordance with its dividend policy therefore depends extensively on the dividends and other capital flows that the Company receives from its subsidiaries. Such restrictions could have a material adverse impact on the Company's business, earnings and financial position and, above all, limit the Company's ability to pay future dividends.

SUBSCRIPTION AND GUARANTEE COMMITMENTS FOR THE RIGHTS ISSUE

The Principal Owners, who together represent about 36 per cent of shares and votes in the Company, have undertaken to subscribe for their respective *pro rata* shares in the Rights Issue. The Joint Global Coordinators have undertaken to subscribe for the remaining part of the Offering through the Underwriting Agreement, i.e. to subscribe for the New Shares that were not subscribed or paid for by other shareholders in the Rights Issue. The Principal Owners' subscription commitments and the Joint Global Coordinators' guarantee obligations correspond to the Rights Issue's highest amount, which means that the Rights Issue is fully guaranteed. However, the subscription commitments and guarantee obligations are not secured; they are subject to certain conditions. The obligation of the Joint Global Coordinators to fulfil their subscription commitments is conditional upon each of the Principal Owners fully carrying out their subscription commitments. The Principal Owners' subscription commitments are conditional upon the Joint Global Coordinators not terminating the Issue Guarantee Agreement before the end of the subscription period. There is, therefore, a risk that one or more of the Principal Owners will be unable to fulfil their subscription commitments, and a risk that the Joint Global Coordinators will be unable to fulfil their guarantee obligations, which could have a negative impact on the possibility to successfully complete the Offering. In the event that the completion of the Offering is adversely affected due to the subscription commitments not being met, this could have a material adverse impact on the Group's business, earnings and financial position, partly because a loss of financing from the Rights Issue could mean that the Company is at risk of breaching the effected transfer agreement regarding its acquisition of the Property Portfolio.

CURRENCY RISK FOR FOREIGN INVESTORS

The Company's shares are listed in SEK and all dividends attributable to the shares will be paid in SEK. Investors with a reference currency other than SEK may be adversely affected by a decline in the value of the SEK in relation to their own reference currency. Such investors could also incur additional transaction costs for converting SEK into another currency.

SPECIFIC RISKS FOR US INVESTORS

According to Swedish law, shareholders will have preferential rights in the case of certain share issues, unless these rights are relinquished through a decision by the shareholders at an annual general meeting, or by the Company's Board of Directors if the shares are issued with the support of an authorisation given to the Board of Directors, according to which the Board of Directors has the right to set aside preferential rights. However, securities legislation in certain jurisdictions may limit the Company's ability to allow shareholders from such jurisdictions to exercise their preferential rights in the event of any future issues. Holders of shares in Diös who reside, or have a registered address, in the US, as well as holders of shares in some other countries, may be prevented from exercising their preferential rights for the shares they own in Diös in future issues, unless a registration measure or equivalent action under the applicable law in each jurisdiction has been taken in regard to the shares in Diös, or an exemption from the obligation to register or the equivalent measure under the applicable law in each jurisdiction applies. In such cases the shareholdings of shareholders with a legal domicile in countries other than Sweden could be diluted, and the dilution possibly might not be compensated for by reimbursement received for subscription rights. The Company intends, where appropriate, at the time of any future issues of shares subject to preferential rights or a repurchase offer, to evaluate the costs and potential obligations associated with meeting the relevant local requirements, including a possible registration statement in the US, as well as the indirect benefits for the Company in enabling shareholders from countries other than Sweden to exercise their preferential rights to shares, or to participate in repurchase offers, where appropriate, and any other factors considered appropriate at the time, and to thereafter decide whether the Company should meet local requirements, including the submission of a registration statement in the US. There is a risk that relevant local requirements will not be fulfilled, or that a registration statement will not be filed in the US in order to enable these owners to exercise their preferential rights or participate in repurchase offers.

In the Company's opinion, in the current assessment year and in the foreseeable future, it could probably be classified as a passive foreign investment company (PFIC). Should the Company be classified as a PFIC, this could lead to negative income tax effects in the US for US investors, such as expanded or accelerated liability for US federal income tax.

FOREIGN SHAREHOLDERS' ABILITY TO SUE

The rights granted to the Company's shareholders are governed by the Company's articles of association and Swedish law. These rights may differ from rights granted to shareholders in foreign companies. Most of the Company's assets are located in Sweden. As a result, it could be costly and time-consuming for shareholders outside Sweden to initiate proceedings or enforce foreign judgments against the Company or its board members.

INVITATION TO SUBSCRIBE FOR SHARES IN DIÖS

On 21 December 2016, the extraordinary general meeting of the Company resolved to implement the Rights Issue and to authorise the Board of Directors to decide on the amount of the increase in the Company's share capital, the number of shares to be issued and the amount to be paid for each New Share. On 27 December 2016, the Board of Directors of Diös decided, with the general meeting's authorisation, to increase the Company's share capital by a maximum of SEK 119,566,608 by issuing a maximum of 59,783,304 New Shares at a subscription price of SEK 31.00 per New Share.

The Principal Owners, who jointly represent about 36 per cent of the shares and votes in the Company, have undertaken to subscribe for their respective *pro rata* shares in the Rights Issue.

The Company has entered into an Issue Guarantee Agreement with the Joint Global Coordinators under which the Joint Global Coordinators have committed to subscribe for shares not subscribed or paid for in the Rights Issue up to an amount corresponding to the maximum limit for the Rights Issue, less the amount covered by the subscription commitments.1) The Rights Issue is therefore fully guaranteed. The Company's shareholders have preferential rights to subscribe for New Shares *pro rata* to the number of shares held on the record date of 4 January 2017. The shareholders will receive five (5) subscription right for each share held.

Five (5) subscription rights entitle the holder to subscribe for four (4) new shares at a subscription price of SEK 31.00 per share. The subscription period extends from, and including, 9 January 2017 to, and including, 23 January 2017, or a later date as determined by the Board of Directors. The New Shares carry the same rights as the existing shares in the Company.

The New Shares may also be subscribed for without exercising subscription rights. If not all New Shares are subscribed for by exercising subscription rights, the Board of Directors will decide on the allotment of New Shares subscribed for without subscription rights as follows:

- Firstly, to parties that have subscribed for shares with subscription rights, irrespective of whether or not these parties are shareholders on the record date. If it is not possible to implement full allotment on this basis, the shares will be allotted *pro rata* to the number of subscription rights that each of the parties has exercised and, insofar as this is not possible, by lottery.
- Secondly, to parties that have subscribed for shares under the Rights Issue without subscription rights. If it is not possible to implement full allotment on this basis, the shares will be allotted *pro rata* to the number of shares subscribed for and, insofar as this is not possible, by lottery.
- Lastly, to Swedbank AB (publ) and Nordea Bank AB (publ) in their capacity as underwriters, and allotment will be *pro rata* to their commitments pursuant to the Underwriting Agreement and, insofar as this is not possible, by lottery.

In the event the Rights Issue is fully subscribed, Diös will raise proceeds of SEK 1,853 million, before deduction of issue costs, which are expected to be about SEK 47 million. The shareholdings of shareholders who choose not to participate in the Rights Issue will be diluted by a maximum of 44 per cent,2) but such shareholders will be entitled to full or partial financial compensation by selling their subscription rights.

Shareholders of Diös are hereby invited to subscribe for New Shares in accordance with the terms, conditions and instructions of this Prospectus.

Östersund, 5 January 2017

Diös Fastigheter AB (publ)
Board of Directors

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1) *For more information, please see section "Legal considerations and other information" under the headings "Underwriting Agreement" and "Subscription commitments of the Principal Owners".*

2) *Calculated using the number of New Shares in the Rights Issue divided by the total number of shares outstanding in the Company after the Rights Issue.*

Glädjen 4, 9, Sundsvall

Katharina Engebo, lessor, Diös Sundsvall

BACKGROUND AND REASONS

Diös owns and develops commercial and residential properties in prioritised growth cities in northern Sweden. The Company has since the start in 2005 experienced a continuous growth in the property portfolio, which has grown from approximately SEK 1.7 billion as of 31 December 2005 to approximately SEK 13.4 billion as of 30 September 2016. Diös' vision is to be the most active and sought-after landlord in its market.

On 21 November 2016, Diös signed an agreement to acquire the Property Portfolio consisting of properties in Sundsvall, Umeå and Luleå from Castellum. The Acquisition is subject to a resolution by the extraordinary general meeting to implement the Rights Issue and that the Swedish Competition Authority approves the Acquisition. The Swedish Competition Authority's approval was received on 12 December 2016. On 21 December 2016, the extraordinary general meeting resolved to approve the Rights Issue and to authorise the Board of Directors to decide on the final terms of the Rights Issue. Thereby, the conditions according to the transfer agreements are fulfilled as of the date of the Prospectus. The expected date of transfer is 1 February 2017.

The Acquisition is an important strategic transaction for Diös' further development. The main reasons are:

- Diös adds a well-maintained property portfolio with focus on centrally located commercial properties in Sundsvall, Umeå and Luleå, where Diös already operates.
- The Acquisition complements the existing portfolio and improves the possibilities for Diös to continue to contribute to sustainable urban development.
- Through the Acquisition, the Company adds an attractive and diversified tenant base, from which a significant share of the rental income is generated by public sector tenants.
- The average lease term of the acquired properties amounts to approximately 4.4 years, which extends Diös' average lease term from 3.2 years to 3.5 years.
- Diös believes that the Acquisition enables revenue synergies and economies of scale, *inter alia* through a strengthened tenant offering, increased diversification of the tenant base, improved position in city centre retail trade as well as with regards to streamlining of central and property administration.
- Through the Acquisition, Diös strengthens its position as one of the largest private property companies in northern Sweden, in terms of number of properties and property value.

Overall, the Acquisition is expected to increase the interest in Diös from a number of perspectives: Diös becomes a more interesting and stronger partner to, among others, tenants, suppliers and municipalities and a higher market capitalisation may lead to increased interest from a capital markets perspective. The Acquisition will not lead to any changes in the financial targets or dividend policy of Diös.

The Board of Directors of Diös has resolved on a Rights Issue to secure financing for the Acquisition. The Rights Issue is expected to raise proceeds of SEK 1,853 million, before deduction of issue costs, for the Company, before deduction of issue costs. The issue proceeds will be used to partly finance the Acquisition.

The Board of Directors of Diös is responsible for the content of the Prospectus. It is hereby assured that all reasonable precautionary measures have been taken to ensure that the information in the Prospectus, to the best of the Board of Directors' knowledge, corresponds to the factual circumstances and that nothing has been omitted that would affect its purpose.

Östersund, 5 January 2017

Diös Fastigheter AB (publ)
Board of Directors

TERMS, CONDITIONS AND INSTRUCTIONS

PREFERENTIAL SUBSCRIPTION RIGHTS

The Offering comprises of up to 59,783,304 shares. Those who are registered as shareholders in Diös on the record day of 4 January 2017 have preferential rights to subscribe for New Shares in relation to the number of shares held on the record date.

For this purpose, those registered as shareholders in Diös on the record date will receive one (1) subscription right for every ordinary share held. Five (5) subscription rights entitle to subscription for four (4) New Shares at the subscription price specified below.

Assuming that the Offering is fully subscribed, the number of shares in the Company will increase from 74,729,134 to 134,512,438, representing an increase of approximately 80 per cent. The shareholdings of shareholders who choose not to take part in the Rights Issue will be diluted by about 44 per cent, but such shareholders will be entitled to full or partial financial compensation by selling their subscription rights.

SUBSCRIPTION PRICE

The New Shares in Diös will be issued at a subscription price of SEK 31.00 per share. No commission will be charged.

RECORD DATE

The record date at Euroclear for determination of which shareholders are entitled to receiving subscription rights is 4 January 2017. The shares will be traded excluding entitlement to subscription rights in the Rights Issue as of 3 January 2017. The final day for trading including entitlement to participate in the Rights Issue is 2 January 2017.

SUBSCRIPTION PERIOD

The subscription period for New Shares is from, and including, 9 January 2017 to, and including, 23 January 2017. The Company's Board of Directors is entitled to extend the subscription period. Any extension will be announced by the Company in a press release by 23 January 2017.

TRADING IN SUBSCRIPTION RIGHTS

Subscription rights will be traded on Nasdaq Stockholm from, and including, 9 January 2017 to, and including, 19 January 2017 under the ticker symbol DIOS TR. The ISIN code for the subscription rights is SE0009496391. Swedbank and other securities institutions with required licenses will provide brokerage services regarding purchases and sales of subscription rights.

Subscription rights received must either be exercised for subscription not later than 23 January 2017, or sold not later than 19 January 2017 to loss of the value of the subscription rights. No compensation will be paid to holders of subscription rights whose subscription rights expire due to not being exercised or sold.

ISSUE STATEMENT

DIRECTLY REGISTERED SHAREHOLDERS

The Prospectus and a printed issue statement with an attached Bankgiro payment slip will be sent to those shareholders or representatives of shareholders in the Company who, on the record date of 4 January 2017, are registered in the share register maintained by Euroclear on behalf of Diös, with the exception of such shareholders who are resident in certain unauthorised jurisdictions. The issue statement sets out, *inter alia*, the number of subscription rights received and the full number of New Shares that may be subscribed for subscribed for pursuant thereto. Settlement notes (Sw: *VP-avi*) will not be distributed regarding the registration of subscription rights on securities accounts. Persons included in the special list of pledge holders and guardians maintained in connection with the share register will not receive any issue statement and will be informed separately.

NOMINEE-REGISTERED HOLDINGS

Shareholders whose holdings are nominee-registered at a bank or with another nominee will not receive the Prospectus or an issue statement. Subscription and payment must, instead, be made in accordance with instructions received from the respective nominee.

SHAREHOLDERS RESIDENT IN CERTAIN INELIGIBLE JURISDICTIONS

The allotment of subscription rights and issue of New Shares upon exercise of subscription rights to persons resident in, or citizens of, countries outside Sweden may be affected by securities legislation in such countries.[1] Consequently, with certain exceptions, shareholders whose existing shares are registered directly on a securities account and have a registered address in Australia, Hong Kong, Japan, Canada, Singapore, South Africa, the US, or any other jurisdiction in which participation in the new issue would not be allowed, will not receive this Prospectus or an issue statement. Nor will they receive any subscription rights in their respective securities accounts. Subscription rights that would have been delivered to such shareholders will be sold and the sales proceeds, less a deduction for costs, will be paid to such shareholders. Amounts of less than SEK 100 will not be paid out.

SUBSCRIPTION FOR NEW SHARES PURSUANT TO SUBSCRIPTION RIGHTS

Subscription for New Shares by exercising subscription rights will take place by simultaneous cash payment from, and including, 9 January 2017 to, and including, 23 January 2017. After the end of the subscription period, unexercised subscription rights will become void thus of no value and deleted from securities accounts without notice from Euroclear. To ensure that the value of the subscription rights is not lost, the holder must either:

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1) *See also sections "Important information" and "Transfer restrictions, etc.".*

- exercise the subscription rights to subscribe for New Shares no later than 23 January 2017; or
- sell the subscription rights that have not been exercised no later than 19 January 2017.

Subscription for New Shares by exercising subscription rights is irrevocable and the subscriber cannot cancel or alter a subscription for New Shares.

DIRECTLY REGISTERED SHAREHOLDERS RESIDENT IN SWEDEN

Subscription for New Shares pursuant to subscription rights is effected by simultaneous payment in cash, either by using the printed Bankgiro payment slip or a special application form, in accordance with one of the following options:

- The printed Bankgiro payment slip is used if all subscription rights in the issue statement from Euroclear are to be exercised for subscription. No additions or alterations may be made to the payment form.
- The application form is to be used if subscription rights have been purchased, sold or transferred from another securities account, or if, for some other reason, the number of subscription rights to be exercised for subscription differs from the number on printed issue statement. The application form is available from Diös (website: (www.)dios.se/In-English/rights-issue) and Swedbank (website: (www.)swedbank.se/prospectus). Payment must be made to Swedbank no later than 23 January 2017.

DIRECTLY REGISTERED SHAREHOLDERS NOT RESIDENT IN SWEDEN

Directly registered shareholders who are eligible to subscribe but not resident in Sweden, and not exempt from the Offering in accordance with the terms set out under "*Transfer restrictions, etc.*" in this Prospectus, may participate in the Offering by using the printed payment form, or, if such person is unable to use the printed payment form, may instead pay in SEK through a foreign bank in accordance with the instructions below:

Diös
c/o Swedbank AB (publ), Emissioner S85
SE-105 34 Stockholm, Sweden
SWIFT: SWEDSESS
IBAN: SE09 8000 0814 7196 4587 8860

Upon payment, the subscriber's name, address, securities account number and the reference "Issue Diös" must be specified. The application form and payment must be received by Swedbank AB (publ), Emissioner S85, SE-105 34 Stockholm, Sweden, no later than 23 January 2017.

NOMINEE-REGISTERED SHAREHOLDERS

Shareholders whose shares are nominee-registered and who wish to subscribe for New Shares pursuant to subscription rights shall apply for subscription in accordance with the instructions of their respective nominee.

PAID SUBSCRIBED SHARES (BTAS)

After payment and subscription, Euroclear will distribute a settlement note (Sw: *VP-avi*) confirming the registration of the paid subscribed shares (Sw: *betalda tecknade aktier, "BTAs"*) in the subscriber's securities account. The New Shares will be registered as BTAs in the VP account until the Rights Issue has been registered with the Swedish Companies Registration Office. New shares subscribed for pursuant to subscription rights are expected to be registered with the Swedish Companies Registration Office by about 30 January 2017. After this date, the BTAs will be re-registered as shares. No settlement notes (Sw: *VP-Avi*) will be issued in connection with such re-registration.

TRADING IN BTAS

BTAs are expected to be traded on Nasdaq Stockholm between, and including, 9 January 2017 and, including, 1 February 2017 under the ticker symbol DIOS BTA. The ISIN code for the BTAs is SE0009496409. Swedbank and other securities institutions will provide brokerage services regarding purchases and sales of BTAs.

SUBSCRIBE FOR SHARES WITHOUT SUBSCRIPTION RIGHTS

Subscription for New Shares may also take place without subscription rights.

DIRECTLY REGISTERED SHAREHOLDERS AND OTHER SECURITIES ACCOUNT HOLDERS

Applications to subscribe for New Shares without subscription rights must be made with designated application form. Only one application can be made per VP account and allotment, in the event of over-subscription, will be made in proportion to the number of subscription rights that the subscriber has exercised for the subscription for New Shares by exercising subscription rights on the securities account stated in the application form. If several application forms are submitted, only the last application form to be received by Swedbank will be considered. Application forms are available from Diös (website: (www.)dios.se/finansiellt/In-English/rights-issue) and Swedbank (website: (www.)swedbank.se/prospectus). The application form must be sent to Swedbank AB (publ), Emissioner S85, SE 105 34 Stockholm, Sweden. The application form must be received by Swedbank no later than 23 January 2017. Application to subscribe for New Shares without subscription rights is irrevocable and the subscriber may not cancel or alter a subscription for New Shares.

SUBSCRIPTION BY NOMINEE-REGISTERED SHAREHOLDERS AND OTHER DEPOSIT ACCOUNT HOLDERS

Shareholders whose shares are nominee-registered and who wish to apply for subscription for New Shares without subscription rights must apply for subscription in accordance with the instructions of their respective nominee.

ALLOTMENT OF NEW SHARES SUBSCRIBED FOR WITHOUT SUBSCRIPTION RIGHTS

If not all New Shares are subscribed for pursuant to subscription rights, the Board of Directors, within the Rights Issue's maximum amount, will decide on the allotment of New Shares subscribed for without subscription rights as follows:

- Firstly, to parties that have subscribed for shares with subscription rights, irrespective of whether or not these parties are shareholders on the record date. If it is not possible to implement full allotment on this basis, the shares will be allotted *pro rata* to the number of subscription rights that each of the parties has exercised and, insofar as this is not possible, by lottery.1)

- Secondly, to parties that have subscribed for shares under the Rights Issue without subscription rights. If it is not possible to implement full allotment on this basis, the shares will be allotted *pro rata* to the number of shares subscribed for and, insofar as this is not possible, by lottery.

- Lastly, to Swedbank AB (publ) and Nordea Bank AB (publ) in their capacity as underwriters, and allotment will be *pro rata* to their commitments pursuant to the Underwriting Agreement and, insofar as this is not possible, by lottery.

As confirmation of the allotment of New shares subscribed for without exercising subscription rights, a settlement note will be sent to the subscriber on about 26 January 2017. No notice will be sent to subscribers who have not received any allotment. Subscribed and allotted New Shares are to be paid in cash in accordance with the instructions in the settlement note sent to the subscriber. Following payment of the subscribed and allotted New Shares, and the registration of the New Shares with the Swedish Companies Registration Office, Euroclear will send out a note confirming the booking of the New Shares on the subscriber's securities account. The subscriber will receive the shares immediately and no BTAs will be booked into the subscriber's securities account. New Shares subscribed for without subscription rights are expected to be registered with the Companies Registration Office by about 1 February 2017.

Shareholders whose holdings are nominee-registered will receive confirmation of the allotment and payment in accordance with the procedure of the respective nominee.

ENTITLEMENT TO DIVIDENDS

The New Shares entitle their holders to participate in the distribution of dividends for the first time on the record date for the dividend that occurs immediately following the registration of the New Shares with the Swedish Companies Registration Office.

ANNOUNCEMENT OF THE OUTCOME OF THE RIGHTS ISSUE

The preliminary subscription results of the Rights Issue will be announced in a press release from Diös on about 24 January 2017. The final subscription results of the Rights Issue will be announced in a press release from Diös on about 26 January 2017.

TRADING IN NEW SHARES

Diös' shares are traded on Nasdaq Stockholm. After the Swedish Companies Registration Office has registered the New Shares, these will also be traded on Nasdaq Stockholm. The first day of trading in the New Shares, subscribed for by exercising subscription rights, is expected to commence on about 3 February 2017. The first day of trading in the New Shares, subscribed for without subscription rights, is expected to commence on about 3 February 2017.

OTHER INFORMATION

The Company is not entitled to discontinue the Rights Issue. In the event that a subscriber pays an excessive amount for the New Shares, Diös will provide a refund of the excess amount. No interest will be paid on excess amounts.

A subscription for New Shares, with or without exercising subscription rights, is irrevocable and the subscriber is not entitled to cancel or alter a subscription for New Shares. Incomplete or incorrectly completed subscription forms may be disregarded. If the subscription payment is made too late, is insufficient or is paid in the wrong manner, the application for subscription may be disregarded or subscription could be made at a lower amount. Funds paid that are not used will be refunded.

Swedbank is acting as issuing and paying agent for the Rights Issue, i.e. assisting the Company with certain administrative services concerning the Rights Issue. The fact that Swedbank is acting as the issuing and paying agent does not in itself mean that Swedbank regards the subscriber as a customer of Swedbank. The subscriber is only considered a customer of Swedbank for the investment if Swedbank has provided advise to the subscriber regarding the rights issue or has otherwise individually contacted the subscriber regarding the Rights Issue or if the subscriber is an existing customer of the bank. The consequence of Swedbank not considering the subscriber to be a customer in respect of the Rights Issue is that the rules on investor protection stipulated in the Swedish Securities Market Act (2007:528) will not be applied to the Rights Issue. This means, *inter alia*, that neither customer categorisation nor a suitability assessment will take place with respect to the Rights Issue. Accordingly, the subscribers themselves will be responsible for ensuring that they have sufficient experience and knowledge to understand the risks associated with the Rights Issue.

Anyone registering for the Rights Issue will provide their personal data to Swedbank. Personal data submitted to the Swedbank Group will be processed in computer systems to the extent required to provide services and administer customer arrangements in the Swedbank group. Personal data obtained from sources other than the customer may also be processed. The personal data may also be processed in the data systems of companies or organisations with which the Swedbank Group cooperates. Information pertaining to the treatment of personal data can be obtained from Swedbank's branches, which also accept requests for the correction of personal data.

Address details may be obtained by Swedbank through an automatic procedure executed by Euroclear.

TAXATION

For information about taxation, please see section "*Certain tax considerations in Sweden*" in the Prospectus.

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1) *To ascertain eligibility for subscription for New Shares subscribed for without subscription rights in the allotment of New Shares subscribed for without exercising subscription rights, the subscription for New Shares without subscription must be made from the same securities account as the subscription for New Shares by exercising subscription rights.*

Centralpalatset, Barberaren 7, Östersund

MARKET OVERVIEW

Unless stated otherwise, the information in this section is based on Diös' evaluations of several sources, including publicly available reports from, inter alia, property management consulting and research firms. Generally, industry surveys and publications state that the information has been compiled from sources believed to be reliable, but there are no guarantees for the accuracy or correctness of the information. Since Diös does not have access to the facts and assumptions on which such market data is based, nor to statistical information or economic indicators in such third-party sources, Diös is unable to verify the information. Therefore, even if Diös believes the information to be reliable no guarantees are available for the accuracy or correctness of the information. As far as Diös is aware and is able to assess following comparison with other information published by such sources, no information has been omitted that would render the reproduced information inaccurate or misleading. Forecasts and forward-looking statements in this section are no guarantee of future trends, and actual events and circumstances could differ materially from expectations. Several factors could cause or contribute to such differences.[1]

THE SWEDISH ECONOMY

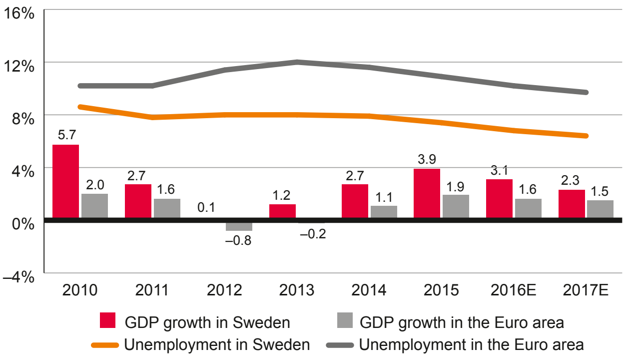
The property market is to a great extent impacted by macroeconomic factors that influence economic activity and conditions, which are measured, for example, in terms of GDP, employment, governmental debt, inflation, interest rates and growth. Other strong drivers for the property market include population growth, residential housing development, household purchasing power and the price development on residential housing.

SWEDEN IN AN ECONOMIC UPSWING

Swedish GDP developed strongly in 2015 and grew 3.9 per cent, which can be compared to Eurozone growth of 1.9 per cent in 2015. In the first three quarters of 2016, Sweden had slower growth compared to the corresponding period in 2015, but is expected to grow by 3.1 per cent over the full-year 2016. Eurozone growth is expected to be 1.6 per cent in the corresponding period. According to The National Institute of Economic Research (the "NIER", Sw: *Konjunkturinstitutet*), increasing investments have been a key driver of Swedish GDP growth since 2014.[2] Swedish exports also increased, partially due to a weakening of the SEK. The European Commission also states that private and public consumption have contributed to the growth, and assesses that domestic demand will be the primary driver until 2018.[3]

The employment rate, which shows the proportion of the population aged 15–74 that is employed, has increased every year since 2010. However, labour force participation has also increased, which means that unemployment has not fallen in proportion to the rising employment rate. The NIER expects the increase of the labour force to slow down and the European Commission expects unemployment, measured as a per cent of the labour force, to fall from 7.4 per cent in 2015 to 6.8 per cent in 2016.

GDP FORECAST AND UNEMPLOYMENT



Source: The National Institute of Economic Research, Forecast database. European Commission, European Economic Forecast Autumn 2016, November 2016.

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1) For more information, please see sections "Important information – Industry and market information", "Important information – Forward-looking statements" and "Risk factors".

2) The NIER, Swedish Economy Report, August 2016. Refers to GDP at constant prices, with calendar-adjusted values.

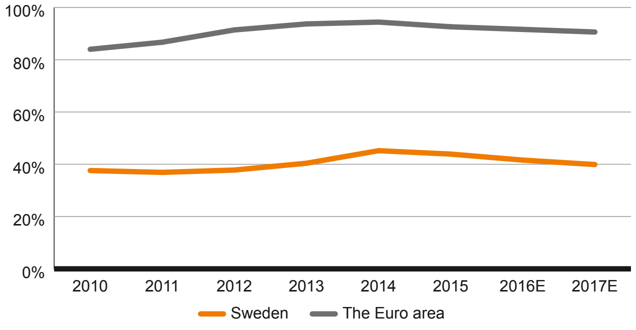
3) The European Commission, European Economic Forecast Autumn 2016, November 2016.

STRONG PUBLIC FINANCES

Sweden's gross governmental debt-to-GDP ratio is low compared to those of other Eurozone countries and by the end of 2016 it is expected to be 42 per cent of GDP according to the European Commission.

The general government budget is expected to be in balance in 2016 after a smaller 0.2 per cent surplus in 2015. The slightly slower economic growth in 2016 compared to 2015 is expected to be partly offset by higher government revenue from corporate income tax and lower expenditure for the reception of asylum-seekers.[1)] The NIER also highlights population growth among children and the elderly in particular as a driver of future increases in government spending, but the impact on government net lending is expected to be limited by Sweden's continued economic growth.[2)]

GROSS GOVERNMENTAL DEBT TO GDP

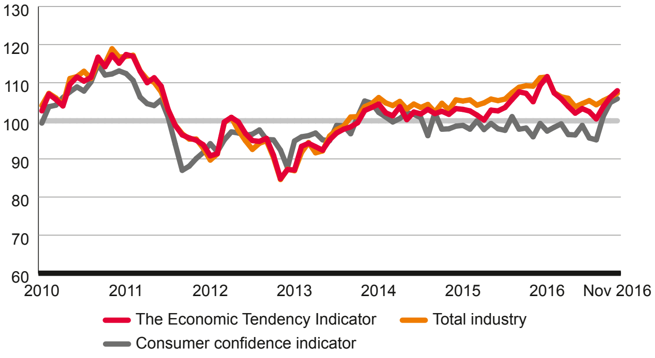


Source: European Commission, European Economic Forecast Autumn 2016, November 2016.

SENTIMENT IN THE SWEDISH ECONOMY

The NIER's Economic Tendency Indicator[3)] amounted to 108 in November 2016, which according to the NIER is a level indicating positive sentiment in the economy. The level has fallen since the beginning of 2016, when the Economic Tendency Indicator amounted to 112, but has increased since August 2016 when it amounted to 101. The decrease over the year is due to reduced optimism in the industry, while optimism among consumers have increased. The manufacturing industry's confidence indicator[4)] is among those which have had the weakest development during the year, but increased from a level of 98 in August to 109 in November when industrial companies reported increased orders from the domestic market between these months.[5)]

THE NATIONAL INSTITUTE OF ECONOMIC RESEARCH'S ECONOMIC TENDENCY INDICATOR

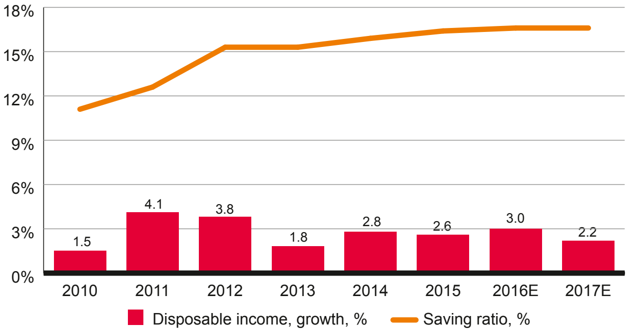


Source: The National Institute of Economic Research, Statistical database.

HIGH AND STABLE SAVINGS RATIO, BUT EXPECTATIONS OF A RETURN TO NORMAL LEVELS

Since 2012, the household savings ratio, meaning household savings as a per cent of disposable income, has stabilised at significantly higher levels than those noted prior to the 2008–2009 financial crisis. However, the NIER expects the household savings ratio to fall after 2017 and until 2020 due to demographic trends, in which an ageing population is expected to result in a lower savings ratio, and savings among people of working age are expected to decline, for reasons including expectations of lower unemployment and a more stable economic development reducing household precautionary savings. Meanwhile, household disposable income is expected to rise 3.0 per cent in 2016, to which a strong labour market is a contributing factor.[6)]

HOUSEHOLD ECONOMY



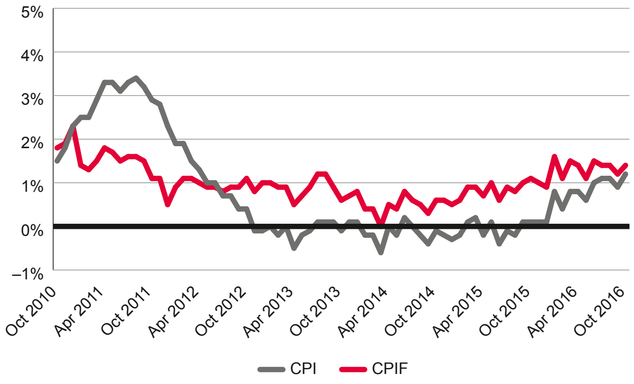
Source: The National Institute of Economic Research, Forecast database.

1) *The European Commission, European Economic Forecast Autumn 2016, November 2016.*
2) *The NIER, Swedish Economy Report, August 2016.*
3) *The NIER's Economic Tendency Indicator is designed to measure the current sentiment in the Swedish economy. The Economic Tendency Indicator covaries with changes in GDP.*
4) *Confidence indicators are used to summarise the situation and expectations of a specific industry or sector.*
5) *The NIER, Economic Tendency Indicator, November 2016.*
6) *The NIER, Swedish Economy Report, August 2016. Refers to disposable income at constant prices, percentage change.*

THE SWEDISH KRONA (SEK)

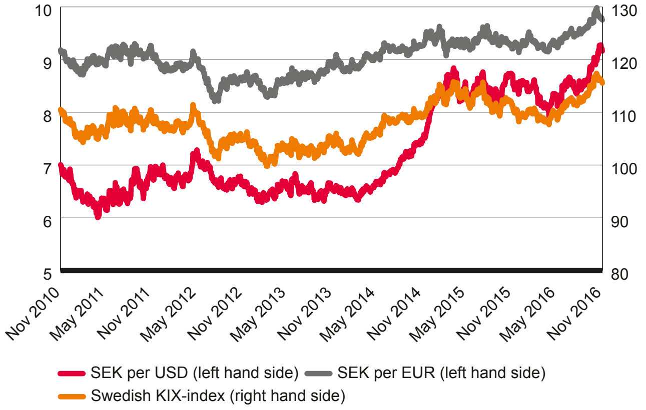
According to the Riksbank, a relatively weak SEK in competitiveness-weighted terms, as measured by the krona index (KIX)[1], has led to major surpluses in the Swedish trade and current account balance for a long time. According to the Riksbank, a weakening of the SEK since 2014 has also led to higher prices for goods and services with a higher degree of imported content, which has contributed to the subsequently rising inflation. In KIX terms, the krona weakened further following the UK referendum in June 2016 and has since remained at a low level from a longer historical perspective. The SEK has during the same time weakened against the USD and the EUR. In its October 2016 monetary policy report, the Riksbank states that the SEK should appreciate in the long term, but also maintains that the SEK trend is uncertain and dependent on the competitiveness of the Swedish economy and the monetary policy stance in Sweden and abroad.

INFLATION



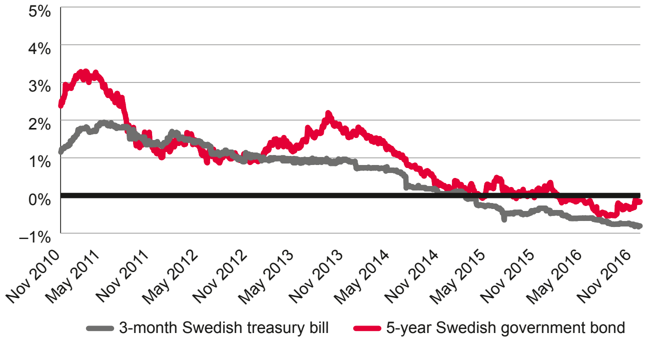
Source: Statistics Sweden.

SWEDISH KIX INDEX AND THE DEVELOPMENT OF THE SWEDISH KRONA AGAINST THE EURO AND THE AMERICAN DOLLAR



Source: The Riksbank, 30 November 2016.

YIELD INTEREST RATE MARKET



Source: The Riksbank, 30 November 2016.

INFLATION AND INTEREST RATES

Over the past few years, inflation in Sweden has remained below the Riksbank's inflation target of 2 per cent. The Riksbank has had to accommodate for low international interest rates, which has affected both the Swedish exchange rate and the Riksbank's monetary policy. Due to low inflation in Sweden, uncertainty about the macroeconomic developments abroad and low global interest rates, the Riksbank has maintained a negative repo rate since February 2015. According to the Riksbank, the expansionary monetary policy has contributed to the development of the Swedish economy and the rising inflation. The baseline scenario presented in the Riksbank's monetary policy report from October 2016 is that the repo rate will remain unchanged at –0.50 per cent until the start of 2018, and that the purchase of government bonds is expected to continue for the remainder of 2016. The five-year interest rate on Swedish government bonds fell in conjunction with the UK referendum on the EU membership, while the SEK weakened against the USD and the EUR, and was at a historically low level at 30 November 2016.[2]

CREDIT MARKETS

According to the Riksbank's Monetary Policy Report from October 2016 Swedish banks are assessed to have good funding conditions, which facilitates lending to households and businesses. Lending rates to households and businesses are at historically low levels, and businesses are increasingly borrowing through securities. In survey responses, Swedish businesses claim that they have favourable access to credit.[3] Swedish property companies primarily see market borrowing as a complement to bank loans, but the ratio of market borrowing to total borrowing is rising for Swedish property companies, and is expected to continue to rise, partly because market borrowing is considered more advantageous than bank loans, and partly because property companies want to diversify their financing.[4] All else being equal, the combination of low interest rates and favourable access to credit means that property yields decline.

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1) *KIX refers to an aggregate of countries that are important for Sweden's international transactions.*
2) *The Riksbank's Monetary Policy Report, October 2016.*
3) *The Riksbank's Monetary Policy Report, October 2016.*
4) *The Riksbank's Business Survey, May 2016.*

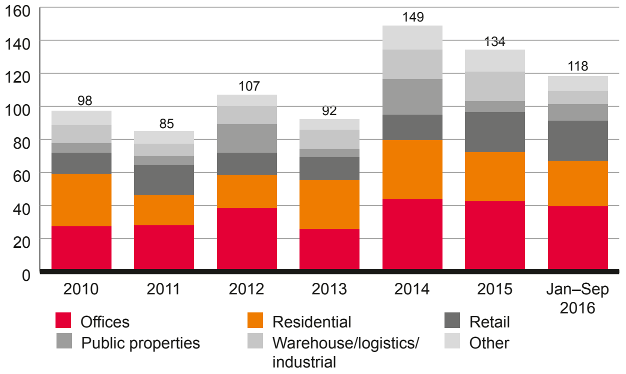
THE SWEDISH PROPERTY MARKET

INVESTMENT MARKET

The transaction volume in the Swedish property market was SEK 134 billion in 2015[1)], which is slightly lower than in 2014 when the transaction volume was SEK 149 billion, but a relatively high transaction volume from a historic perspective. Favourable access to financing combined with low interest rates and, for example, low yields in the bond market, have supported the transaction volumes in the Swedish property market, according to Newsec.[2)] In 2015, foreign investors increased their share of the transaction volume from 18 per cent in 2014 to 28 per cent in 2015. Interest in properties has remained high in 2016, and after the third quarter the transaction volume had increased by 29 per cent compared to the corresponding period in 2015, partly driven by Castellum's acquisition of Norrporten AB in April 2016 which, according to Newsec, is the second-largest property transaction to date in Sweden.

The office property category noted the highest transaction volumes in 2014 and 2015, and accounted for 32 per cent of the total transaction volume in 2015. Office properties also accounted for the highest share of the transaction volume during the first three quarters of 2016.

TRANSACTION VOLUME IN SWEDEN PER PROPERTY TYPE, SEK BILLION, 2010 – SEP 2016



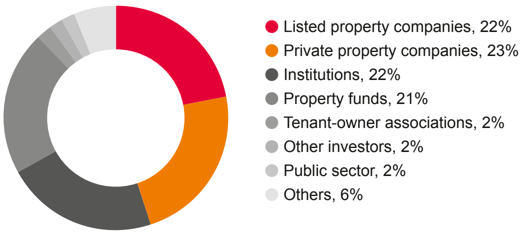
Note: Based on transaction volumes of at least SEK 100 million.

Source: Newsec.

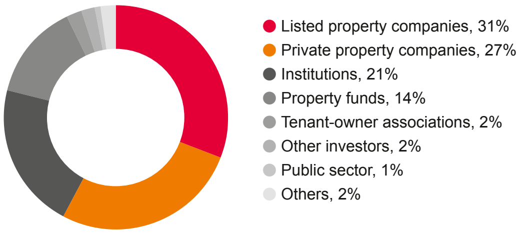
Stockholm accounted for 43 per cent of the transaction volume in the Swedish property market in 2015, and 30 per cent in the first three quarters of 2016. At the same time, locations in Sweden outside Sweden's three largest cities Stockholm, Gothenburg and Malmö ("metropolitan areas" or "metropolitan regions") accounted for a total of 45 per cent of the transaction volume in the Swedish property market in 2015, and 54 per cent in the first three quarters of 2016. In 2015, the transaction volume in Sweden outside metropolitan areas increased by 9 per cent compared to the corresponding period the previous year.[3)]

TRANSACTION VOLUME PER BUYER CATEGORY

2015



Jan–Sep 2016

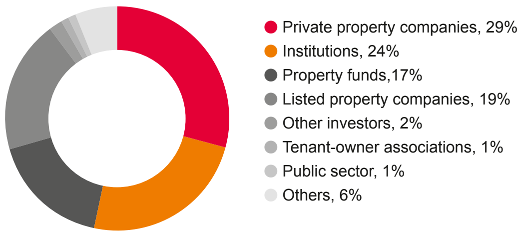


Note: Based on transaction volumes of at least SEK 100 million.

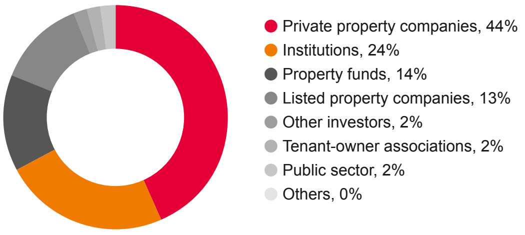
Source: Newsec.

TRANSACTION VOLUME OTHER LARGE CITIES AND REST OF SWEDEN, PER BUYER CATEGORY

2015



Jan–Sep 2016



Note: Based on transaction volumes of at least SEK 100 million. The distribution per buyer category for geographic segments excludes transaction volumes related to portfolio transactions that extend over more than one geographic segment as per Newsec's segments: Stockholm, Gothenburg, Malmö, Other large cities and Rest of Sweden. Other large cities refer to Borås, Gävle, Helsingborg, Jönköping, Karlstad, Linköping, Luleå, Norrköping, Sundsvall, Umeå, Uppsala, Västerås, Växjö and Örebro.

Source: Newsec.

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1) Based on transaction volumes of at least SEK 100 million.
2) Newsec, Property Outlook, Autumn 2016.
3) Newsec.

Private property companies, institutions and property funds accounted for substantial transaction volumes in 2015 and in the first three quarters of 2016. According to Newsec, private property companies chose to largely reallocate their portfolio compositions in 2015 and 2016 in order to streamline their property portfolios and carry out safer investments, in the form of, for example, residential and public properties as well as commercial properties with prime locations and stable tenants. This contributed to high transaction volumes within that group. Swedish institutions have been net buyers in the Swedish property market for many years, which is explained by their previous relatively low share of property holdings. In 2016, listed property companies accounted for the highest buyer volumes, driven by Castellum's acquisition of Norrporten AB.[1] On the other hand, the public sector has been a net seller in both 2015 and the first three quarters of 2016. In a survey conducted by NAI Svefa regarding the intention of municipalities to sell properties in the future, a desire to focus on core activities and/or make capital available for new production were highlighted as the reasons for selling.[2] The Company believes that the sale of properties by municipalities is partly a contributing factor to increased transaction volumes in locations outside the metropolitan areas.


Verdandi 9, Borlänge


Kajan 18, Luleå


Venus 3, Sundsvall

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1) *Newsec, Property Outlook, Autumn 2016.*
2) *Fastighetsvärlden, article published on 12 September 2016.*

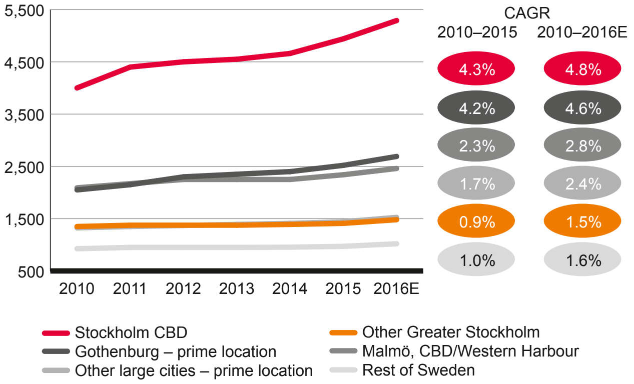
RENTAL MARKET

The office property category has accounted for the strongest rental growth since 2010, especially in the central business districts ("CBDs") of metropolitan areas. In the Stockholm CBD and prime locations in Gothenburg, rents for office properties have increased by a compound annual growth rate ("CAGR") of 4.3 per cent and 4.2 per cent, respectively, between 2010 and 2015 and, according to Newsec, these rents are expected to be SEK 5,290/square metre and SEK 2,690/square metre, respectively, by the end of 2016, compared to SEK 1,525/square metre, which is the expected average rent in prime locations in Sweden's large cities excluding metropolitan areas. In Sweden's large cities excluding metropolitan areas, rents in prime locations increased by a CAGR of 1.7 per cent between 2010 and 2015.[1] An overall trend in the Swedish rental market for office properties is that tenants value space utilisation more than previously, which is partly reflected by the emergence of activity-based offices at the expense of cellular offices. However, when the floor area decreases, businesses sometimes choose to instead upgrade the quality, standard and location of their premises, which can increase rents per square metre.[2]

The rental trend for retail properties in Sweden has also been positive overall since 2010, in line with retail sales which, according to HUI Research, increased by a CAGR of 2.4 per cent between 2010 and 2015. The rental development was highest in the Stockholm CBD and prime locations in Gothenburg also for retail properties. Rents in these geographic segments have increased by CAGRs of 1.4 per cent and 1.2 per cent respectively from 2010 to 2015. The corresponding growth in Sweden's large cities excluding the metropolitan areas was 0.9 per cent. According to Newsec, the rental market for retail properties has also been impacted by high population growth as well as increased e-commerce. This has also led to intense competition between various shopping centres, and contributed to the growing significance of such factors as location and the quality of premises for attracting both consumers and tenants.

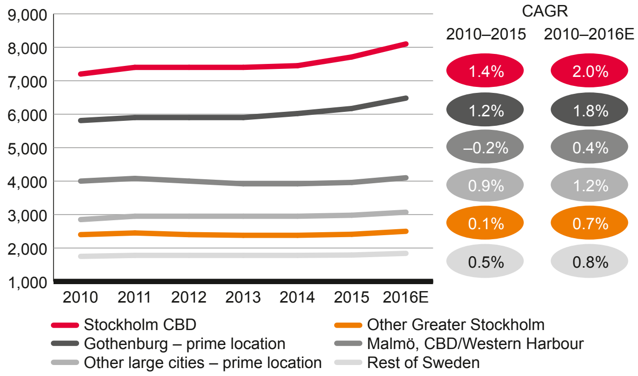
Rental levels for residential properties have also increased since 2010, partly driven by a general housing shortage. According to the Swedish National Board of Housing, Building and Planning (Sw: *Boverket*), 240 of Sweden's 290 municipalities assess that they have housing shortage, and the shortage has increased since 2015.[3] However, despite rent control, the housing crisis has led to increased interest in investment in new production of residential rental apartments.[4] Another trend is that various types of properties are being converted to housing, particularly in inner city areas, except in parts of CBDs.[5] The CAGRs for the large geographic segments have been around 2 per cent between 2010 and 2015. The highest rental growth was noted in Malmö, where the Västra Hamnen area has experienced relatively high growth in the new production of residential rental apartments compared to for example the Stockholm CBD, where the new production of residential rental apartments is limited.

RENTAL TREND FOR OFFICE PROPERTIES IN SWEDEN, SEK/SQ.M., 2010 – 2016E



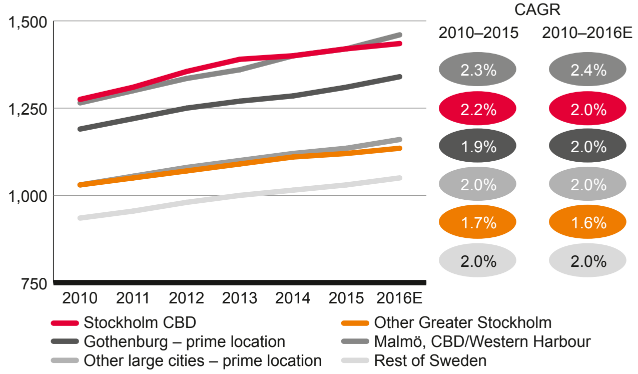
Source: Newsec.

RENTAL TREND FOR RETAIL PROPERTIES IN SWEDEN, SEK/SQ.M., 2010 – 2016E



Source: Newsec.

RENTAL TREND FOR RESIDENTIAL PROPERTIES IN SWEDEN, SEK/SQ.M., 2010 – 2016E



Source: Newsec.

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[1] *Newsec.*

[2] *NAI Svefa, Swedish Property Market – Focus 24 locations, Autumn 2016.*

[3] *The Swedish National Board of Housing, Building and Planning's indicators, May 2016.*

[4] *NAI Svefa, Swedish Property Market – Focus 24 locations, Autumn 2016.*

[5] *Newsec, Property Outlook, Autumn 2016.*

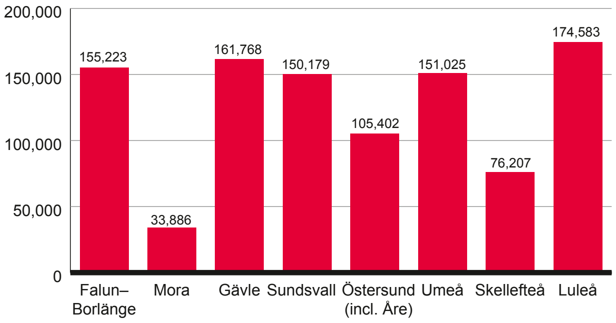
DIÖS' MARKET

Diös' market extends from Borlänge in the south to Luleå in the north and is divided into the business areas of Dalarna, Gävleborg, Västernorrland, Jämtland, Västerbotten and Norrbotten. The six counties forming the Company's business areas have a total population of approximately 1.4 million.[1] The majority of Diös' property portfolio are located in regional centres, which are usually characterised by proximity to universities and institutes of higher education and positive population, employment and income growth. In these counties and regional centres, developments in terms of, *inter alia*, population growth and access to efficient communication and infrastructure are of great importance for Diös.

TREND FOR FA REGIONS IN DIÖS' PROPERTY PORTFOLIO

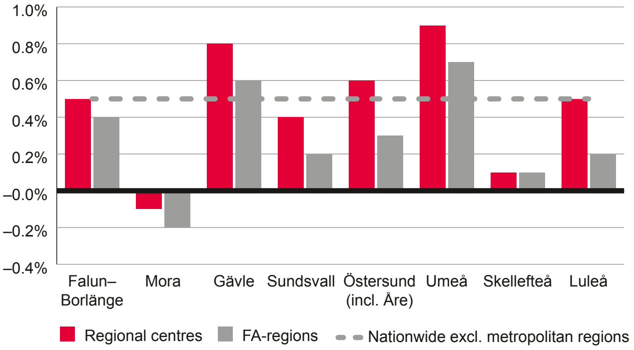
Growth Analysis (Sw: *Tillväxtanalys*)[2] has for regional analysis purposes divided Sweden into 60 functional analysis regions ("FA regions"), which are defined on the basis of statistics and outlooks for commuting across municipal borders, and serve as a functional geographic division of the labour market. Diös' property portfolio is primarily located in the municipalities of Borlänge, Falun, Mora, Gävle, Sundsvall, Östersund, Åre, Umeå, Skellefteå and Luleå. These municipalities are included in eight separate FA regions. All of these FA regions, except for Mora and Skellefteå, have a total population of more than 100,000, and the total population of the FA regions has increased by a CAGR of 0.4 per cent between 2010 and 2015. Umeå is the fastest growing FA region with a CAGR of 0.7 per cent between 2010 and 2015. Borlänge, Falun, Mora, Gävle, Sundsvall, Östersund, Åre, Umeå, Skellefteå and Luleå have noted higher population growth than the FA regions in which these municipalities are included. In all of the 23 FA regions with a population of more than 100,000 in 2013 the population is expected to continue growing until 2040, except for in Blekinge.[3]

POPULATION FA-REGIONS 2015



Source: Statistics Sweden.

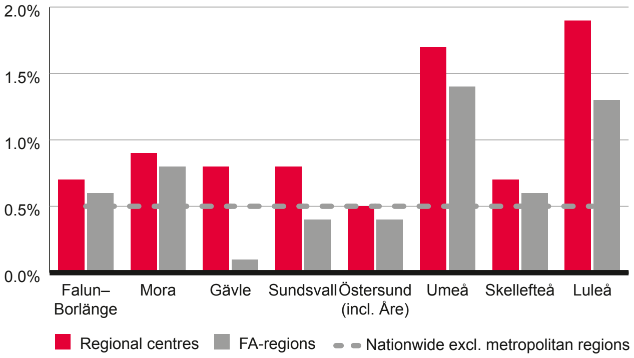
POPULATION GROWTH, CAGR 2010–2015



Source: Statistics Sweden.

All of the eight FA regions experienced positive employment growth between 2011[4] and 2014, following overall employment growth in Sweden during these years. Growth was higher in regional centres than in the country excluding the metropolitan regions.

EMPLOYMENT GROWTH, CAGR 2011–2014



Source: Statistics Sweden, Labour statistics based on administrative sources (Sw: *Registerbaserad arbetsmarknadsstatistik (RAMS)*).

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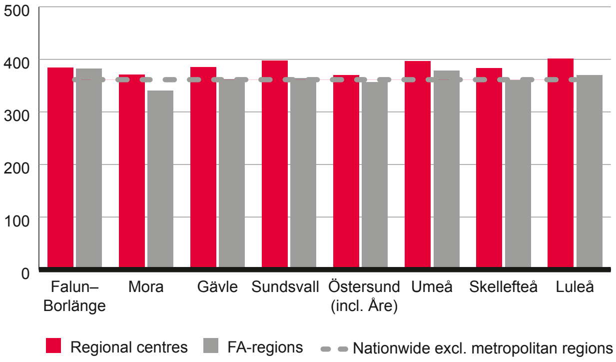
1) *Statistics Sweden, refers to the total population as of 31 December 2015.*
2) *Growth Analysis is a government agency under the Ministry of Enterprise and Innovation (Sw: Näringsdepartementet) and tasked by the government to analyse and evaluate Swedish growth policy.*
3) *Ministry of Finance, Demographic Regional Challenges, Swedish government official report SOU 2015:101. Based on the division of FA regions that applied from 2005 to 2015, when the number of FA regions was 72 instead of today's 60.*
4) *In the preparation of Statistics Sweden's Labour statistics based on administrative sources for 2011, changes were implemented in the classification of gainfully employed, which means that data prior to this date is not fully comparable.*

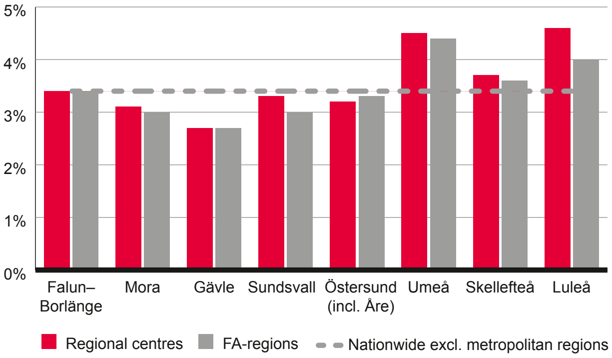
All regional centres had higher disposable income than the country excluding metropolitan regions in 2014. In addition, the development of aggregate gross pay[1] was positive in both the regional centres and in the FA regions as a whole. Between 2010 and 2014, aggregate gross pay increased in the eight FA regions by a CAGR of 3.5 per cent, which is higher than for the country excluding the metropolitan regions.

DISPOSABLE INCOME FOR HOUSEHOLDS, AVERAGE, SEK '000, 2014



Source: Statistics Sweden. Amounts based on simple averages.

AGGREGATE GROSS PAY, CAGR 2010–2014



Source: Statistics Sweden, Aggregate gross pay, payroll taxes and preliminary tax statistics from employers monthly tax returns (Sw: *Lönesummor, arbetsgivaravgifter och preliminär A-skatt (LAPS)*.

URBANISATION TREND

Urbanisation is an ongoing process in Sweden and in the counties forming the Company's business areas. In 2015, 87 per cent of Sweden's population lived in an urban area, which is defined by Statistics Sweden as a connected community with at least 200 inhabitants. Between 2010 and 2015, the population of Sweden's urban areas increased by 440,000 people, compared to a decrease of 5,000 people in Sweden's rural areas. This urbanisation trend is also found in the counties forming the Company's business areas, all of which have a lower proportion of inhabitants in rural areas in 2015 compared to 2010. In 2015, the population density, meaning the proportion of the population living in an urban area, was highest in the Dalarna and Norrbotten counties, which both had a population density of 83 per cent, and lowest in the Jämtland County with 71 per cent, in the counties forming the Company's business areas.[2]

According to the Swedish National Board of Housing, Building and Planning, overall population growth in urban areas is a contributing factor to the assessment by Swedish municipalities that residential construction will increase in the future. According to the Swedish National Board of Housing, Building and Planning, construction increased the most outside metropolitan areas in 2015 and in the future, large municipalities outside metropolitan areas are expected to account for the highest share of newly constructed residential rental apartments.[3]

1) *Aggregate gross pay is calculated on the basis of individuals' tax declarations and shows the aggregate gross pay for all individuals who were employed during the current year.*
2) *Statistics Sweden, Urban Areas 2015.*
3) *The Swedish National Board of Housing, Building and Planning's indicators, May 2016.*

DALARNA

The Dalarna business area mainly comprises properties in Borlänge, Falun and Mora, and accounted for approximately 20 per cent of the Company's rental income during the period 1 October 2015 – 30 September 2016. Manufacturing, retail and construction are significant industries in Dalarna, and Clas Ohlson AB (publ) and Skistar AB (publ) are headquartered in the county. Unemployment in Dalarna has remained below the national average for several years.[1] Dalarna is Sweden's fourth largest tourist area and the largest winter destination in Northern Europe.[2] Between 2000 and 2014, the county's GRP at constant prices grew by more than 11 per cent.[3]

Dalarna University (Sw: *Högskolan Dalarna*) with more than 6,000 full-time students and campuses in both Borlänge and Falun is located in the county.[4] Borlänge and Falun form their own FA region and jointly represent the county's regional centre for labour, business and retail.[5] As of 31 December 2015, 38 per cent of Dalarna's total population lived in Borlänge and Falun.

In addition to Diös, other large private owners of commercial properties in Dalarna County include Aktiebolaget Stora Tunabyggen, Byggnadsfirman Lund Aktiebolag and Fastighets AB Stenvalvet.[6] The five largest transactions in the county during the first three quarters of 2016 accounted for a total transaction volume of SEK 964 million.

DALARNA COUNTY – FIVE LARGEST TRANSACTIONS – JANUARY-SEPTEMBER 2016

	Name	Date	No. of properties	Buyer	Seller	SEK million
1	Kopparleden portfolio	2016-07-01	103	Samhällsbyggnadsbolaget i Norden AB	Kopparinvest AB	500
2	Ingarvet's business area	2016-06-28	11	NP3 Fastigheter AB	Maralago Industri AB	241
3	Bordet 1	2016-09-30	1	Samhällsbyggnadsbolaget i Norden AB	Corem Property Group AB	97
4	Quality Hotel Dalecarlia	2016-04-05	2	NP3 Fastigheter AB	Hotellfastigheter Dalecarlia AB	70
5	Lantmätaren 3 & 4	2016-03-31	2	NP3 Fastigheter AB	Activestay Fastighets AB	56
Total top 5						**964**

Note: Excluding properties included in portfolio transactions extending over multiple counties.
Source: Newsec.

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1) *The Swedish Public Employment Service (Sw: Arbetsförmedlingen), Labour Market Outlook, Spring 2016, Dalarna County, Forecast of the Labour Market 2016–2017.*
2) *Comprehensive Plan FalunBorlänge.*
3) *Statistics Sweden. GRP is part of the regional accounts, meaning national accounts with a regional, geographic division. GRP is based on production, meaning the sum of the region's value added. GRP data for 2014 is preliminary.*
4) *Swedish Higher Education Authority (Sw: Universitetskanslerämbetet), Higher Education in Sweden, 2016 Status Report.*
5) *Comprehensive Plan FalunBorlänge.*
6) *Datscha.*

BORLÄNGE

Borlänge has one of the country's strongest retail sales index levels1) and four larger connected retail areas. Between 2010 and 2015, the population of Borlänge increased by a CAGR of 0.7 per cent.2) Under the joint comprehensive plan with Falun, future population growth is expected to be met through densification of, primarily, city centres and the travel centre. Infrastructure includes the county airport Dala Airport, the E16 motorway and train connections. Borlänge is also a strong transportation centre,3) and both the Swedish Transport Administration (Sw: *Trafikverket*) and the Swedish Transport Agency (Sw: *Transportstyrelsen*) are headquartered in Borlänge.

FALUN

Falun's central location in the region and good public transportation provide favourable business conditions, according to the municipality.4) Between 2010 and 2015, the population of Falun increased by a CAGR of 0.4 per cent.5) Commuting from adjacent municipalities to Falun is increasing, and also public transportation to Stockholm is important to Falun, which is why the municipality aims to significantly shorten the traveling time by train to Stockholm.6) The public sector is a major employer in Falun.7)

MORA

Mora Municipality is an important business hub for northern Dalarna.8) In 2015, retail sales in Mora Municipality increased for the fourth consecutive year, and the municipality had the county's second-highest retail sales index level.9) The municipality's business office has three prioritised business sectors: manufacturing, retail and tourism.10) The Vasaloppet ski race has a significant impact on the economy, and the arrangements are estimated to generate annual tourism revenues of more than SEK 250 million.11) Between 2010 and 2015, the population of Mora declined by a CAGR of 0.1 per cent, but has since 2013 grown by slightly more than 100 people.12)

MARKET RENTS

		Borlänge		Falun	
		Rent, SEK/sq.m.	Yield, %	Rent, SEK/sq.m.	Yield, %
Offices	A-location	900–1,350	7.00–8.25	950–1,400	6.75–8.00
	B-location	775–1,100	7.50–9.25	800–1,150	7.25–8.25
Retail	A-location	1,250–3,275	5.75–7.00	1,300–3,000	5.75–6.75
	B-location	700–1,000	7.25–8.75	825–1,400	6.00–6.75
Warehouse/industrial	A-location	450–750	7.00–9.50	400–700	6.75–9.50
	B-location	250–550	9.00–11.50	350–450	9.00–11.50
Residential	A-location	1,366–1,526	4.50–6.25	1,396–1,614	4.50–6.00
	B-location	1,366–1,526	5.75–7.00	1,396–1,614	5.50–6.25

Note: Data as of 30 September 2016.
Source: Datscha.

1) *Retail in Sweden, HUI Research.*
2) *Statistics Sweden.*
3) *Comprehensive Plan FalunBorlänge.*
4) *Comprehensive Plan FalunBorlänge.*
5) *Statistics Sweden.*
6) *Comprehensive Plan FalunBorlänge.*
7) *Statistics Sweden.*
8) *Mora Municipality, (www.)mora.se, 26 September 2016.*
9) *Retail in Sweden, HUI Research.*
10) *Mora Municipality, (www.)mora.se, 21 September 2016.*
11) *Mora Municipality, The Vasaloppet's Significance for the Region.*
12) *Statistics Sweden.*

GÄVLEBORG

The Gävleborg business area mainly comprises properties in Gävle, and accounted for approximately 15 per cent of the Company's rental income during the period 1 October 2015 – 30 September 2016. Together with the Dalarna and Värmland counties, Gävleborg is included in the regional structural fund programme for North Middle Sweden, aimed at strengthening the business community of the larger region.[1] As a regional partner to Business Sweden, Gävleborg is implementing an initiative within the framework of Invest in Gävleborg in order to attract more foreign investment. Investments are also being made in destination development, digital availability and international marketing.[2] Between 2000 and 2014, the county's GRP at constant prices grew by more than 6 per cent.[3] Growth in the county is mainly concentrated to the areas around Gävle and Sandviken,[4] both with a strong presence in national resource based manufacturing. Base industries are important for the labour market in Gävleborg overall.[5] The University of Gävle (Sw: *Högskolan i Gävle*) is also located in Gävleborg, and has about 5,400 full-time students, making it one of the largest institutes of higher education in northern Sweden.[6] In addition to Diös, other large private owners of commercial properties in Gävleborg County include NP3 Fastigheter AB (publ) and Hemfosa Fastigheter AB (publ).[7] The five largest transactions in the county during the first three quarters of 2016 accounted for a total transaction volume of SEK 452 million.

GÄVLEBORG COUNTY – FIVE LARGEST TRANSACTIONS – JANUARY–SEPTEMBER 2016

	Name	Date	No. of properties	Buyer	Seller	SEK million
1	Valbo retail area	2016-04-20	3	Niam	COOP Mitt AB	275
2	Lingonet 1 & 5	2016-04-18	2	Trophi Fastighets AB	K/S Sandviken Svågertorp	61
3	Ersbo logistics park	2016-06-30	1	NP3 Fastigheter AB	Ersand Förvaltning AB	59
4	Flickskolan 7	2016-02-01	1	Hudikfyren AB	Kungsleden Rubus AB	30
5	Varvet 8:2	2016-02-29	1	Industrifastigheter Förvaltning Hudiksvall AB	Industrifastigheter i Hudiksvall AB	27
Total top 5						**452**

Note: Excluding properties included in portfolio transactions extending over multiple counties.
Source: Newsec.

GÄVLE

The Company believes that Gävle has substantial growth opportunities, due to its strategic location as a transit for journeys between northern and southern Sweden. Between 2010 and 2015, the population of Gävle increased by a CAGR of 0.8 per cent.[8] Several construction projects are currently ongoing in the city, including Gävle Strand, which will comprise 1,200 residential units upon completion.[9] Länsförsäkringar Gävleborg has recently built its new head office in the centre of Gävle and a detailed plan has been completed for construction of the Gävle View Business Centre, a 42-metre high office block alongside the southern entry to Gävle. This area currently hosts the retail areas of Hemsta, Kryddstigen, Fjällbacken and Hemlingby Köpstad as well as the Sörby Urfjäll industrial park. The municipality is investing in the development of a new district, Gävlehov, with new arenas for football, athletics and tennis as well as housing and a new school.[10] According to the Company, Gävle has a good logistics location, with for example the Port of Gävle, and the demand for warehousing facilities with a good logistical location is high. Opportunities for commuting between Gävle and Stockholm/Uppsala are favourable and are being further improved by a double-track extension between Skutskär and Furuvik.[11] As in all of Diös' business locations, the Company takes an active role in urban development.

MARKET RENTS

		Gävle	
		Rent, SEK/sq.m.	Yield, %
Offices	A-location	1,000–1,500	6.00–6.75
	B-location	900–1,350	6.00–7.00
Retail	A-location	1,100–3,250	5.50–6.50
	B-location	700–1,200	6.25–7.75
Warehouse/industrial	A-location	450–800	6.75–9.50
	B-location	450–800	7.50–10.00
Residential	A-location	1,438–1,740	4.25–5.50
	B-location	1,278–1,650	4.75–6.00

Note: Data as of 30 September 2016.
Source: Datscha.

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1) *The Swedish Agency for Economic and Regional Growth (Sw: Tillväxtverket).*
2) *Gävleborg Region, A view of Gävleborg.*
3) *Statistics Sweden.*
4) *Gävleborg Region, A view of Gävleborg.*
5) *Gävleborg Region, A view of Gävleborg.*
6) *Swedish Higher Education Authority, Higher Education in Sweden, 2016 Status Report.*
7) *Datscha.*
8) *Statistics Sweden.*
9) *Gävle Municipality, (www.)gavle.se, 26 September 2016.*
10) *Gävle Municipality, (www.)gavle.se, 26 September 2016.*
11) *Swedish Transport Administration, (www.)trafikverket.se, 26 September 2016.*

VÄSTERNORRLAND

The Västernorrland business area mainly comprises properties in Sundsvall, and accounted for approximately 16 per cent of the Company's rental income during the period 1 October 2015 – 30 September 2016. Forestry, energy and machinery are major industries in Västernorrland County.1) Svenska Cellulosa Aktiebolaget SCA (publ) ("SCA") is a major employer in the county and in January 2016, SCA announced an investment of SEK 7.8 billion in its Timrå pulp mill 14 kilometres from Sundsvall. The opening of the new factory is planned for October 2018 and, according to SCA, represents the largest industrial investment to date in Norrland.2) Between 2000 and 2014, the county's GRP at constant prices grew by more than 10 per cent.3)

Mid Sweden University's (Sw: *Mittuniversitetet*) Sundsvall campus with 3,100 full-time students is located in Västernorrland County, and the Centre for Research on Economic Relations ("CER") was founded at the campus. CER conducts industry-oriented research on the economic relations of companies and individuals, with particular focus on the banking, property, insurance, pension, and auditing sectors.4) Public transport to and from Västernorrland is efficient, and includes the East Coast Line (Sw: *Ostkustbanan*) from the south, the Central Line (Sw: *Mittbanan*) from the west and the Botnia Line (Sw: *Botniabanan*) from the north. The county also has three airports: Sundsvall Timrå Airport, Höga Kusten Airport and Örnsköldsvik Airport. Highways connecting to the county are the E4 from the south and the E14 from the west. According to the Västernorrland County Administrative Board, the Sundsvall region is northern Sweden's leading labour market region, particularly for private-sector employers.5)

In addition to Diös, other large private owners of commercial properties in Västernorrland County include Hemfosa Fastigheter AB (publ) and NP3 Fastigheter AB (publ).6) The five largest transactions in the county during the first three quarters of 2016 accounted for a total transaction volume of SEK 501 million.

VÄSTERNORRLAND COUNTY – FIVE LARGEST TRANSACTIONS – JANUARY–SEPTEMBER 2016

	Name	Date	No. of properties	Buyer	Seller	SEK million
1	Hägglund's area	2016-08-23	1	Real Holding i Sverige AB	Hägglundsfastigheterna AB	180
2	Hägesta 3:115	2016-06-17	1	NP3 Fastigheter AB	Vasallen AB	120
3	Härnökusten portfolio	2016-05-13	10	Amasten Holding AB	Autograf Handelshus, Anders Johnsson AB	95
4	Scandic Örnsköldsvik	2016-09-05	1	Midstar AB	Partners Group	55
5	Glasmästaren 10	2016-08-26	1	Westerlinds Fastigheter AB	NSI Invest AB	51
Total top 5						**501**

Note: Excluding properties included in portfolio transactions extending over multiple counties.
Source: Newsec.

SUNDSVALL

Excluding the metropolitan regions, Sundsvall accounts for the largest clusters within IT, banking, pensions and insurance.7) Moreover, several government agencies including the Swedish Companies Registration Office (Sw: *Bolagsverket*), CSN and the National Government Employee Pensions Board (Sw: *Statens tjänstepensionsverk*) are headquartered in Sundsvall. Between 2010 and 2015, the population of Sundsvall increased by a CAGR of 0.4 per cent,8) and is expected to exceed 100,000 by 2021.9) There has been a housing shortage in relation to the population growth in the municipality for many years.10) Several construction projects are ongoing to link the inner city with neighbouring areas and to develop new housing. This includes the refurbishment of Inre hamnen and Södra kajen. The municipality plans to develop housing, stores, restaurants and offices in these areas. The Norra Kajen area is also undergoing extensive development to convert historic industrial land into an attractive inner-city district.11) The plan is to establish 2,500 tenant-owned units in apartment buildings and townhouses. The area will also have a boardwalk, boat moorings, cafes and parking.12) The new E4 Sundsvall road section and the new Sundsvall Bridge, which is Sweden's longest motorway bridge according to the Swedish Transport Administration, have improved Sundsvall's communications.

MARKET RENTS

		Sundsvall	
		Rent, SEK/sq.m.	Yield, %
Offices	A-location	1,400–1,900	5.75–6.50
	B-location	1,300–1,700	6.25–6.75
Retail	A-location	1,300–2,200	5.75–6.75
	B-location	900–1,400	6.00–6.75
Warehouse/industrial	A-location	600–1,000	7.00–8.50
	B-location	500–900	7.25–10.00
Residential	A-location	1,427–1,600	4.00–5.00
	B-location	1,203–1,550	4.50–5.50

Note: Data as of 30 September 2016.
Source: Datscha.

1) *The Västernorrland County Administrative Board, (www.)lansstyrelsen.se, 26 September 2016.*
2) *SCA, (www.)sca.com, 26 September 2016.*
3) *Statistics Sweden.*
4) *Mid Sweden University, 2015 Annual Report.*
5) *The Västernorrland County Administrative Board, (www.)lansstyrelsen.se, 26 September 2016.*
6) *Datscha.*
7) *The Västernorrland County Administrative Board, (www.)lansstyrelsen.se, 26 September 2016.*
8) *Statistics Sweden.*
9) *Sundsvall Municipality, Population Forecast 2015–2035.*
10) *Sundsvall Municipality, Sundsvall's Action Plan for Housing, 2016–2021.*
11) *Sundsvall Municipality, (www.)sundsvall.se, 26 September 2016.*
12) *Norra kajen, (www.)norrakajen.se, 26 September 2016.*

JÄMTLAND

The Jämtland business area mainly comprises properties in Östersund and Åre, and accounted for approximately 22 per cent of the Company's rental income during the period 1 October 2015 – 30 September 2016. Diös' registered office has been in Östersund since the Company was founded. The Company's second place of business in the business area, Åre, which is Sweden's largest alpine centre, is located 100 kilometres west of Östersund. Retail, manufacturing and energy are major industries in Jämtland County.[1] Agriculture, forestry and fishing are also important, and there are about 2,100 agricultural companies throughout the county.[2] Due to the production of hydro, wind power and bioenergy from forestry and agriculture, the county is also a significant net exporter of energy from renewable energy sources.[3] Between 2000 and 2014, the county's GRP at constant prices rose approximately 15 per cent.[4] Mid Sweden University's Östersund Campus is located in Jämtland County and has about 2,800 full-time students, and is also the founding site of the Forest as a Resource Industrial Research College (FORIC). The tourism industry, particularly in the mountains, is important. Communications are efficient, in terms of both passenger and freight traffic. The county has two airports with scheduled services: Härjedalen–Sveg Airport and Åre Östersund Airport. The E14 motorway between Sundsvall and Trondheim, and the E45 motorway between Gothenburg and Karesuando, cross the county from east to west and north to south, respectively. There are rail connections for both passenger and freight traffic via the Inland Line (Sw: *Inlandsbanan*) and Central Line. In addition to Diös, other large private owners of commercial properties in Jämtland County include AB Persson Invest, Kungsleden AB (publ) and Fastighets AB Stenvalvet.[5] The five largest transactions in the county during the first three quarters of 2016 accounted for a total transaction volume of SEK 1,401 million.

JÄMTLAND COUNTY – FIVE LARGEST TRANSACTIONS – JANUARY–SEPTEMBER 2016

	Name	Date	No. of properties	Buyer	Seller	SEK million
1	Residential properties	2016-03-17	28	Rikshem AB	Östersundshem AB	1,144
2	Lillänge (Ångvälten 7)	2016-06-30	1	NP3 Fastigheter AB	COOP Nord co-operative economic association	137
3	Skogskojan 1	2016-09-13	1	Catena AB	Postnord Group AB	56
4	Jägaren 3	2016-03-23	1	Åre Jägaren 3 AB	Åredalens Lägenheter AB	35
5	Symaskinen 1	2016-03-01	1	Östersundshem 1 AB	Östersundshem AB	29
Total top 5						**1,401**

Note: Excluding properties included in portfolio transactions extending over multiple counties.
Source: Newsec.

ÖSTERSUND

In recent years, Östersund has undergone a structural transformation following the closure of three military regiments. The government has instead placed several of its agencies in Östersund, making the public sector account for a large share of the jobs in the municipality. The private sector is developing and is characterised by small to medium-sized companies with favourable conditions for the establishment of more businesses, for example within tourism and IT.[6] Between 2010 and 2015, the population of Östersund increased by a CAGR of 0.5 per cent.[7] The municipality has adopted a growth target of 65,000 inhabitants by 2025.[8] According to the Company, demand for housing in central locations is very high as is the willingness to pay. Urban development is ongoing in areas including central Östersund by Storsjö Strand and in the Stadsdel Norr and Remonthagen districts. Östersund will host the Biathlon World Championships in 2019.

ÅRE

Åre is one of the most established tourist destinations in Sweden and was ranked Sweden's best ski resort for the third consecutive year at the annual World Ski Awards in 2015. In the central locations, the Company considers price and rent levels to be high relative to the size of the city. In 2019, Åre will host the Alpine Skiing World Cup, which is expected to have a positive impact on the tourism industry, which plays a dominant role in Åre Municipality's business sector. In addition to accommodation, restaurants, events, entertainment and activities, other sectors such as retail, property rentals and transportation also account for major volumes in the tourism industry.[9] Between 2010 and 2015, the population of Åre increased by a CAGR of 0.8 per cent.[10] The strong tourism industry has also led to a growing construction sector, in which sole proprietor and closely held businesses are the most numerous, which they are also in Åre Municipality as a whole.

MARKET RENTS

		Östersund	
		Rent, SEK/sq.m.	Yield, %
Offices	A-location	975–1,650	6.25–6.75
	B-location	800–1,300	6.50–7.00
Retail	A-location	1,400–2,500	6.00–7.00
	B-location	1,000–1,600	6.00–7.00
Warehouse/industrial	A-location	400–800	7.50–9.50
	B-location	350–800	8.00–10.00
Residential	A-location	1,152–1,550	4.75–5.50
	B-location	1,152–1,550	5.00–6.00

Note: Data as of 30 September 2016.
Source: Datscha.

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1) *Statistics Sweden.*
2) *The Jämtland County Administrative Board, (www.)lansstyrelsen.se, 26 September 2016.*
3) *The Jämtland County Administrative Board, Climate Strategy for Jämtland County.*
4) *Statistics Sweden.*
5) *Datscha.*
6) *Östersund Municipality, A plan for sustainable growth in an attractive Östersund, 2014–2020.*
7) *Statistics Sweden.*
8) *Östersund Municipality, (www.)ostersund.se, 26 September 2016.*
9) *Åre Municipality, Business Development Strategy, 2015–2020.*
10) *Statistics Sweden.*

VÄSTERBOTTEN

The Västerbotten business area mainly comprises properties in Umeå and Skellefteå, and accounted for approximately 15 per cent of the Company's rental income during the period 1 October 2015 – 30 September 2016. Västerbotten is undergoing an evident urbanisation process, with 73 per cent of the county's population residing in the municipalities of Umeå and Skellefteå as of 31 December 2015.1) In 2016, the European Commission ranked Västerbotten, together with Norrbotten, a leading European innovation region. The European Commission mentioned innovation outside of research and development among small to medium-sized enterprises ("SMEs"), collaboration among SMEs and the proportion of highly educated inhabitants as some of the region's relative strengths compared to other EU regions.2) Between 2000 and 2014, the county's GRP at constant prices rose approximately 21 per cent.3) The industrial sector, particularly the raw materials industry, is important for Västerbotten's growth. According to the Company, the preconditions for continued strong growth in Umeå and Skellefteå are favourable due to good communications with, *inter alia*, five airports with scheduled year-round traffic, and good access to higher education and research. Umeå University, with both Umeå and Skellefteå campuses, is one of the largest universities in Sweden with about 16,000 full-time students.4) In addition to Diös, other large private owners of commercial properties in Västerbotten County include Fort Knox Förvaring AB, Fastighets AB Umeå, Census Aktiebolag and NP3 Fastigheter AB (publ).5) The five largest transactions in the county during the first three quarters of 2016 accounted for a total transaction volume of SEK 1,247 million.

VÄSTERBOTTEN COUNTY – FIVE LARGEST TRANSACTIONS – JANUARY–SEPTEMBER 2016

	Name	Date	No. of properties	Buyer	Seller	SEK million
1	Solbacken retail area	2016-03-31	5	Regio AB	Savills Investment Management AB	580
2	Motviken 1, Orkestern 6 & Storkåge 21:19	2016-04-12	3	Riksbyggen co-operative economic association	Skelleftebostäder AB	422
3	Anderstorpsgården 4, Vårsådden 5 & Hedensbyn 13:50	2016-02-24	3	Nordhalla Fastigheter AB	Skelleftebostäder AB	95
4	Bronsdolken 2	2016-09-14	1	Fondamentor Management AB	Gedo Real Estate International Holding GMBH	80
5	Omsorgen 1	2016-04-12	1	Skelleftebostäder AB	Riksbyggen co-operative economic association	70
Total top 5						**1,247**

Note: Excluding properties included in portfolio transactions extending over multiple counties.
Source: Newsec.

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1) *Statistics Sweden.*
2) *European Commission, Regional Innovation Scoreboard 2016.*
3) *Statistics Sweden.*
4) *Swedish Higher Education Authority, Higher Education in Sweden, 2016 Status Report.*
5) *Datscha.*

UMEÅ

Umeå is the largest municipality in northern Sweden. Between 2010 and 2015, the population of Umeå increased by a CAGR of 0.9 per cent.1) The municipality actively promotes continuous development and growth through the Umeå Region Growth Alliance, a partnership between the municipality, the private sector, the university and other parties.2) According to the municipality, Umeå is one of the most broadband-intensive cities in the world, and its proximity to the university has facilitated recruitment in the expanding IT sector for many years.3) Retail is another industry that has grown strong, and grew for the fourth consecutive year in 2015.4) The growth target of 200,000 inhabitants by 2050, compared to 120,777 as of 31 December 2015, is the starting point for city planning. Umeå has a clear sustainability strategy for the city, based on the densification of central locations by building upwards, and the addition of new densely built-up mixed blocks adjacent to existing blocks.5) Several construction projects are ongoing in Umeå, including the development of the new Ön district in the centre of the Ume River close to the city centre, where a total of 3,600 apartments will be built. Development of the "Umeå Project" road network, which aims to divert the heavily trafficked E4 and E12 motorways, currently passing through central Umeå, is another extensive construction project.6)

SKELLEFTEÅ

The mining industry is a major sector in the Skellefteå area and Boliden Mineral AB (publ) is one of the municipality's largest employers. At the same time, many companies are active in various digital sectors, such as digital media and design to game development, film and communication.7) Between 2010 and 2015, the population of Skellefteå increased by a CAGR of 0.1 per cent.8) The municipality is aiming for a population of 80,000 by 2030, compared to 72,031 as of 31 December 2015. To meet housing needs, the plan is to construct 1,200 new housing units by 2030. The housing will be constructed in the central areas of the municipality, to densify the inner city.9)

MARKET RENTS

		Umeå		Skellefteå	
		Rent, SEK/sq.m.	**Yield, %**	**Rent, SEK/sq.m.**	**Yield, %**
Offices	A-location	1,700–2,000	5.75–6.50	850–1,350	7.00–7.75
	B-location	950–1,400	6.50–7.75	700–1,000	7.75–9.00
Retail	A-location	2,000–4,200	5.75–6.75	1,250–2,450	6.25–7.00
	B-location	983–1,733	5.75–8.00	683–1,100	6.50–7.75
Warehouse/industrial	A-location	415–900	6.75–8.75	350–800	7.25–10.00
	B-location	350–600	8.00–9.75	250–550	8.00–11.00
Residential	A-location	1,279–1,450	3.50–4.75	1,308–1,491	4.75–6.00
	B-location	1,016–1,250	4.75–5.75	1,176–1,334	6.00–7.00

Note: Data as of 30 September 2016.
Source: Datscha.

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1) Statistics Sweden.
2) Umeå Municipality, (www.)umea.se, 27 September 2016.
3) Umeå Municipality, (www.)umea.se, 2 November 2016.
4) Retail in Sweden, HUI Research.
5) Umeå Municipality, Housing supply strategy.
6) Swedish Transport Administration, the Umeå Project – the West Link.
7) Skellefteå Municipality, (www.)skelleftea.se, 28 September 2016.
8) Statistics Sweden.
9) Skellefteå Municipality, City Centre, Detailed Comprehensive Plan for Skellefteå Municipality.

NORRBOTTEN

The Norrbotten business area comprises properties in Luleå, and accounted for approximately 12 per cent of the Company's rental income during the period 1 October 2015 – 30 September 2016. The raw materials industry forms the base of Norrbotten's business sector, and the county contributes to supplying Sweden's need for iron ore, steel, forest and hydropower. Luossavaara-Kiirunavaara AB (publ) ("LKAB") is headquartered in the county and is the largest employer in the county. Between 2000 and 2014, the county's GRP at constant prices increased by approximately 8 per cent[1]. In addition to the important base industries, technology and service development within the industry, testing and training activities, energy and environmental technology, digital service sectors and cultural and creative industries are focus areas for Norrbotten for continued sustainable growth.[2] Luleå University of Technology, with about 7,600 full-time students,[3] is located in Norrbotten County, and supports the region's business community by offering high-quality research and education, according to the Company. Research is conducted in close collaboration with companies such as Royal Dutch Shell plc, Telefonaktiebolaget LM Ericsson (publ), Scania AB (publ), LKAB, Airbus Group SE, International Business Machines Corporation (IBM) and leading international universities.[4]

The Luleå FA region is the most populated region north of Uppsala.[5] The growth desire among the county's small businesses is among the highest in Sweden, but access to infrastructure has been highlighted as an obstacle for growth.[6] Investments totalling SEK 760 million in the period 2014–2025 have been decided with the aim of improving the region's transportation infrastructure. These include investment in roads and road safety measures on the E4, E10 and E45 motorways and the county's government-run road network, as well as investment in public transportation, walking and cycling measures, and contributions to municipal road measures.[7]

In addition to Diös, other large private owners of commercial properties in Norrbotten County include Galären Holding AB and Hemfosa Fastigheter AB (publ).[8] The five largest transactions in the county during the first three quarters of 2016 accounted for a total transaction volume of SEK 1,734 million.

NORRBOTTEN COUNTY – FIVE LARGEST TRANSACTIONS – JANUARY–SEPTEMBER 2016

	Name	Date	No. of properties	Buyer	Seller	SEK million
1	Apartment portfolio	2016-04-20	21	Nordhalla Fastigheter AB	Lulebo AB	710
2	Kajan 18	2016-06-29	1	Diös Fastigheter AB	Lantmännens Fastigheter AB, Vasallen AB	290
3	Matrosen 3	2016-07-01	1	BRF Matrosen	Fastighets AB Igeln	265
4	Properties in Kiruna	2016-06-15	10	LKAB Fastigheter AB	Telerit Kiruna KB	240
5	Clarion Hotel	2016-04-04	1	Holmquist Fastigheter AB	Fastighets AB Norrporten	229
Total top 5						**1,734**

Note: Excluding properties included in portfolio transactions extending over multiple counties.
Source: Newsec.

LULEÅ

In 2015, Arena for Growth[9] and the consulting firm SWECO AB (publ) named Luleå Municipality as the Growth Municipality of the Year, partly motivated by the municipality's transformation from an iron and steel city to a knowledge and IT city, and by Luleå's endeavours to create strong international attraction, which has already led to several international establishments.[10] Some of these are Facebook, Inc., Milestone Technologies Inc. and Goodtech ASA.

Between 2010 and 2015, the population of Luleå increased by a CAGR of 0.5 per cent.[11] One of the municipality's urban development projects is the Kronan district, which is expected to have a population of some 7,000 by 2030, compared to today's figure of 1,500.[12] Moreover, Luleå Municipality initiated a collaboration in 2015 with the Swedish Trade Federation (Sw: *Svensk Handel*) to develop a model for city and location development with a retail focus. A development plan will be made for the centre of Luleå, with a focus on meeting places, buildings, commerce and traffic.[13]

Several major construction projects have commenced in recent years, including the Luleå Office Building with the regional office for TeliaSonera AB (publ) and Vattenfall AB's new office on Porsön, adjacent to the Luleå University of Technology.

MARKET RENTS

		Luleå	
		Rent, SEK/sq.m.	Yield, %
Offices	A-location	1,500–1,700	6.00–6.50
	B-location	800–1,150	6.25–7.75
Retail	A-location	1,400–3,500	5.75–6.75
	B-location	900–1,500	6.00–7.00
Warehouse/industrial	A-location	450–750	7.00–9.00
	B-location	350–550	8.00–10.00
Residential	A-location	1,343–1,660	3.75–4.75
	B-location	1,136–1,550	4.50–5.75

Note: Data as of 30 September 2016.
Source: Datscha.

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1) *Statistics Sweden.*
2) *The Norrbotten County Administrative Board, Innovation Strategy for Norrbotten County, 2013–2020.*
3) *Swedish Higher Education Authority, Higher Education in Sweden, 2016 Status Report.*
4) *Luleå University of Technology, (www.)ltu.se, 28 September 2016.*
5) *Statistics Sweden.*
6) *Swedish Agency for Economical and Regional Growth, Business Conditions and Status 2014. "Growth desire" refers to businesses that want to grow by increasing the number of their employees, or simply by growing their sales.*
7) *The Norrbotten County Administrative Board, County Transportation Plan for Norrbotten County.*
8) *Datscha.*
9) *Arena for Growth is a platform for regional and local growth and development, and is a partnership between ICA Gruppen AB (publ), Swedbank and the Swedish Association of Local Authorities and Regions (Sw: Sveriges Kommuner och Landsting).*
10) *Luleå Municipality, (www.)lulea.se, 28 September 2016.*
11) *Statistics Sweden.*
12) *Luleå Municipality, (www.)lulea.se, 30 November 2016.*
13) *Swedish Trade Federation.*

Marcus Reed, care taker, Diös, Åre

DIÖS BEFORE THE ACQUISITION

INTRODUCTION

Diös is one of the largest private property companies in northern Sweden, in terms of number of properties and property value, and offers commercial and residential premises in central locations. As of 30 September 2016, the total property value of Diös amounted to SEK 13,357 million and the operations divided into six business areas based on their geographic market. The registered office of the Company's Board of Directors is in Östersund and the Company's share has been listed on Nasdaq Stockholm since 2006.

The Company was named after Anders Diös, who operated one of the largest construction companies in Sweden in the mid-1900s with the same name. In 2000, Anders Diös AB was acquired and de-listed from the stock exchange by AP Fastigheter AB. When the acquired properties were divested five years later, the current Diös Fastigheter AB was created.

COMPANY HISTORY

2005	Diös is founded. The initiator is entrepreneur, Erik Paulsson. In partnership with Humlegården, Klövern, Catella Fonder and LRF, the Company acquires 36 properties in Dalarna and Gävleborg from AP Fastigheter AB. The Company's business strategy is to acquire, manage and develop properties with a high yield in northern Sweden. Christer Sundin is appointed CEO.
2006	Listed on Nasdaq Stockholm's Small Cap segment. AB Persson Invest in the Company and becomes its largest shareholder.
2007	Acquisition of 76 properties in locations including Gävle and Sundsvall. Diös becomes major shareholder of Åre Centrum AB, and thereby owner of eight properties in Åre.
2008–2009	The financial crisis hits Sweden with falling property values and lower activity, which has a negative impact on the property market and subsequently on Diös.
2010	Acquisition of 32 properties in Falun, Borlänge and Söderhamn. Bengtssons Tidnings AB becomes major shareholder of Diös.
2011	Diös consolidates its position as one of the largest private property companies in northern Sweden, in terms of number of properties and property value, through acquisition of the competing property company Norrvidden AB. The acquisition comprises 254 properties. The Company's property value is more than doubled, from just over SEK 5 billion to more than SEK 11 billion.
2012–2013	Diös is listed on Nasdaq Stockholm's Mid Cap segment. A focus on consolidation and concentration of the property portfolio to growth areas in northern Sweden. 22 properties are divested.
2014	CEO Christer Sundin retires and the current CEO, Knut Rost, is appointed. A focus on organic growth and continued concentration of the property portfolio, which is reduced by ten properties during the period.
2015	Acquisition of five properties in Skellefteå, and continued concentration of the property portfolio to growth areas in northern Sweden. The number of shareholders increases 53 per cent year-on-year and as of 31 December 2015 reaches 10,329.
2016	On 1 September, the Group's management is reorganised and Henrik Lundmark, Business Area Manager for Jämtland, succeeds Lars-Göran Dahl as Head of Real Estate, while Lars-Göran Dahl is appointed as Head of Business Development, a newly established position in the Group. During the period 1 January – 30 September, four properties are acquired and 42 properties are divested. As of 30 September, the property portfolio comprises 313 properties.

MISSION

Diös' mission is to own and develop commercial and residential properties in prioritised growth cities from locally based offices. The Company aims to achieve long-term value by retaining a tenant focus, and by acting responsibly and sustainably.

VISION

"We are the most active and sought-after landlord in our market".

BUSINESS MODEL

Diös generates financial growth through value-based management, active property development and transactions. The conditions for a sustainable business are satisfied and committed employees who can meet the needs and requirements of tenants. A satisfied tenant helps to spread the Company's good reputation, which increases profitability and the value of the share.

OBJECTIVES AND STRATEGIES[1]

OPERATIONAL TARGETS

For 2016:

- Economic occupancy rate > 90 per cent
- Surplus ratio > 60 per cent
- 3 per cent reduction in energy use
- ESI[2] score of at least 75
- CSI[3] score of at least 63

FINANCIAL AND RISK-MANAGEMENT TARGETS

For 2016:

- Return on equity > risk-free rate + 6 per cent
- Loan-to-value ratio < 65 per cent
- Equity ratio > 25 per cent short-term, 30 per cent long-term
- Interest coverage ratio > 1.8 times
- Dividend policy: The dividend shall amount to approximately 50 per cent of consolidated profit after tax, excluding unrealised changes in value and deferred tax.

OPERATIONAL STRATEGY

The operational strategy is to achieve growth through a diversified and focused property portfolio in cities in northern Sweden that meet the following criteria: growing population, stable infrastructure, an active economy, defined city centre, active and prosperous municipality and an established university or institute of higher education. By taking an active role in local networks for growth-related issues, Diös adapts its activities with the aim of contributing to sustainable urban development.

MANAGEMENT

A local presence in the locations where Diös owns properties is a prerequisite for the Company's ability to deliver customer value and a high level of service. Employees in the Company's six business areas are experts in the market conditions of each location, which is highly valued by both existing and prospective tenants. In all of its prioritised business locations, Diös is one of the largest private property owners with a wide supply of properties. This enables the Company to offer flexible tenancy solutions that can be adapted to changing tenant needs. Northern Sweden is an attractive market and Diös has several tenants who are also established in several of Diös' locations. This offers Diös a unique opportunity to contribute to the development of both its tenants, and its locations.

PROPERTY DEVELOPMENT

New construction, extensions and refurbishment, as well as energy-saving measures, are conducted in close dialogue with the Company's tenants in order to improve the portfolio and increase the yield and attractiveness of the properties.

TRANSACTIONS

Based on careful market and property analyses, Diös acquires properties in prioritised locations to achieve income synergies and economies of scale. Properties that do not meet the demands of the Company's strategic focus, with limited opportunities to create added value, may be subject to divestment. All transactions are conducted in a highly professional manner, mainly with in-house expertise.

SUSTAINABILITY

Diös is committed to long-term sustainable business practices, based on economic, social and environmental responsibility, as well as employer responsibility. The Company thus takes responsibility for the entire value-creation process of its daily activities, with great respect for how these activities can affect the external surroundings.

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1) *For a definition of the following key figures, please see heading "Definition of key figures" in section "Historical financial information" .*
2) *ESI refers to Employee Satisfaction Index.*
3) *CSI refers to Customer Satisfaction Index.*

EMPLOYEES AND ORGANISATION

The operations are organised into six business areas: Dalarna, Gävleborg, Västernorrland, Jämtland, Västerbotten and Norrbotten. The head office is located in Östersund, which is also where management and group functions are based.

SENIOR MANAGEMENT

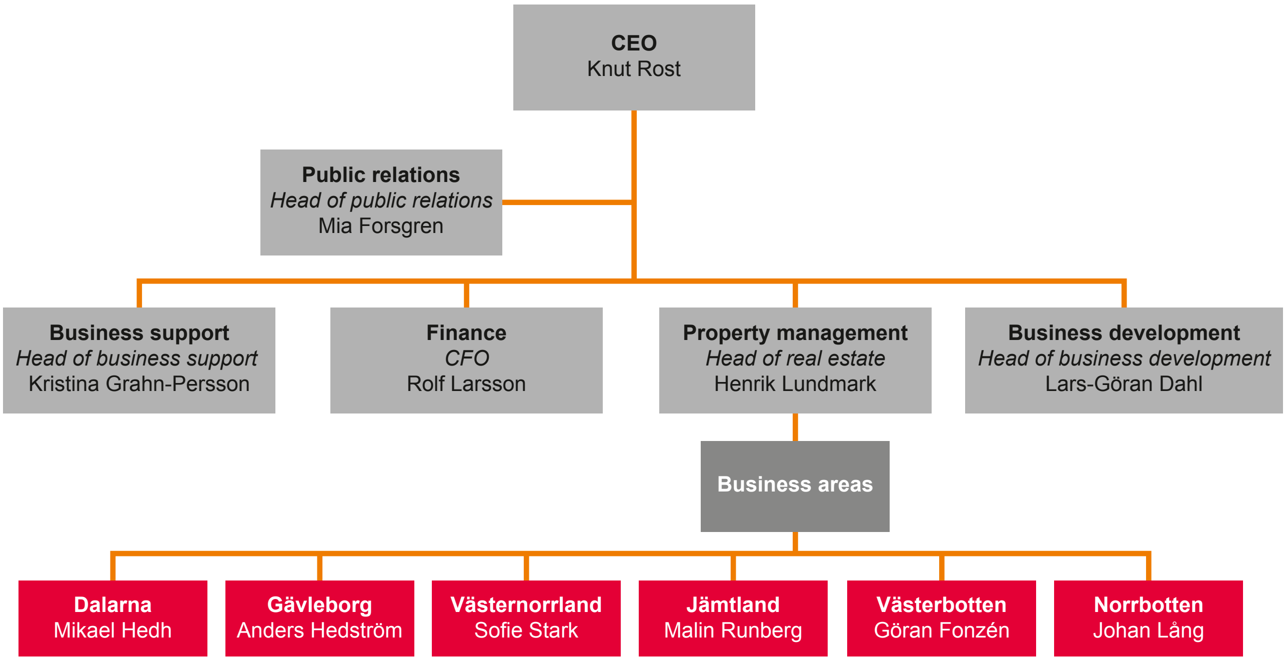
As of 1 September 2016, group management consists of five roles: CEO, CFO, Head of Real Estate, Head of Business Development and Head of Business Support, which, *inter alia*, includes HR and IT.

BUSINESS AREAS

Diös' operations are divided into six business areas, based on geography, with a local office based centrally in each business area. Each business area is headed by a Business Area Manager, who is a member of the operational management team together with the Head of Real Estate.

GROUP FUNCTIONS

The Company's business operations comprise the group functions for IT, Finance, HR, Lease Administration, Communication, IR, Valuation and Energy Optimisation. The Company owns and operates the Group's subsidiaries.



EMPLOYEES

Dedicated, responsible and loyal employees are essential for Diös' achievement of its vision to be the most active and successful property owner in the Company's market. Attracting and retaining the right expertise is therefore a prioritised topic. As of 30 September 2016, the Company had 152 employees, of whom 61 were women. The average age was 44. Most of these employees, 103 people, worked in the business areas, of whom 45 were engaged in the physical property management, such as technical and maintenance services.

NUMBER OF EMPLOYEES

	31 Dec 2013	31 Dec 2014	31 Dec 2015	30 Sep 2016
No. of employees at the end of the period	140	149	150	152

PROPERTY PORTFOLIO AS OF 30 SEPTEMBER 2016

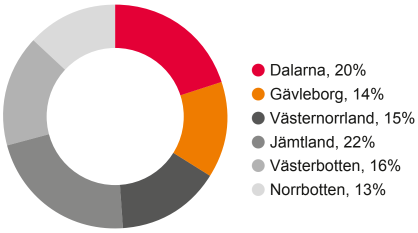
Diös has a well-diversified property portfolio in growth areas throughout northern Sweden. The property portfolio consists of offices, retail premises, residential premises, industrial/warehouse facilities and other types of premises such as hotels and schools. The portfolio is focused on growth areas, and concentrated to central locations in Borlänge, Falun, Mora, Gävle, Sundsvall, Östersund, Åre, Umeå, Skellefteå and Luleå.

Diös is one of the leading private property companies in northern Sweden, in terms of number of properties and property value, and the diversity of its property portfolio enables Diös to influence and contribute to the development of prioritised locations. Applying a long-term and sustainable approach to contribute to positive urban development is a primary focus for Diös.

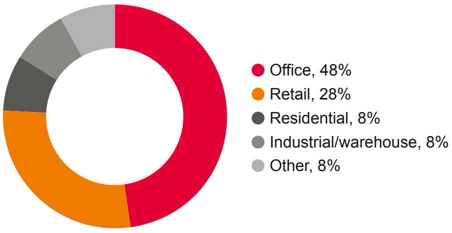
DESCRIPTION OF THE PROPERTY PORTFOLIO

As of 30 September, the property portfolio comprised of 313 properties with a total leasable area of 1,351,000 square metres. As of 30 September 2016, the property value amounted to SEK 13,357 million, compared to SEK 12,627 million as of 30 September 2015. The change in value compared to 30 September 2015 was attributable to investments of SEK 418 million, unrealised changes in value of SEK 311 million, acquired properties of SEK 792 million and competed sales of SEK 791 million. Rental value for the period 1 October 2015 – 30 September 2016 amounted to SEK 1,479 million.

PROPERTY VALUE BY BUSINESS AREA



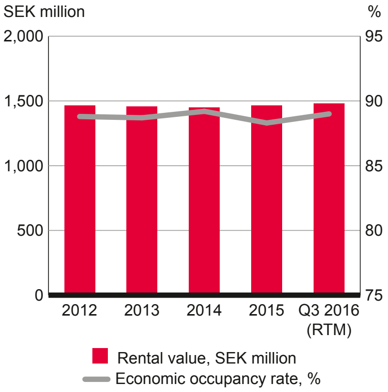
RENTAL VALUE BY TYPE OF PREMISES

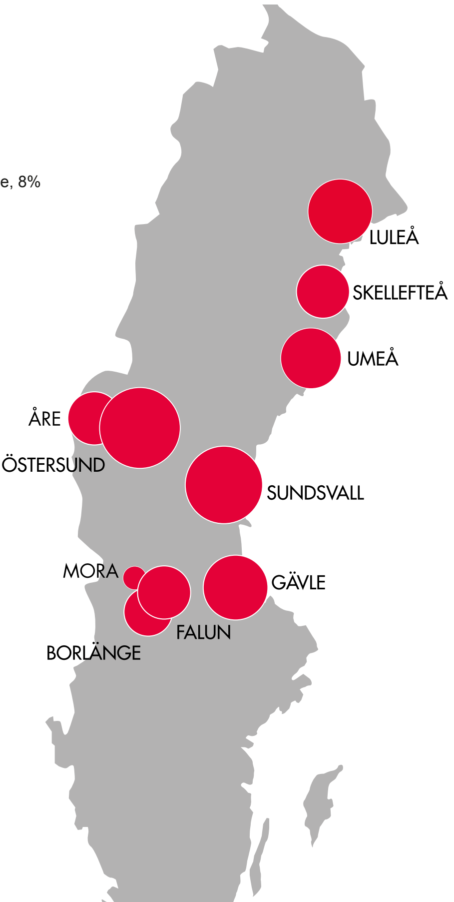


Note: Rental value per contract and property value per property

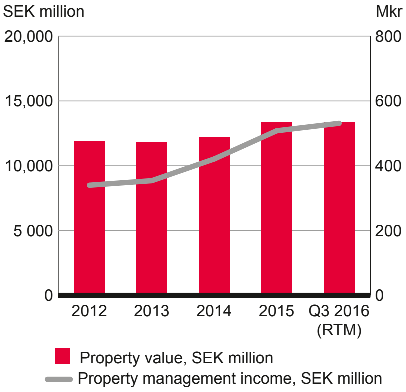
OPERATING SURPLUS AND SURPLUS RATIO[1]

RENTAL VALUE AND OCCUPANCY[1]





PROPERTY VALUE AND PROPERTY MANAGEMENT INCOME[1]



[1] *Operating surplus, surplus ratio, rental value and property management income for Q3 2016 relate to the period 1 October 2015 – 30 September 2016.*

INCOME STATEMENT ITEMS FOR THE PERIOD 1 OCTOBER 2015 – 30 SEPTEMBER 2016

SEK million	Dalarna	Gävleborg	Västernorrland	Jämtland	Västerbotten	Norrbotten	Group
Allocated per business area							
Rental income	265	192	212	287	204	160	1,320
Other revenue	5	3	4	3	1	3	18
Repairs and maintenance	–13	–11	–11	–14	–13	–7	–68
Tariff-based costs	–38	–25	–31	–48	–29	–15	–186
Property tax	–12	–10	–11	–14	–10	–9	–66
Other property costs	–29	–20	–28	–32	–20	–17	–147
Property management	–11	–8	–12	–15	–10	–9	–65
Operating surplus	**168**	**121**	**121**	**166**	**124**	**105**	**806**
Undistributed items							
Central administration	–	–	–	–	–	–	–63
Net financial items	–	–	–	–	–	–	–212
Property management income	**–**	**–**	**–**	**–**	**–**	**–**	**531**
Changes in value							
Property, realised	–	–	1	–2	–5	–	–5
Property, unrealised	–28	85	–14	91	57	120	311
Interest rate derivatives	–	–	–	–	–	–	102
Profit before tax	**–**	**–**	**–**	**–**	**–**	**–**	**939**

BALANCE-SHEET ITEMS AND KEY FIGURES[1] AS OF 30 SEPTEMBER 2016

	Dalarna	Gävleborg	Västernorrland	Jämtland	Västerbotten	Norrbotten	Group
No. of properties	44	51	46	114	40	18	313
Leasable area, '000 sq.m.	267	251	185	302	226	120	1,351
Investments in new builds, conversions and extensions[2], SEK million	76	33	69	88	90	62	418
Carrying amount of investment properties, SEK million	2,586	1,933	1,984	2,908	2,160	1,786	13,357
Rental value[2], SEK million	293	218	248	324	223	173	1,479
Economic occupancy rate[2], %	90.4	88.0	85.3	88.7	91.7	92.4	89.3
Surplus ratio[2], %	63.5	62.9	57.3	57.9	60.6	65.9	61.0

1) For a definition of key figures, refer to "Definition of key figures" in the "Historical financial information" section.
2) Refers to the period 1 October 2015 – 30 September 2016.

PROPERTY VALUE PER TYPE OF PREMISE

	30 September 2016				1 October 2015 – 30 September 2016		
			Property value				
	No. of properties	Leasable area, 000 sq.m.	SEK million	SEK/sq.m.	Rental value, SEK million	Financial occupancy rate, %	Rental income, SEK million
Office premises	124	582	6,583	11,312	692	90.2	624
Retail premises	50	292	3,732	12,771	350	90.6	317
Residential premises	54	108	1,294	11,992	130	88.8	116
Industrial/warehouse premises	46	250	783	3,134	109	75.7	83
Other premises	39	119	965	8,145	198	91.5	182
Group	**313**	**1 351**	**13,357**	**9,891**	**1,479**	**89.3**	**1,320**

Note: Refers to key figures estimated per property.


Åre Prästbod 1:76, Åre

BUSINESS AREAS AS OF 30 SEPTEMBER 2016

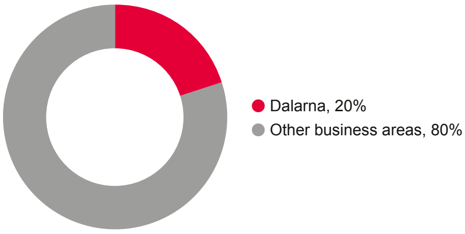
DALARNA

PROPERTY PORTFOLIO

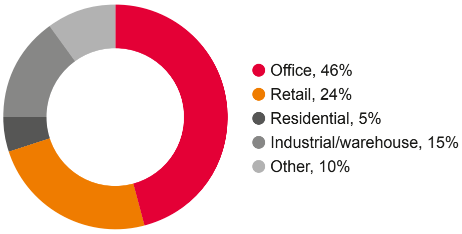
No. of properties	44
No. of ‘000 sq.m.	267
Property value, SEK million	2,586
Operating surplus[1], SEK million	168
Surplus ratio[1], %	63.5

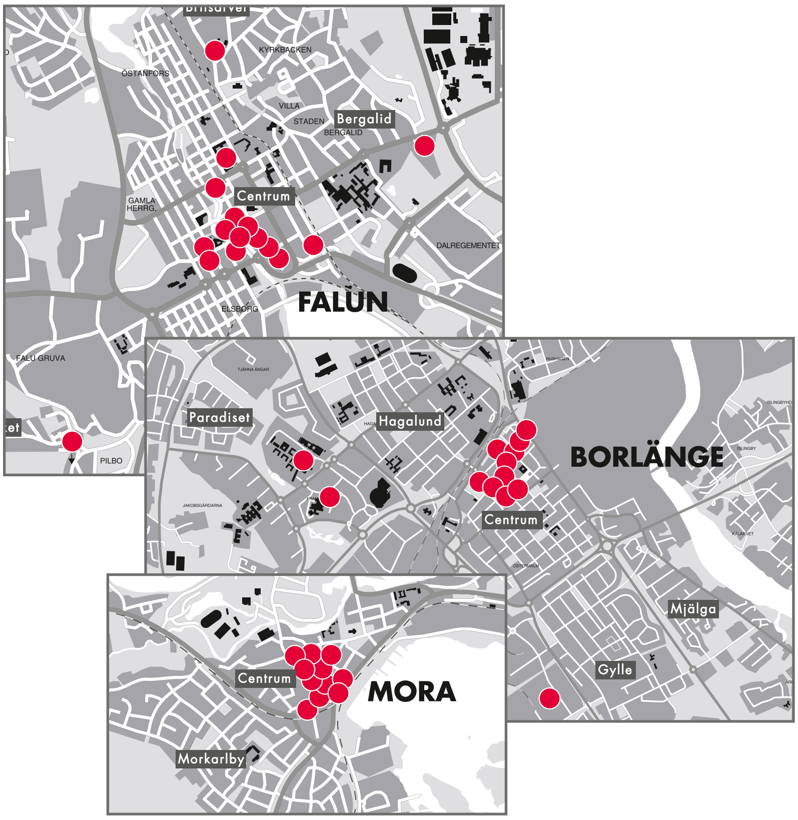
1) *Refers to the period 1 October 2015 – 30 September 2016*

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES





FIVE LARGEST TENANTS, DALARNA

TENANT	No. of contracts	Annual contract value, SEK million	Share of total contract value, %[1]	Average contract period, year
Swedish Transport Administration	3	40	15.0	3.7
Municipality of Falun	8	18	6.9	1.8
Swedish Police Authority	9	10	3.7	2.9
Internationella Engelska Skolan AB	1	9	3.4	19.3
Pysslingen Förskolor och Skolor AB	1	8	3.1	7.8
Total largest tenants	**22**	**86**	**32.1**	**5.3**

1) *Estimated share of annual contract value for the business area*

In terms of value, Dalarna was the Company’s second largest business area as of 30 September 2016, with 20 per cent of the total property value. The number of properties was 44, with a total leasable area of 267,000 square metres. The total property value amounted to SEK 2,586 million. The rental value for the period 1 October 2015 – 30 September 2016 was SEK 293 million. The economic occupancy rate in Dalarna was 90.4 per cent for the period 1 October 2015 – 30 September 2016.

The property portfolio in Dalarna is concentrated to Borlänge, Falun and Mora.

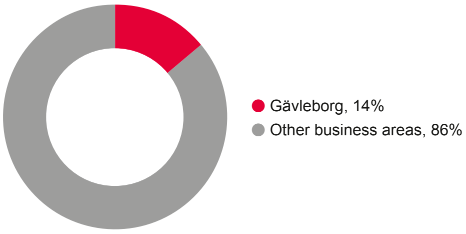
GÄVLEBORG

PROPERTY PORTFOLIO

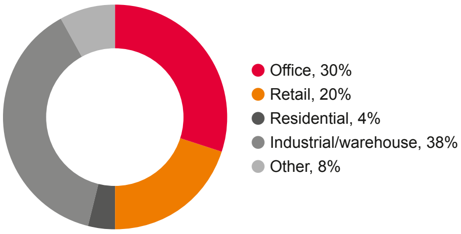
No. of properties	51
No. of ‘000 sq.m.	251
Property value, SEK million	1,933
Operating surplus1), SEK million	121
Surplus ratio1), %	62.9

1) *Refers to the period 1 October 2015 – 30 September 2016*

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES



FIVE LARGEST TENANTS, GÄVLEBORG

TENANT	No. of contracts	Annual contract value, SEK million	Share of total contract value, %1)	Average contract period, year
The Swedish Public Employment Service	8	7	4.0	1.4
Swedish Transport Administration	3	7	3.8	2.0
Internationella Engelska skolan AB	2	6	3.0	7.0
ÅF AB	1	3	1.6	4.3
Åhléns AB	3	3	1.5	0.7
Total largest tenants	**17**	**26**	**13.9**	**3.0**

1) *Estimated share of annual contract value for the business area*

In terms of value, Gävleborg was the Company’s fifth largest business area as of 30 September 2016, with 14 per cent of the total property value. The number of properties was 51, with a total leasable area of 251,000 square metres. As of 30 September 2016, the total property value amounted to SEK 1,933 million. The rental value for the period 1 October 2015 – 30 September 2016was SEK 218 million. The economic occupancy rate in Gävleborg was 88.0 per cent for the period 1 October 2015 – 30 September 2016.

The property portfolio in Gävleborg is concentrated to Gävle.

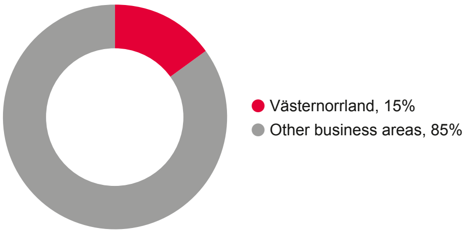
VÄSTERNORRLAND

PROPERTY PORTFOLIO

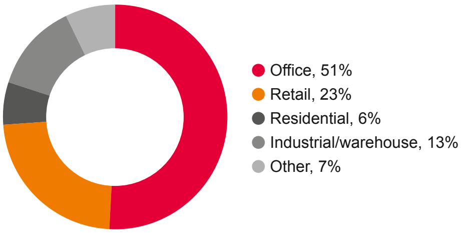
No. of properties	46
No. of '000 sq.m.	185
Property value, SEK million	1,984
Operating surplus[1], SEK million	121
Surplus ratio[1], %	57.3

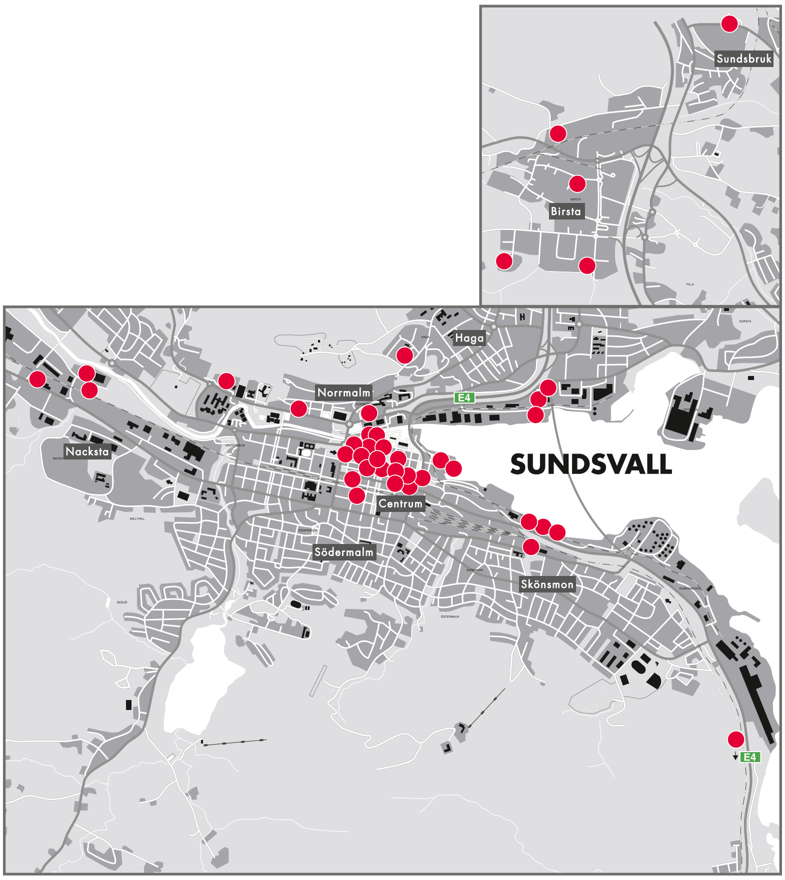
1) Refers to the period 1 October 2015 – 30 September 2016

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES





FIVE LARGEST TENANTS, VÄSTERNORRLAND

TENANT	No. of contracts	Annual contract value, SEK million	Share of total contract value, %[1]	Average contract period, year
Municipality of Sundsvall	17	8	4.2	1.7
Norrlidens Kunskapscentrum AB	2	7	3.5	9.3
The Swedish Migration Agency	8	6	2.9	4.6
Åhléns AB	1	4	2.2	2.0
Nordea Bank AB	1	4	2.2	1.0
Total largest tenants	**29**	**30**	**15.0**	**4.0**

1) Estimated share of annual contract value for the business area

In terms of value, Västernorrland was the Company's fourth largest business area as of 30 September 2016, with 15 per cent of the total property value. The number of properties was 46, with a total leasable area of 185,000 square metres. As of 30 September 2016, the total property value amounted to SEK 1,984 million. The rental value for the period 1 October 2015 – 30 September 2016 was SEK 248 million. The economic occupancy rate in Västernorrland was 85.3 per cent for the period 1 October 2015 – 30 September 2016.

The property portfolio in Västernorrland is concentrated to Sundsvall.

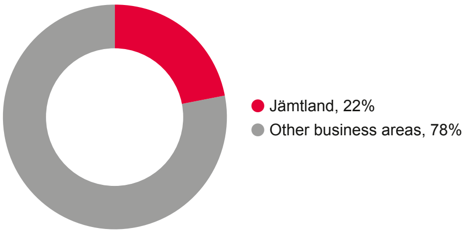
JÄMTLAND

PROPERTY PORTFOLIO

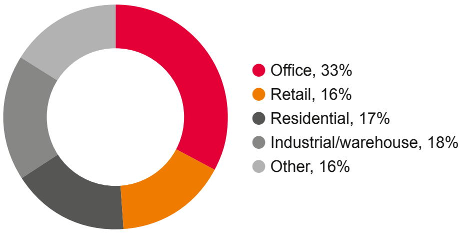
No. of properties	114
No. of '000 sq.m.	302
Property value, SEK million	2,908
Operating surplus[1], SEK million	166
Surplus ratio[1], %	57.9

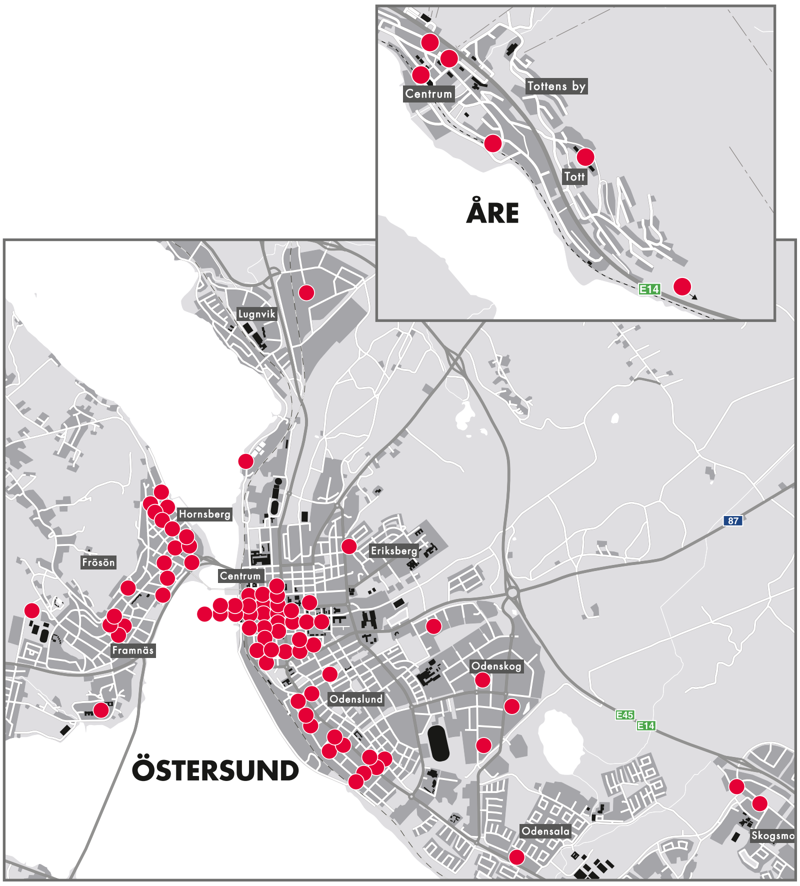
1) Refers to the period 1 October 2015 – 30 September 2016.

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES





FIVE LARGEST TENANTS, JÄMTLAND

TENANT	No. of contracts	Annual contract value, SEK million	Share of total contract value, %[1]	Average contract period, year
Municipality of Östersund	107	36	12.4	3.8
Jämtland Härjedalen Region	19	11	3.8	2.6
Swedbank AB	5	7	2.6	1.1
The Swedish Public Employment Service	4	6	2.0	2.0
ICA Fastigheter Sverige AB	3	5	1.8	0.3
Total largest tenants	**138**	**66**	**22.6**	**2.8**

1) Estimated share of annual contract value for the business area

In terms of value, Jämtland was the Company's largest business area as of 30 September 2016, with 22 per cent of the total property value. The number of properties was 114, with a total leasable area of 302,000 square metres. As of 30 September 2016, the total property value amounted to SEK 2,908 million. The rental value for the period 1 October 2015 – 30 September 2016 was SEK 324 million. The economic occupancy rate in Jämtland was 88.7 per cent for the period 1 October 2015 – 30 September 2016.

The property portfolio in Jämtland is concentrated to Östersund and Åre.

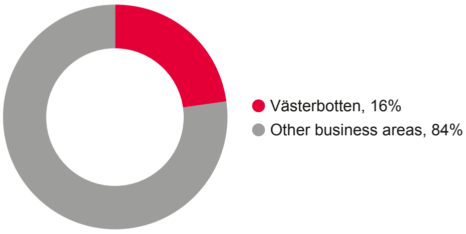
VÄSTERBOTTEN

PROPERTY PORTFOLIO

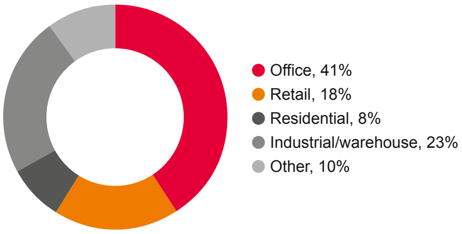
No. of properties	40
No. of '000 sq.m.	226
Property value, SEK million	2,160
Operating surplus¹⁾, SEK million	124
Surplus ratio¹⁾, %	60.6

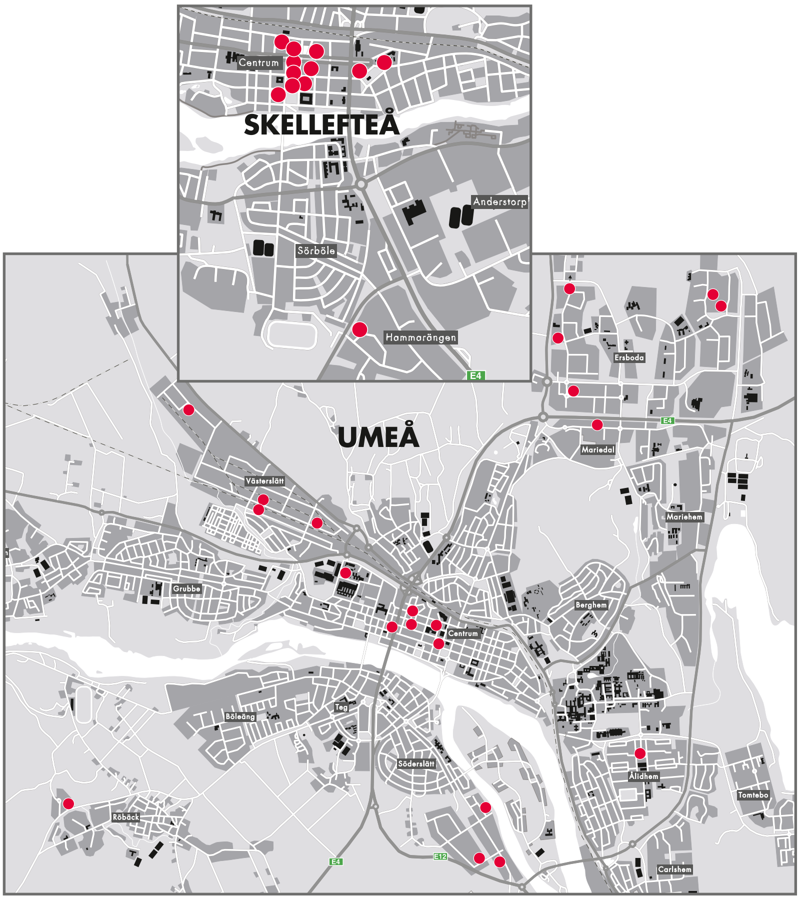
1) *Refers to the period 1 October 2015 – 30 September 2016*

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES





FIVE LARGEST TENANTS, VÄSTERBOTTEN

TENANT	No. of contracts	Annual contract value, SEK million	Share of total contract value, %¹⁾	Average contract period, year
Municipality of Skellefteå	21	16	7.5	3.9
Tieto Sweden AB	2	10	4.6	2.3
Municipality of Umeå	9	8	3.9	2.8
Scandic Hotels AB	1	8	3.7	13.9
The Swedish Social Insurance Agency	8	6	2.9	1.6
Total largest tenants	**41**	**47**	**22.6**	**4.7**

1) *Estimated share of annual contract value for the business area*

In terms of value, Västerbotten was the Company's third largest business area as of 30 September 2016, with 16 per cent of the total property value. The number of properties was 40, with a total leasable area of 226,000 square metres. As of 30 September 2016, the total property value was SEK 2,160 million. The rental value for the period 1 October 2015 – 30 September 2016 was SEK 223 million. The economic occupancy rate in Västerbotten was 91.7 per cent for the period 1 October 2015 – 30 September 2016.

The property portfolio in Västerbotten is concentrated to Umeå and Skellefteå.

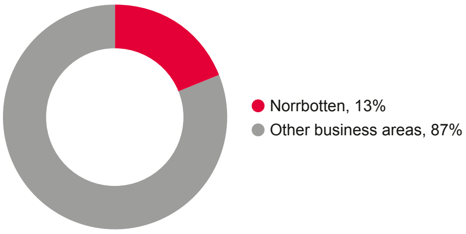
NORRBOTTEN

PROPERTY PORTFOLIO

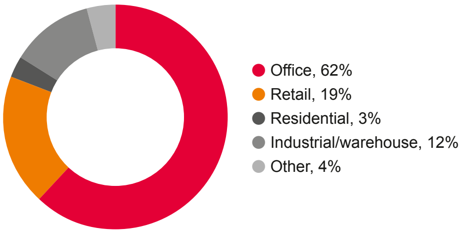
No. of properties	18
No. of ‘000 sq.m.	120
Property value, SEK million	1,786
Operating surplus[1], SEK million	105
Surplus ratio[1], %	65.9

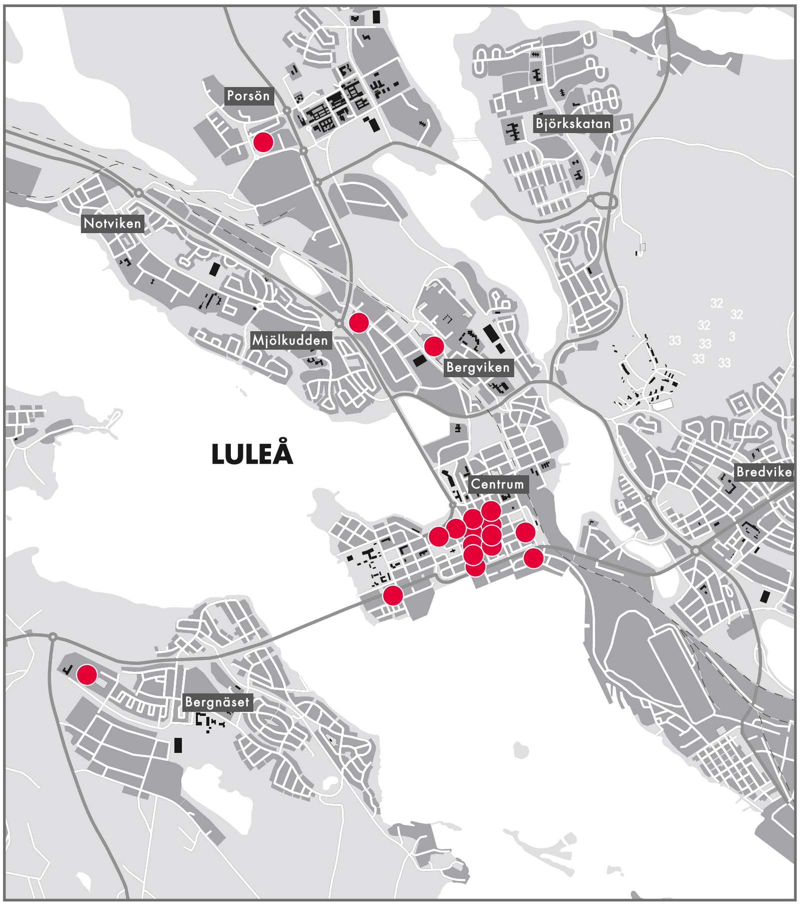
1) *Refers to the period 1 October 2015 – 30 September 2016*

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES





FIVE LARGEST TENANTS, NORRBOTTEN

TENANT	No. of contracts	Annual contract value, SEK million	Share of total contract value, %[1]	Average contract period, year
Municipality of Luleå	9	11	7.2	1.2
SWECO Sverige AB	3	8	5.0	6.5
Swedish Customs, IT Department	3	7	4.6	0.4
Folksam ömsesidig sakförsäkring	16	6	3.8	4.9
Swedbank AB	3	5	3.3	2.4
Total largest tenants	**34**	**38**	**23.9**	**2.9**

1) *Estimated share of annual contract value for the business area*

In terms of value, Norrbotten was the Company’s sixth largest business area as of 30 September 2016, with 13 per cent of the total property value. The number of properties was 18, with a total leasable area of 120,000 square metres. As of 30 September 2016, the total property value amounted to SEK 1,786 million. The rental value for the period 1 October 2015 – 30 September 2016 was SEK 173 million. The economic occupancy rate in Norrbotten was 92.4 per cent for the period 1 October 2015 – 30 September 2016.

The property portfolio in Norrbotten is concentrated to Luleå.

TENANTS

RENTAL INCOME, RENTAL VALUE AND OCCUPANCY RATE

The property portfolio's total rental value for the period 1 October 2015 – 30 September 2016 was SEK 1,479 million, the estimated rental value for vacant premises was SEK 159 million and rental income amounted to SEK 1,320 million. Net leasing for the same period amounted to SEK 23 million.

Of the properties' total area of 1,351,000 square meters, 1,129,000 square meters were leased as of 30 September 2016. This represents a physical occupancy rate of 84 per cent. The economic occupancy rate was 89 per cent.

CONTRACT STRUCTURE AND CUSTOMERS

As of 30 September 2016, the total number of leases was 7,386, of which 2,643 pertained to premises, 1,494 to housing and 3,249 to other types of leases.

Based on rental income, the Company's ten largest tenants accounted for 16.7 per cent, representing SEK 219 million in annual contract value. The average contract period of these leases is 3.4 years. The largest single tenant was the Swedish Transport Administration, accounting for 3.7 per cent of the total contract value.

LARGEST TENANTS AS OF 30 SEPTEMBER 2016

DIÖS' TEN LARGEST TENANTS

Tenant	No. of contracts	Annual contract value, SEK million	Share of total annual contract value, %	Average contract term, years
Swedish Transport Administration	13	48	3.7	3.5
Municipality of Östersund	107	36	2.7	3.8
The Swedish Public Employment Service	35	24	1.8	1.7
Swedbank AB	10	20	1.5	1.4
Municipality of Falun	8	18	1.4	1.8
Åhléns	7	16	1.2	1.3
Municipality of Skellefteå	21	16	1.2	3.9
Internationella Engelska Skolan AB	3	15	1.1	14.6
KappAhl	6	14	1.1	3.1
Hennes & Mauritz	6	13	1.0	0.4
Total ten largest tenants	**216**	**219**	**16.7**	**3.4**

CONTRACT MATURITY STRUCTURE AS OF 30 SEPTEMBER

	Year of maturity	Signed agreements (no.)	Leased area, '000 sq.m.	Contracted yearly rental income, SEK million	Share, %
Leases	2016	244	81	94	7
	2017	793	163	186	14
	2018	632	223	253	19
	2019	554	217	236	18
	2020+	420	340	401	31
Total leases		**2,643**	**1,025**	**1,170**	**89**
Residential leases		1,494	104	109	8
Other leases		3,249	–	42	3
Total		**7,386**	**1,129**	**1,321**	**100**

PROPERTY COSTS

Property costs amounted to SEK 532 million during the period 1 October 2015 – 30 September 2016. The costs comprise direct costs for operation, maintenance, property taxes, etc. and indirect costs in the form of leasing and property management.

PROPERTY DEVELOPMENT

A large proportion of the Company's project investments take the form of new construction, extensions and refurbishment, as well as energy-saving measures. The investments are aimed at reducing vacancy rates, raising occupancy rates and minimising environmental impact. During the period 1 October 2015 – 30 September 2016, SEK 418 million was invested in about 500 projects. At the end of the period, 18 major improvement projects were ongoing, with a remaining investment volume of SEK 55 million and a total investment volume of SEK 248 million. In the third quarter of 2016, a decision was made regarding 57 new project investments.

Råttan 17, Luleå

Arbetet 3, Sundsvall

Alderholmen 19:2, Gävle

TEN LARGEST ONGOING PROJECTS SAS OF 30 SEPTEMBER 2016

Municipality	Property	Type of property	Project area, sq.m.	Planned investment, SEK million	Remaining investment, SEK million	Increase in rental value,[1] SEK million	Year of completion
Luleå	Humlan 6	Office	6,040	48.7	1.5	3.5	2016
Umeå	Rind 5	Residential	1,038	20.4	20.5	0.5	2016
Sundsvall	Hälsan 7	Office	2,362	14.1	1.0	2.5	2016
Sundsvall	Skönsberg 1:7–8	Office	4,334	59.6	59.6	3.4	2017
Östersund	Snäckan 25	Restaurant	1,626	30.0	30.0	2.6	2017
Östersund	Guckuskon 1	School	1,059	10.6	0.1	0.5	2016
Östersund	Totten 1:68	Office	1,509	26.4	0.1	2.1	2016
Falun	G:a Bergsskolan 15	Retail	2,473	17.5	9.3	1.6	2017
Falun	Kansliet 20	School	5,577	13.6	4.9	1.4	2017
Falun	Gullvivan 18	School	6,155	28.3	1.5	2.3	2017
Total			**32,173**	**269.2**	**128.4**	**20.4**	
Total other 317 projects				**645.7**	**279.9**		

1) Where applicable, reduced operating expenses.

TRANSACTIONS

During the period 1 October 2015 – 30 September 2016, Diös acquired seven properties and divested 44 properties.

DIVESTMENTS DURING THE PERIOD 1 OCTOBER 2015 – 30 SEPTEMBER 2016

Municipality	No. of properties	Property name	Property type	Leasable area, sq.m.	Sale price, SEK million	Handover date
Härnösand	1	Adjunkten 3	Office	1,435	–	12 Jan 2016
Härnösand	1	Barkassen 3	Retail	737	–	12 Jan 2016
Härnösand	1	Barken 9	Office	3,060	–	12 Jan 2016
Härnösand	1	Börsen 1	Office	3,587	–	12 Jan 2016
Härnösand	1	Fyrvaktaren 19	Industrial/warehouse	1,649	–	12 Jan 2016
Härnösand	1	Guldsmeden 10	Residential	914	–	12 Jan 2016
Härnösand	1	Guldsmeden 11	Retail	1,739	–	12 Jan 2016
Härnösand	1	Guldsmeden 9	Office	3,829	–	12 Jan 2016
Härnösand	1	Kandidaten 3	Residential	1,939	–	12 Jan 2016
Härnösand	1	Kopparslagaren 28	Retail	3,812	–	12 Jan 2016
Härnösand	1	Kostern 1	Industrial/warehouse	1,172	–	12 Jan 2016
Härnösand	1	Kullen 1:35	Residential	241	–	12 Jan 2016
Härnösand	1	Köpmannen 9	Office	5,816	–	12 Jan 2016
Härnösand	1	Motorn 3	Industrial/warehouse	1,716	–	12 Jan 2016
Härnösand	1	Notarien 5	Residential	5,795	–	12 Jan 2016
Härnösand	1	Saltvik 2:68	Office	2,578	–	12 Jan 2016
Härnösand	2	Skepparen 5,8	Residential	983	–	12 Jan 2016
Härnösand	1	Skutan 8	Industrial/warehouse	2,480	–	12 Jan 2016
Härnösand	1	Smultronet 4	Residential	456	–	12 Jan 2016
Härnösand	1	Stenhammar 1:209	Residential	298	–	12 Jan 2016
Härnösand	6	Städet 2,15 Svarven 1,3,13,15	Office	24,676	–	12 Jan 2016
Härnösand	1	Tullen 10	Office	4,446	–	12 Jan 2016
Härnösand	1	Äland 2:87	Residential	3,548	–	12 Jan 2016
Härnösand	1	Ön 2:53	Office	7,267	–	12 Jan 2016
Total Härnösand	**30**			**84,173**	**343**	
Umeå	1	Hantverkaren 1	Residential	1,257	–	21 Jan 2016
Umeå	1	Karbinen 13	Residential	1,608	–	21 Jan 2016
Umeå	1	Vittergubben 1 4	Residential	3,029	–	21 Jan 2016
Östersund	1	Nordsvensken 1	Residential	6,779	–	21 Jan 2016
Östersund	1	Varmblodet 1	Residential	5,853	–	21 Jan 2016
Östersund	1	Brunflo-Viken 5:2	Residential	4,714	–	21 Jan 2016
Östersund	1	Parketten 6	Residential	5,331	–	21 Jan 2016
Östersund	1	Strömmingen 6	Residential	913	–	21 Jan 2016
Östersund	1	Strömmingen 7	Residential	1,007	–	21 Jan 2016
Östersund	1	Ängsbetet 4	Residential	3,600	–	21 Jan 2016
Östersund	1	Slåtterängen 7	Residential	5,727	–	21 Jan 2016
Total Umeå and Östersund	**11**			**39,818**	**321**	
Åre	1	Lien 2:69	Land	–	(Part of Lien 2:7)	6 Nov 2015
Åre	1	Lien 2:7	Residential	5,008		6 Nov 2015
Total Åre	**2**			**5,008**	**123**	
Sundsvall	1	Skönsmon 2:13	Industrial/warehouse	3,863	20	1 Apr 2016
Total Sundsvall	**1**			**3,863**	**20**	
Total	**44**			**132,862**	**807**	

ACQUISITIONS DURING THE PERIOD 1 OCTOBER 2015 – 30 SEPTEMBER 2016

Municipality	No. of properties	Property namename	Property type	Leasable area, sq.m.	Acquisition price, SEK million	Occupancy
Umeå	1	Arken 1	Office	5,826	–	21 Jan 2016
Östersund	1	Arken 8	Office	3,063	–	21 Jan 2016
Östersund	1	Tullvakten 2	Residential	5,371	–	21 Jan 2016
Östersund	1	Åkeriet 11	Office	2,650	21	1 Apr 2016
Total Umeå and Östersund	**4**			**16,910**	**170**	
Skellefteå	1	Sirius 16/24/25	Office/Hotel	28,045	–	1 Dec 2015
Skellefteå	1	Sleipner 5	Office	13,965	–	1 Dec 2015
Skellefteå	1	Hjorten 5	Office	9,767	–	1 Dec 2015
Total Skellefteå	**3**			**51,777**	**653**	
Total	**7**			**68,687**	**823**	

Jennie Nyblom, property manager Diös, Gävle

DIÖS AFTER THE ACQUISITION

DESCRIPTION OF THE ACQUISITION

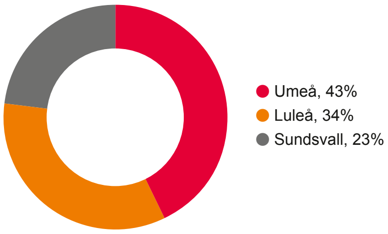
THE ACQUISITION

On 21 November 2016, Diös entered into an agreement to acquire the Property Portfolio from Castellum, comprising 32 properties in Umeå, Luleå and Sundsvall. The underlying property value for the portfolio amounts to SEK 4,500 million, taking into account a deferred tax liability of about SEK 119 million. The acquisition will be financed with proceeds of SEK 1,853 million, before deduction of issue costs, from the Rights Issue, and with new interest-bearing credit facilities of SEK 2,700 million. The expected date of transfer is 1 February 2017.

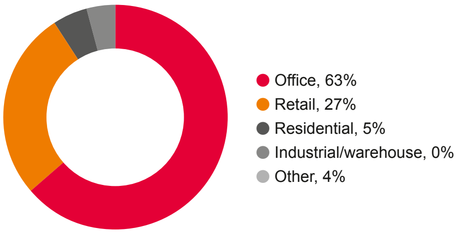
The initial yield on the properties included in the Acquisition is expected to be about 5.3 per cent,[1] and the economic occupancy rate about 93.1 per cent. The largest tenants in the acquired portfolio are the Swedish Courts, Livförsäkringsbolaget Skandia, the Swedish Transport Administration, Västerbotten County Administrative Board and Trygg-Hansa, which jointly account for about 19 per cent of the rental income. Distribution of the leasable area per location is 25 per cent in Sundsvall, 40 per cent in Umeå and the remaining 35 per cent in Luleå.

PROPERTY VALUE PER LOCATION AND RENTAL VALUE PER TYPE OF PREMISE

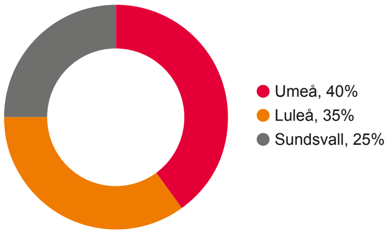
PROPERTY VALUE BY LOCATION



RENTAL VALUE BY TYPE OF PREMISES



LEASEABLE AREA BY LOCATION



Note: Refers to the Property Portfolio as of 30 September 2016. Rental value per contract and property value per property.

PROPERTY PORTFOLIO PER TYPE OF PREMISE

	30 September 2016				1 October 2015 – 30 September 2016		
	No. of properties	Leasable area, '000 sq.m.	Property value		Rental value SEK million	Economic occupancy rate, %	Rental income, SEK million
			SEK million	SEK/sq.m.			
Office premises	26	166	2,808	16,870	238	93.8	223
Retail premises	4	42	1,493	35,385	109	91.0	99
Residential premises	–	–	–	–	–	–	–
Industrial/warehouse premises	–	–	–	–	–	–	–
Other premises	2	8	199	25,218	13	96.4	12
Group	**32**	**216**	**4,500**	**20,833**	**360**	**93.1**	**335**

Note: Refers to key figures per property

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[1] *The value of building permits is excluded when estimating the initial yield.*

SUNDSVALL

The acquired property portfolio in Sundsvall comprises 10 properties, with a total property value of SEK 1,022 million. The leasable area for the properties in the area comprises 53,000 square metres and the total rental value for the period 1 October 2015 – 30 September 2016 was SEK 82 million representing SEK 1,542 per square metre. The properties mainly consist of office premises (78 per cent) followed by other types of premises (10 per cent) based on rental value[1].

Examples of acquired properties

Järnvägsstationen 1, Sundsvall

Vesta 3, Sundsvall

Badhuset 1, Sundsvall

UMEÅ

The acquired property portfolio in Umeå comprises 13 properties, with a total property value of SEK 1,954 million. The leasable area for the properties in the area comprises 87,000 square metres and the total rental value for the period 1 October 2015 – 30 September 2016 was SEK 147 million, representing SEK 1,690 per square metre. The properties mainly consist of office premises (71 per cent) followed by other types of retail premises (26 per cent) based on rental value[1].

Examples of acquired properties

Magne 4, Umeå

Ask 5, Umeå

Sågen 5, Umeå

LULEÅ

The acquired property portfolio in Luleå comprises 9 properties, with a total property value of SEK 1,525 million. The leasable area for the properties in the area comprises 76,000 square metres and the total rental value for the period 1 October 2015 – 30 September 2016 was SEK 131 million, representing SEK 1,710 per square metre. The properties mainly consist of office premises (46 per cent), followed by retail premises (41 per cent)[1].

Examples of acquired properties

Biet 1, Luleå

Hermelinen 12, Luleå

Katten 14, Luleå

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1) *Refers to rental value per contract.*

DIÖS AFTER ACQUISITION OF THE PROPERTY PORTFOLIO AS OF 30 SEPTEMBER 2016

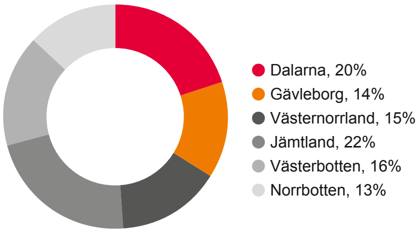
STRENGTHENED MARKET POSITION IN PRIORITISED LOCATIONS

After acquisition of the Property Portfolio from Castellum, Diös property value increases from SEK 13,357 million to SEK 17,857 million and the number of properties from 313 to 345, strengthening Diös' position as one of the largest private property companies in northern Sweden, in terms of number of properties and property value. The Company will acquire a high-quality property portfolio, with a focus on centrally located office properties in Sundsvall, Umeå and Luleå.

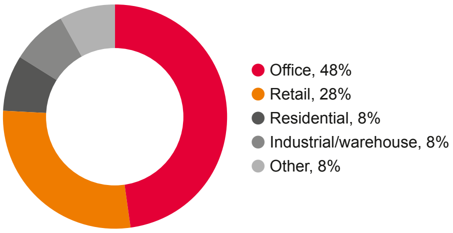
Acquisition of the Property Portfolio will substantially complement and strengthen Diös' market position, by broadening the supply of mostly office properties in the locations where Diös is established. The acquisition will make the Company a more attractive and stronger partner for tenants, suppliers and municipalities. This will create opportunities to increase, develop and improve the Company's customer offering for both existing and new customers. A high proportion of income will also be generated by public-sector tenants with low counterparty risk. Public-sector tenants represent about 30 per cent of the rental value in the acquired portfolio.

DIÖS BEFORE THE ACQUISITION

PROPERTY VALUE BY BUSINESS AREA

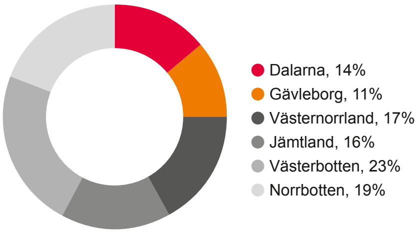


RENTAL VALUE BY TYPE OF PREMISES

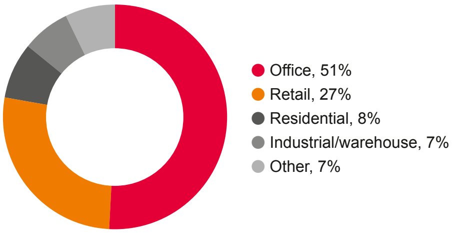


DIÖS AFTER THE ACQUISITION

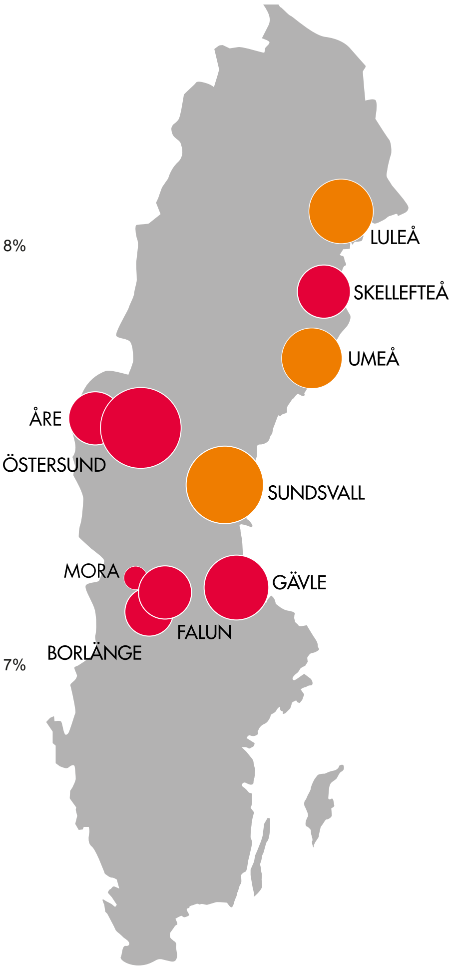
PROPERTY VALUE BY BUSINESS AREA



RENTAL VALUE BY TYPE OF PREMISES



Note: Property value per property and rental value per contract. Property value as of 30 September 2016.
Rental value for the period 1 October 2015 – 30 September 2016.



PROPERTY PORTFOLIO AS OF 30 SEPTEMBER 2016

The following figures are based on Diös' property portfolio combined with the Property Portfolio as of 30 September 2016.

BALANCE-SHEET ITEMS AND KEY FIGURES1) AS OF 30 SEPTEMBER 2016

	Dalarna	Gävleborg	Västernorrland	Jämtland	Västerbotten	Norrbotten	Group
No. of properties	44	51	56	114	53	27	345
Leasable area, 000 sq.m.	267	256	239	301	312	192	1,567
Property value, SEK million	2,586	1,933	3,006	2,908	4,114	3,311	17,857
Rental value2), SEK million	293	218	330	324	370	304	1,839

1) *For a definition of key figures, refer to "Definition of key figures" in the "Historical financial information" section.*
2) *Refers to the period 1 October 2015 – 30 September 2016.*

ALLOCATION PER TYPE OF PREMISE

	30 September 2016				1 October 2015 – 30 September 2016		
			Property value		Rental value		
	No. of properties	Leasable area, 000 sq.m.	SEK million	SEK/sq.m.	SEK million	Economic occupancy rate, %	Rental income, SEK million
Office premises	150	748	9,392	12,548	930	91.1	847
Retail premises	54	334	5,224	15,624	459	90.7	416
Residential premises	54	108	1,294	11,992	130	88.8	116
Industrial/warehouse premises	46	250	783	3,134	109	75.7	83
Other premises	41	126	1,164	9,209	211	91.8	194
Group	**345**	**1,567**	**17,857**	**11,396**	**1,839**	**90.0**	**1,655**

Note: Refers to key figures per property.

Flanör galleria, Norr 14:5, Gävle

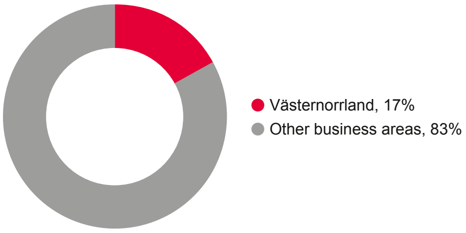
BUSINESS AREAS AFFECTED BY THE ACQUISITION[1)]

VÄSTERNORRLAND

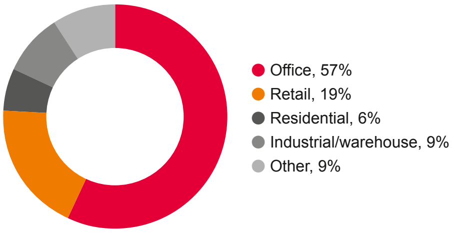
PROPERTY PORTFOLIO

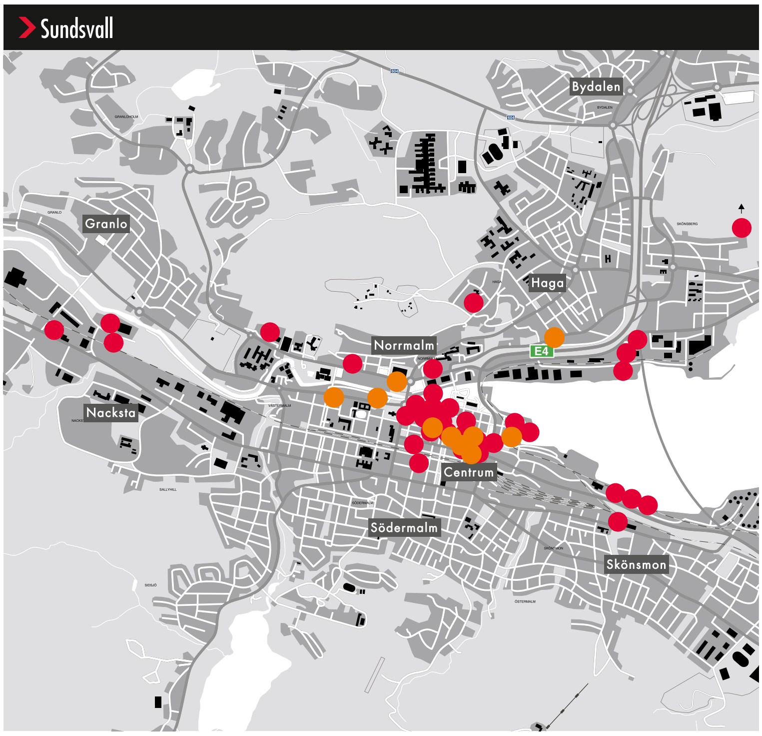
No. of properties	56
No. of '000 sq.m.	239
Property value, SEK million	3,006

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES





● **Diös' existing portfolio** (more properties outside the map)
● **Properties through acquisition**

FIVE LARGEST TENANTS, VÄSTERNORRLAND

TENANT	Annual contract value, SEK million	Share of total contract value, %[1)]	Average contract period, years
Livförsäkringsbolaget Skandia, ömsesidig	14	5.1%	6.5
Folksam ömsesidig sakförsäkring	9	3.3%	8.9
Sundsvalls Kommun	8	3.0%	1.7
Norrlidens Kunskapscentrum AB	7	2.5%	9.3
CC Casino Restaurang AB	7	2.5%	14.3
Total largest tenants	**45**	**16.4%**	**7.7**

1) Estimated share of annual contract value for the business area

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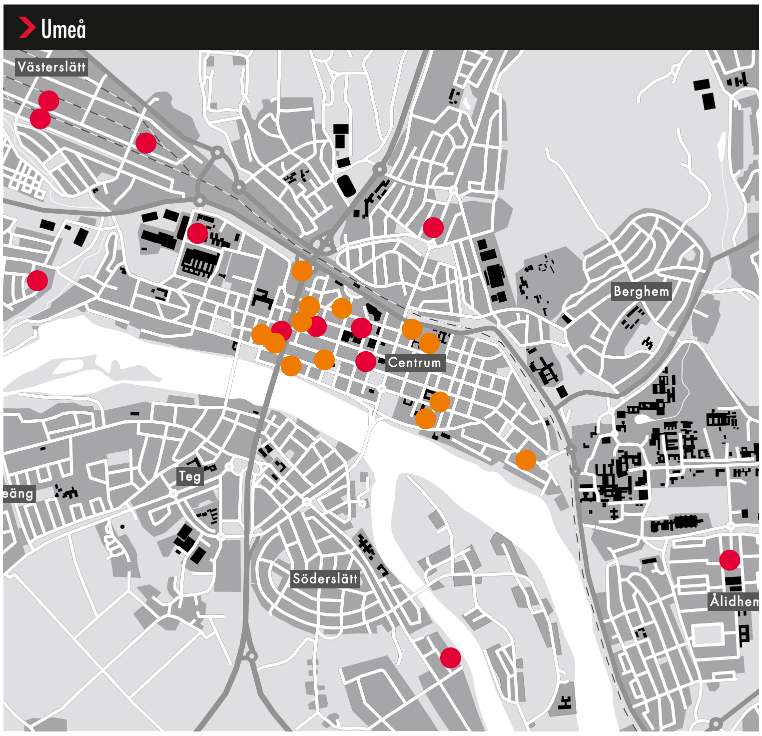
1) For information about other business areas, please see section "Diös before the aquisition".

VÄSTERBOTTEN

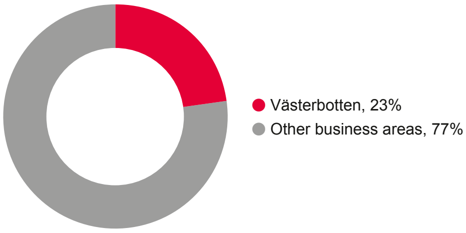
PROPERTY PORTFOLIO

No. of properties	53
No. of ‘000 sq.m.	312
Property value, SEK million	4,114

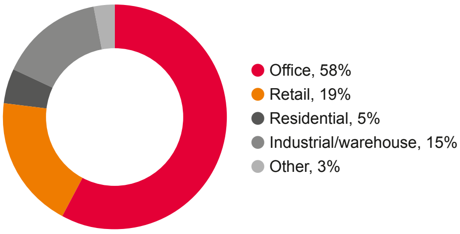


● **Diös’ existing portfolio** (more properties outside the map)
● **Properties through acquisition**

SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES



FIVE LARGEST TENANTS, VÄSTERBOTTEN

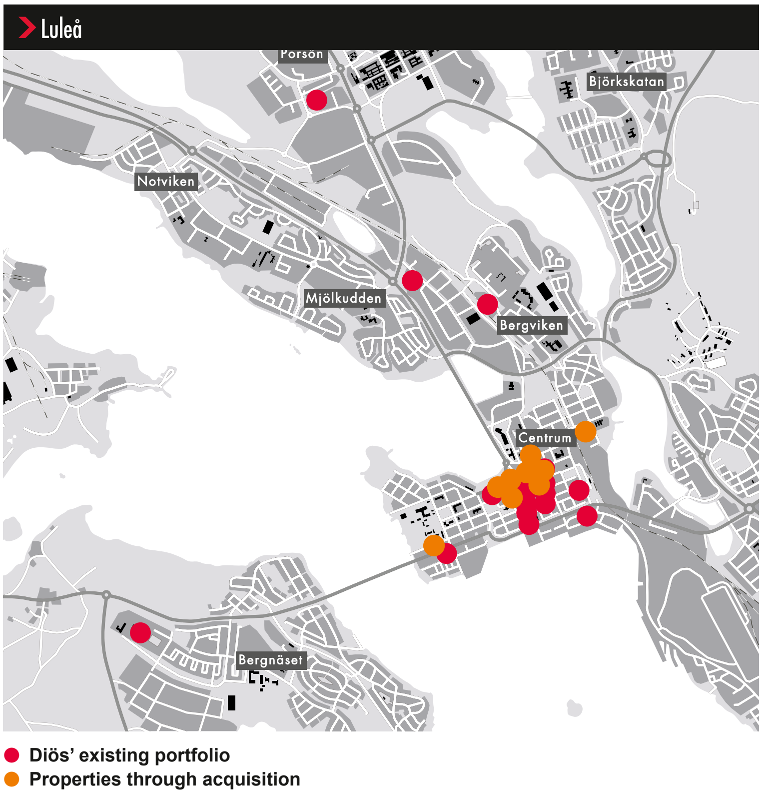
TENANT	Annual contract value, SEK million	Share of total contract value, %1)	Average contract period, years
Municipality of Skellefteå	16	4.5%	3.9
The Swedish Courts	15	4.3%	10.1
Västerbotten County Administrative Board	11	3.0%	5.1
Tieto Sweden AB	10	2.8%	2.3
Municipality of Umeå	8	2.3%	2.8
Total largest tenants	**59**	**16.9%**	**5.3**

1) Estimated share of annual contract value for the business area

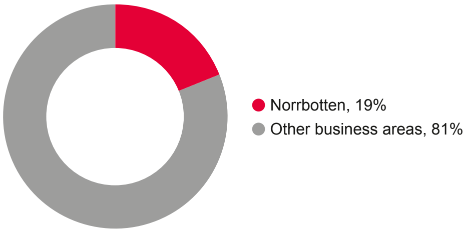
NORRBOTTEN

PROPERTY PORTFOLIO

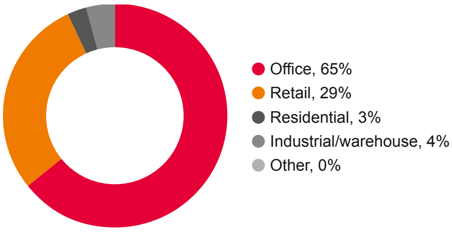
No. of properties	27
No. of ‘000 sq.m.	192
Property value, SEK million	3,311



SHARE OF TOTAL CONTRACT VALUE



FLOOR AREA BY TYPE OF PREMISES



FIVE LARGEST TENANTS, NORRBOTTEN

TENANT	Annual contract value, SEK million	Share of total contract value, %[1]	Average contract period, years
Municipality of Luleå	17	5.9%	3.7
Swedish Transport Administration	12	4.1%	2.0
Norrbotten County Administrative Board	8	2.9%	2.2
SWECO Sverige AB	8	2.8%	6.5
Åhléns AB	8	2.7%	11.3
Total largest tenants	**52**	**18.3%**	**4.6**

1) *Estimated share of annual contract value for the business area*

TENANTS

RENTAL INCOME, RENTAL VALUE AND OCCUPANCY RATE AFTER THE ACQUISITION

After the Acquisition, the rental value for the period 1 October 2015 – 30 September 2016 will amount to SEK 1,839 million. Of the properties' total area of 1,567,000 square meters, 1,323,000 square meters were leased at 30 September 2016. This represents a physical occupancy rate of 84 per cent. As of 30 September 2016, the economic occupancy rate was 90 per cent. As of 30 September 2016, the average rent for the leases, calculated as contracted rent over leased area, amounted to SEK 1,221 per square metre.

CONTRACT STRUCTURE AND CUSTOMERS

As of 30 September 2016, the total number of leases was 8,957, of which 3,043 pertained to premises, 1,751 to housing and 4,163 to other leases. Based on rental income, including the Property Portfolio, the Company's ten largest tenants accounted for 15.9 per cent, representing SEK 263 million in annual contract value. The average contract period of these leases is 3.3 years. The largest single tenant is the Swedish Transport Administration, accounting for 3.8 per cent of the total contract value.

DIÖS TEN LARGEST TENANTS AFTER THE ACQUISITION AS OF 30 SEPTEMBER

TENANT	Annual contract value, SEK million	Share of total annual contract value, %	Average contract period, years
Swedish Transport Administration	62	3.8%	3.1
Municipality of Östersund	36	2.2%	3.8
Swedish Public Employment Service	32	1.9%	1.9
Åhléns AB	24	1.4%	4.5
Swedbank AB Fakturagruppen	20	1.2%	1.4
Swedish Social Insurance Agency	19	1.2%	3.6
Municipality of Falun	18	1.1%	1.8
Folksam ömsesidig sakförsäkring	18	1.1%	6.9
KappAhl Sverige AB	17	1.1%	2.9
Municipality of Luleå	17	1.0%	3.7
Total ten largest tenants	**263**	**15.9%**	**3.3**

CONTRACT MATURITY STRUCTURE AS OF 30 SEPTEMBER

	Year of maturity	Signed agreements (no.)	Leased area, '000 sq.m.	Contracted yearly rental income, SEK million	Share, %
Leases	2016	255	82	95	5.8
	2017	905	185	223	13.5
	2018	746	269	321	19.4
	2019	634	239	278	16.8
	2020+	503	428	553	33.4
Total leases		**3,043**	**1,203**	**1,470**	88.8
Residential leases		1,751	120	127	7.7
Other leases		4,163	0	59	3.6
Total		**8,957**	**1,323**	**1,656**	**100.0**

PROPERTY COSTS

The Acquisition entails increased property costs for Diös, from SEK 532 million to SEK 631 million for the period 1 October 2015 – 30 September 2016.

TEN LARGEST PROPERTIES IN TERMS OF VALUE AFTER THE ACQUISITION


Odin 12 – Umeå Leasable area: 15,046 square metres


Intagan 1 – Borlänge Leasable area: 34,944 square metres


Strutsen 14 – Luleå Leasable area: 23,204 square metres


Hunden 15 – Luleå Leasable area: 11,932 square metres


Abborren 11 – Luleå Leasable area: 9,654 square metres


Falun 20 – Falun Leasable area: 23,528 square metres


Nytorget 2 – Umeå Leasable area: 13,303 square metres


Norr 31:9 – Gävle Leasable area: 22,800 square metres


Sirius 25 – Skellefteå Leasable area: 24,649 square metres


Råttan 17 – Luleå Leasable area: 12,178 square metres

PRO FORMA FINANCIAL STATEMENTS

PURPOSE OF THE PRO FORMA FINANCIAL STATEMENTS

On 21 November 2016, Diös entered into an agreement with Castellum to acquire the Property Portfolio comprising properties in Sundsvall, Umeå and Luleå at a value of SEK 4,500 million, taking into account a valuation of deferred tax liability of SEK 119 million. The Acquisition will take the form of a share purchase and the purchase consideration for shares in subsidiaries will be payable on the date of transfer. The number of companies to be acquired on the transfer date is 13, and each of these companies owns one or more properties. The purchase consideration for shares and participations in the acquired companies amounts to about SEK 2,286 million, where the difference between the value of the Property Portfolio and the purchase consideration is due to the redemption of loans attributable to the acquired companies.

The acquisition of the Property Portfolio will be financed by the proceeds from the Rights Issue of SEK 1,853 million, before deduction of issue costs and new credit facilities of SEK 2,700 million.

These transactions will have a direct impact on Diös' future earnings, financial position and cash flows. Due to the acquisition of the Property Portfolio, a pro forma balance sheet as of 30 September 2016 is presented below as if the above events had occurred as of 30 September 2016.

The pro forma financial statements include a pro forma balance sheet only, and not a pro forma income statement. The Company does not believe that a pro forma income statement can be prepared in a reliable and meaningful manner. This is due to the fact that most of the property-owning companies included in the Property Acquisition have no financial history, and the Company has not appraised the market value of the properties at any time other than the acquisition date. As a result, changes in the market value for historical periods cannot be presented.

The pro forma financial statements are intended solely to provide information and highlight the facts, and to describe a hypothetical situation. Diös presents pro forma financial information solely for illustrative purposes, and it should not be considered an indication of the actual financial position or earnings that would have applied should the above events have taken place on the date indicated. Nor should the information be considered an indication of Diös' future financial position.

BASIS FOR THE PRO FORMA FINANCIAL STATEMENTS

The pro forma financial statements are based on Diös' unaudited interim report for the period 1 January – 30 September 2016, and internally prepared financial statements for the Property Portfolio that have not been examined by the Company's auditors. Diös applies IFRS, as adopted by the EU. The Property Portfolio's internally prepared financial statements provided by Castellum have been prepared in accordance with the Swedish Annual Accounts Act. The pro forma financial statements have been prepared in accordance with Diös' accounting policies as described in the Company's 2015 Annual Report. When preparing the pro forma financial statements, Diös performed an analysis of whether there is any significant difference between the accounting policies applied by Diös under IFRS, and those applied to the Property Portfolio under the Swedish Annual Accounts Act. The significant differences identified are reported as pro forma adjustments in the pro forma financial statements. In addition, pro forma adjustments have been made to reflect the impact of the acquisition on the Property Portfolio, the Rights Issue of SEK 1,853 million, and the newly raised credit facilities of SEK 2,700 million.

Information about the pro forma financial statements has been reviewed by the Company's auditors, refer to "*Auditor's report on pro forma financial statements.*"

PRO FORMA BALANCE SHEET AS OF 30 SEPTEMBER 2016

SEK million	Diös as of 30 Sep 2016[1]	Property portfolio[2]	Pro forma adjustments	Notes	Diös' pro forma
ASSETS					
Non-current assets					
Investment properties	13,357	2,321	2,187	3)	17,865
Other non-current assets	46	2	–		48
Total non-current assets	**13,403**	**2,323**	**2,187**		**17,913**
Current assets					
Current receivables	190	19	–		209
Cash and cash equivalents	–	–	–		–
Total current assets	**190**	**19**	**–**		**209**
TOTAL ASSETS	**13,593**	**2,342**	**2,187**		**18,122**
EQUITY AND LIABILITIES					
Equity	4,047	116	1,690	4)	5,853
Deferred tax liability	957	–	–		957
Non-current liabilities	7,969	2,057	643	5)	10,669
Overdraft facilities	118	–	–		118
Current liabilities	502	169	–146	6)	525
TOTAL LIABILITIES AND EQUITY	**13,593**	**2,342**	**2,187**		**18,122**

1) Based on the Company's unaudited interim report as of 30 September 2016.

2) Based on the Property Portfolio's unaudited, internally prepared financial statements per planned date of transfer.

3) Fair value adjustment attributable to the Property Portfolio. The fair values of the investment properties are based on a property valuation by Savills Sweden AB dated 30 September 2016. Fair value has been adjusted with agreed price reductions plus transaction costs of SEK 8 million. Since the Acquisition is an asset acquisition, no deferred tax is recognised for the acquired assets.

4) The total amount of the Rights Issue of SEK 1,853 million, less issue expenses of SEK 47 million, and eliminations of acquired equity of SEK 116 million.

5) Increased financing of SEK 643 million represents a partial financing of acquired properties. Including the refinancing of interest-bearing liabilities in the Property Portfolio, total future interest-bearing liabilities amount to SEK 2,700 million.

6) A decrease of SEK 148 million in current liabilities due to the redemption of negative working capital in the acquired companies through long-term financing of the acquired Property Portfolio, a net increase of SEK 2 million in current liabilities through issue expenses of SEK 47 million and transaction costs of SEK 8 million following regulation of SEK 53 million of proceeds from the Rights' Issue.

THE AUDITOR'S REPORT ON PRO FORMA FINANCIAL INFORMATION

To the Board of Directors in Diös Fastigheter AB (publ), Corp. Reg. No. 556501-1771

We have audited the pro forma financial information set out on pages 76–77 in Diös Fastigheter AB (publ) prospectus dated 5 January 2017.

The pro forma financial information has been prepared for illustrative purposes only to provide information about how the acquisition of the Property Portfolio and its financing via the Rights Issue and new credit facilities would have impacted the consolidated balance sheet of Diös Fastigheter AB (publ) at 30 September 2016.

THE BOARD OF DIRECTORS' RESPONSIBILITY

It is the Board of Directors' responsibility to prepare pro forma financial information in accordance with the requirements of Commission Regulation (EC) No 809/2004.

THE AUDITOR'S RESPONSIBILITY

It is our responsibility to provide an opinion required by Annex II item 7 of Prospectus Regulation 809/2004/EC. We are not responsible for expressing any other opinion on the pro forma financial information or of any of its constituents elements. In particular, we do not accept any responsibility for any financial information used in the compilation of the pro forma financial information beyond that responsibility we have for auditor´s reports regarding historical financial information issued in the past.

WORK PERFORMED

We performed our work in accordance with FAR's recommendation RevR 5 Examination of Prospectuses. This recommendation requires that we comply with FAR`s ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the historical information, assessing the evidence supporting the pro forma adjusments and discussing the pro forma financial information with the management of the company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to obtain reasonable assurance that the pro forma financial information have been compiled on the basis stated on pages 76–77 and in accordance with the accounting principles applied by the company.

OPINION

In our opinion the pro forma financial information has been properly compiled on the basis stated on pages 76–77, and in accordance with the accounting principles applied by the company.

Östersund, 5 January 2017

Deloitte AB

Lars Helgesson
Authorized public accountant

CURRENT EARNING CAPACITY AFTER THE ACQUISITION

CURRENT EARNING CAPACITY ON AN ANNUAL BASIS

Diös' current earning capacity pro forma after acquisition of the Property Portfolio on a 12-month basis as of 30 September 2016 is presented below.

The earning capacity is not a forecast and should only be considered a theoretical snapshot and presented for illustrative purposes only. The estimated current earning capacity does not include an assessment of the future trend for rents, vacancy rates, operating costs, interest rates or other factors. Diös' earnings are also impacted by changes in the value of the property portfolio and derivatives, and by any future acquisitions and divestments of property and investments in new construction, extensions and refurbishment. Earning capacity must be read together with the other information contained in this Prospectus. Information about the earning capacity has been reviewed by the Company's auditors.[1]

The following information has formed the basis for the earning capacity:

- Contracted rental income and estimated market rent for vacant premises as of 30 September 2016. Other income is based on a rolling 12-month period and mainly consists of re-invoicing to tenants in relation to work performed in leased premises.
- Property costs are based on a rolling 12-month period for Diös' property portfolio as of 30 September 2016, and for the acquisition on a rolling 12-month period as of 30 September 2016, in relation to operating expenses and an assessment of long-term annual maintenance costs and costs for additional property management on an annual basis.
- The calculation of property tax is based on the assessed value of the properties as of 30 September 2016.
- Central administration costs have been calculated on the basis of actual costs over the past twelve months and an estimation of the additional costs arising from the acquisition.
- Net financial items are based on average interest rates (including derivative expenses) and interest-bearing liabilities for Diös as of 30 September 2016, plus estimated financing costs for the Acquisition, using an average interest rate of 1.6 per cent.

Otherwise, no adjustments or other assessments of current earning capacity after the acquisition of the Property Portfolio have been made for Diös.

SEK million	**Diös before the acquisition**	**Acquired property portfolio**	**Diös after the acquisition**
Rental value	1,469	360	1,829
Vacancies and discounts	–148	–25	–173
Rental income	**1,321**	**335**	**1,656**
Other income	17	0	17
Property costs	–525	–99	–624
Operating surplus	**813**	**236**	**1,049**
Central administration costs	–60	–5	–65
Net financial items	–148	–42	–190
Profit from property management	**605**	**189**	**794**

UNAUDITED KEY FIGURES BASED ON THE ACTUAL ESTIMATED EARNING CAPACITY AND THE PRO FORMA BALANCE SHEET

To describe the effect of the Property Portfolio acquisition on Diös' key figures, selected key figures are presented below, based on the current earning capacity and pro forma balance sheet as of 30 September 2016.

Key figure[2]	**Diös before the Acquisition**	**Diös after the Acquisition**
Loan-to-value ratio, %	59.6	59.7
Occupancy rate, %	89.9	90.6
Equity ratio, %	29.8	32.3
Surplus ratio, %	61.6	63.4
Average contract period, years	3.2	3.5

UNAUDITED SENSITIVITY ANALYSIS

The following is a summary of the theoretical effect on Diös' profit from property management after acquisition of the Property Portfolio in the event of a single isolated incident as set out below.

SEK million	**Change**	**Effect on property management income**
Rental income	+/– 5%	+/– 82
Occupancy rate	+/– 5 percentage points	+ 92/ –91
Property costs	+/– 5%	+/– 31
Interest expenses	+/– 1 percentage points	+/– 107

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1) Please see section "Auditor's report related to current earning capacity after the Acquisition."

2) For definitions of key figures, please see section "Selected historical information" under the heading "Definitions of key figures."

THE AUDITOR'S REPORT RELATED TO CURRENT EARNING CAPACITY AFTER THE ACQUISITION

To the Board of Directors in Diös Fastigheter AB (publ), Corp. Reg. No. 556501-1771

We have audited how the current earning capacity set out on page 79 in Diös Fastigheter AB (publ) prospectus dated 5 January 2017 has been prepared, but not the information about key figures based on the current earning capacity or the pro forma balance sheet and sensitivity analysis.

THE BOARD OF DIRECTORS' AND THE MANAGING DIRECTOR'S RESPONSIBILITY

It is the Board of Directors and the Managing Director´s responsibility to prepare the current earning capacity, together with the material assumptions upon which it is based, in accordance with the requirements of the Commission Regulation (EC) No 809/2004.

THE AUDITOR'S RESPONSIBILITY

It is our responsibility to provide an opinion required by Annex 1 item 13.2 of the Commission Regulation (EC) No 809/2004. We are not required to, nor do we, express an opinion on the posibility of achievement of the current earning capacity or on the assumptions on which the preparation of current earning capacity is based. We do not accept any responsibility for any financial information previously reported on and used in the compilation of the current earning capacity beyond that responsibility we have for the auditor's reports regarding historical financial information issued in the past.

WORK PERFORMED

We performed our work in accordance with FAR's recommendation RevR 5 Examination of Prospectuses. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatement. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work included an evaluation of the procedures undertaken by the Board of Directors and the Managing Director in compiling the current earning capacity and the accounting policies used when compiling the current earning capacity compared to those policies adopted by the company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to obtain reasonable assurance that the current earning capacity has been prepared in accordance with the conditions stated on page 79.

Since the current earning capacity and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the current results reported will correspond to those shown in the current earning capacity. Differences may prove to be material.

OPINION

In our opinion, the current earning capacity has been compiled on the basis stated on page 79, and in accordance with the accounting principles applied by the company.

Östersund, 5 January 2017

Deloitte AB

Lars Helgesson
Authorized public accountant

Stefan Jönsson, property manager Diös, Östersund

SELECTED HISTORICAL FINANCIAL INFORMATION

The financial information presented below has been obtained from Diös' annual reports for the 2015, 2014 and 2013 financial years, and from the interim report for the period 1 January – 30 September 2016. The annual reports for 2015, 2014 and 2013 financial years were prepared in accordance with IFRS and audited by Deloitte, which is, and has been, Diös' auditor throughout the entire period covered by the historical financial information presented. The interim report for the period 1 January 2016 – 30 September 2016 was prepared in accordance with IAS 34 and reviewed by Deloitte AB.

This section contains certain financial and operational key metrics that have not been defined in accordance with IFRS, including but not restricted to key performance indicators such as property management income, surplus ratio, interest coverage ratio and occupancy rate. Diös is of the opinion that these key metrics provide a better understanding of the Company's financial trends. Unless stated otherwise, these key metrics have not been audited and are not to be considered either individually or as an alternative to the key performance indicators that have been prepared in accordance with IFRS. First and foremost, key metrics that do not comprise key figures in accordance with IFRS should not be viewed as substitutes for profit/loss or cash-flow items calculated in accordance with IFRS. Moreover, such key metrics, as defined by Diös, are not to be compared with other key metrics with similar names used by other companies. This is because the above key metrics are not always defined in the same way and because other companies may not calculate them in the same manner.

The information in this section should be read in conjunction with the section "*Comments on the financial information*" and "*Capital structure and other financial information*", as well as the information available through Diös' financial reports for the 2015, 2014 and 2013 financial years and the interim report for the period 1 January – 30 September 2016, which have been incorporated in this Prospectus by reference.

CONDENSED INCOME STATEMENT

INCOME STATEMENT, SEK million	**Jan–Sep 2016**	**Jan–Sep 2015**	**2015**	**2014**	**2013**
Rental income	992	967	1,295	1,291	1,292
Other income	12	14	20	21	15
Property costs	–393	–400	–539	–550	–569
Operating surplus	**611**	**581**	**776**	**762**	**738**
Central administration	–45	–40	–58	–58	–84[1]
Loss from financial items	–160	–158	–210	–283	–300
Operating profit	**406**	**383**	**508**	**421**	**354**
Unrealised changes in value of interest rate derivatives	74	36	64	–91	68
Change in value of properties, realised	–10	6	11	15	11
Change in value of properties, unrealised	157	108	262	47	–35
Profit before tax	**627**	**533**	**845**	**392**	**398**
Current tax	23	–153	–163	–10	–15
Deferred tax	–84	–87	–140	–80	–62
Comprehensive income for the period	**566**	**293**	**542**	**302**	**321**
Share attributable to non-controlling interests	–7	–	–12	–5	2
Net profit attributable to shareholders of the parent	**559**	**293**	**530**	**297**	**323**

1) Of which SEK 26 million pertains to restructuring costs attributable to the acquisition of Norrvidden.

Current tax for the period January–December 2015 included a provision of SEK 137 million with regard to a tax dispute. In the second quarter of 2016, SEK 37 million of the provision was reversed.

CONDENSED BALANCE SHEET

BALANCE SHEET, SEK million	30 Sep 2016	30 Sep 2015	2015	2014	2013
Investment properties	13,357	12,627	13,381	12,200	11,823
Other property, plant and equipment	4	5	4	7	7
Intangible assets	3	3	3	4	4
Financial assets	39	9	13	7	9
Current receivables	190	77	104	43	91
Cash and cash equivalents	0	0	0	79	121
Assets	**13,593**	**12,721**	**13,505**	**12,340**	**12,055**
Equity	4,047	3,445	3,694	3,365	3,235
Deferred tax liability	957	822	875	735	655
Non-current liabilities	7,969	7,642	8,106	7,673	7,666
Overdraft facilities	118	138	227		
Current liabilities	502	674	603	567	499
Liabilities and equity	**13,593**	**12,721**	**13,505**	**12,340**	**12,055**

CONDENSED CASH FLOW STATEMENT

CASH FLOW STATEMENTS, SEK million	Jan–Sep 2016	Jan–Sep 2015	2015	2014	2013
Operating cash flow	293	302	347	422	334
Investing cash flow	181	–275	–888	–299	68
Financing cash flow	–474	–106	462	–165	–401
Cash flow for the period	0	–79	–79	–42	1
Cash and cash equivalents at end of the period	**0**	**0**	**0**	**79**	**121**

COMPILATION OF KEY FIGURES[1)]

The key figures have not been prepared in accordance with IFRS, nor reviewed by the Company's auditors, unless otherwise stated. Diös deems that these key figures provide analysts with valuable and complementary information about the Company's financial position and earnings trend.

Below, Diös presents the alternative performance measures of property management income, EPRA Earnings and surplus ratio since these measures are considered relevant for investors and provide a complementary view of the Company's earnings from operations. The key figures measures provide a view that excludes factors partly beyond the Company's control, such as changes in property value and derivatives. In addition, recognition of the Company's short and long-term NAV is expressed through EPRA NAV and EPRA NNNAV. They represent the Company's long and short-term equity in the event of liquidation. These key figures can be compared with the current share price to demonstrate how the Company's share is valued relative to equity. EPRA is an industry-wide organisation that harmonises key figure calculations to enable comparison between companies and countries, which is considered valuable for investors and analysts. The alternative performance measures of loan-to-value ratio and solidity demonstrate the Company's financial stability, while the interest coverage ratio represents the Company's ability to pay its interest expenses. These key figures are considered relevant for investors and analysts from a financial risk perspective. They are also covenants from the Company's lenders and subject to targeting by the Board. Diös also recognises return on equity, equity per share and cash flow per share since these key figures show the Company's earnings and profitability, how equity is distributed per share and the Company's ability to meet its commitments and issue dividends to its shareholders. These alternative performance measures complement the view of the Company's financial performance and provide investor and analysts with a better understanding of performance and earnings. Yield represents the properties' earnings relative to their market value and provides a view of the properties' profitability and is considered to provide supplementary information to investors and analysts about risk in the property portfolio. The debt/equity ratio is presented to complement the view of the Company's financial situation and show the relationship between interest-bearing liabilities and equity. This measure is considered to increase the ability of investors and analysts to assess the Company's financial stability. The Company reports economical occupancy rate, rental value and net leasing as these key figures provide a more detailed picture of the economic developments regarding the proceeds of the property portfolio and the Company. These key figures are common in the industry and provide investors and analysts a possibility to compare different property companies.

PROPERTY MANAGEMENT INCOME

The control of Diös' operations is based on the objective of creating value growth by increasing the surplus ratio and thereby increasing cash flow from operating activities, in other words, increasing property management income. The target is a surplus ratio in excess of 60 per cent. Property management income also provides the basis for annual dividends to shareholders — around 50 per cent of profit for the year after tax, excluding unrealised changes in value and deferred tax.

Property management income	**2016 9 months Jan–Sep**	**2015 9 months Jan–Sep**	**2015 12 months Jan–Dec**	**2014 12 months Jan–Dec**	**2013 12 months Jan–Dec**
Profit before tax	627	533	845	392	398
Reversal					
Change in value of properties	–147	–114	–273	–62	24
Changes in the value of derivatives	–74	–36	–64	91	–68
= Property management income	**406**	**383**	**508**	**421**	**354**
EPRA earnings					
Property management income	406	383	508	421	354
Reversal current tax, property management income	–31	–30	–64	–24	–31
Share attributable to non-controlling interests	–7	0	–12	–5	2
EPRA earnings (long-term earnings capacity)	**368**	**353**	**432**	**392**	**325**
EPRA EPS (long-term earnings capacity per share), SEK	**4.93**	**4.72**	**5.77**	**5.25**	**4.29**
Surplus ratio					
Operating surplus according to income statement	611	581	776	762	738
Rental income according to income statement	992	967	1,295	1,291	1,292
Surplus ratio	**61.6**	**60.1**	**59.9**	**59.0**	**57.1**

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1) SEK million (if not otherwise specified).

NET ASSET VALUE

Net asset value (NAV) is the total capital that the company manages on behalf of its owners. Based on this capital, Diös aims to generate returns and growth while maintaining a low level of risk. NAV can also be calculated on a long-term and short-term basis. Long-term NAV is based on the balance sheet, adjusted for items not involving payment in the near future, which in Diös' case refers to the fair value of financial instruments (derivatives) and deferred tax on temporary differences. The current NAV consists of equity according to the balance sheet, adjusted for the market value of the deferred tax liability.

NAV	2016 9 months Jan–Sep	2015 9 months Jan–Sep	2015 12 months Jan–Dec	2014 12 months Jan–Dec	2013 12 months Jan–Dec
Equity according to balance sheet	4,047	3,445	3,694	3,365	3,235
Equity held by minority	–43	–24	–36	–24	–19
Reversal in the balance sheet					
Fair value of financial instruments	60	163	134	198	107
Deferred tax on temporary differences	972	854	912	784	727
EPRA NAV (long-term net asset value)	**5,036**	**4,438**	**4,704**	**4,324**	**4,050**
EPRA NAV (long-term net asset value) per share	**67.39**	**59.39**	**62.95**	**57.86**	**54.20**
Less					
Fair value of financial instruments	–60	–163	–134	–198	–107
Estimated actual deferred tax on temporary differences, 4%[1]	–177	–155	–186	–143	–132
EPRA NNNAV (current net asset value)	**4,799**	**4,120**	**4,384**	**3,983**	**3,811**
EPRA NNNAV (current net asset value) per share	**64.22**	**55.13**	**58.67**	**53.30**	**50.99**

1) Estimated actual deferred tax has been calculated at 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 22 per cent, and the remaining 90 per cent being sold indirectly through companies subject to a nominal tax rate of 6 per cent. The use of tax loss carry forwards is taken into account for the first two years.

FINANCIAL RISK

Diös' strategy is to own, develop and manage properties in a value-creating, sustainable and developing manner, while maintaining a stable level of financial risk. Financial risk is managed by maintaining a loan-to-value ratio of less than 65 per cent, a short-term equity ratio of at least 25 per cent, a long-term equity ratio of at least 30 per cent, and an interest coverage ratio higher than 1.8 times.

Loan-to-value ratio	2016 9 months Jan–Sep	2015 9 months Jan–Sep	2015 12 months Jan–Dec	2014 12 months Jan–Dec	2013 12 months Jan–Dec
Interest-bearing liabilities	7,960	7,642	8,121	7,671	7,664
Investment properties	13,357	12,627	13,381	12,200	11,823
Loan-to-value ratio, %	**59.6**	**60.5**	**60.7**	**62.9**	**64.8**
Equity ratio					
Equity	4,047	3,445	3,694	3,365	3,235
Total assets	13,593	12,721	13,505	12,340	12,055
Equity ratio, %	**29.8**	**27.1**	**27.4**	**27.3**	**26.8**
Interest coverage ratio					
Property management income	406	383	508	421	354
Reversal					
Net financial items	160	158	210	283	300
Total	**566**	**541**	**718**	**704**	**654**
Financial costs	161	159	212	284	303
Interest coverage ratio, times	**3.5**	**3.4**	**3.4**	**2.5**	**2.2**

OTHER KEY FIGURES

Other key figures refer to a number of performance measures used by Diös to describe various aspects in the statement of the Company's financial position, and to provide shareholders with additional information about Diös' operations.

	2016 9 months Jan–Sep	2015 9 months Jan–Sep	2015 12 months Jan–Dec	2014 12 months Jan–Dec	2013 12 months Jan–Dec
Return on equity, %	**14.4**	**8.6**	**15.0**	**9.0**	**10.2**
Operating surplus, according to the income statement	**611**	**581**	**776**	**762**	**738**
Yield, %	**4.6**	**4.6**	**5.8**	**6.2**	**6.2**
Equity per share, SEK	**54.16**	**46.10**	**49.00**	**45.03**	**43.29**
Rental income, according to the income statement[1]	**992**	**967**	**1,295**	**1,291**	**1,292**
Profit before tax according to the income statement	627	533	845	392	398
Reversal unrealised change in value according to the income statement					
Properties	–157	–114	–262	–47	35
Derivatives	–74	–36	–64	91	–68
Depreciation	2	2	3	2	2
Current tax	23	–153	–163	–10	–15
Cash flow, SEK million	**421**	**232**	**359**	**428**	**352**
Number of shares at end of period, 000s	74,729	74,729	74,729	74,729	74,729
Cash flow per share, SEK	**5.63**	**3.10**	**4.80**	**5.52**	**4.57**
Earnings per share, SEK[1]	**7.48**	**3.92**	**7.09**	**4.00**	**4.30**
Debt/equity ratio, times	**2.0**	**2.2**	**2.2**	**2.3**	**2.4**
Other information					
Rental value	1,107	1,095	1,466	1,448	1,457
Economic occupancy rate, %	89.6	88.3	88.3	89.2	88.7
Number of properties at the end of the period	313	351	351	354	364
Leasable area at the end of the period, sq.m.	1,351,198	1,422,224	1,462,538	1,422,519	1,446,900
Market value of properties	13,357	12,627	13,381	12,200	11,823

1) Defined under IFRS. Key figures for the 2015, 2014 and 2013 financial years have been audited by the Company's auditors.

DEFINITIONS OF KEY FIGURES

NUMBER OF SHARES AT END OF PERIOD

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

RETURN ON EQUITY

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

LOAN-TO-VALUE RATIO PROPERTIES

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

YIELD

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

OPERATING SURPLUS

Rental income less operating and maintenance costs, leasehold fees, property tax and property management.

EQUITY PER SHARE

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

ECONOMIC OCCUPANCY RATE

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

EPRA EPS

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

EPRA NAV/LONG-TERM NET ASSET VALUE PER SHARE

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

EPRA NNNAV/CURRENT NET ASSET VALUE PER SHARE

Equity at the end of the period adjusted for actual deferred tax instead of nominal deferred tax and non-controlling interests' share of equity, divided by the number of shares outstanding at the end of the period.

PROPERTY MANAGEMENT INCOME

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

AVERAGE NUMBER OF 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, divided by the total number of days in the period.

RENTAL INCOME

Rents invoiced for the period less rent losses and rent discounts.

RENTAL VALUE

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

CASH FLOW PER SHARE

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

NET LEASING

The sum of annual rent for newly signed and renegotiated leases during the period, less the sum of annual rent for terminated leases during the same period.

EARNINGS PER SHARE

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

INTEREST COVERAGE RATIO

Profit after financial items, excluding unrealised changes in value, plus financial costs in relation to financial costs for the period.

DEBT/EQUITY RATIO

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

EQUITY RATIO

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

SURPLUS RATIO

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

COMMENTS ON THE FINANCIAL INFORMATION

The financial information presented below has been taken from Diös' annual reports for the 2015, 2014 and 2013 financial years, and from the interim report for the period 1 January 2016 – 30 September 2016. Annual reports for the 2015, 2014 and 2013 financial years were prepared in accordance with IFRS and audited by Diös' auditors. The interim report for the period 1 January 2016 – 30 September 2016 was prepared in accordance with IAS 34, and reviewed and audited by Diös' auditors. For further information about Diös' accounting policies, please refer to the Company's 2015 Annual Report.

The financial information should be read in conjunction with the "Selected historical financial information" section and Diös' annual reports for the 2015, 2014 and 2013 financial years, and the interim report for the period 1 January 2016 – 30 September 2016, which have been incorporated in this Prospectus.

COMPARISON OF EARNINGS BETWEEN INTERIM REPORTS FOR THE PERIOD 1 JANUARY– 30 SEPTEMBER 2016 AND THE PERIOD 1 JANUARY – 30 SEPTEMBER 30 SEPTEMBER 2015

RENTAL INCOME

At the end of the period, rental income amounted to SEK 992 million (967). The number of leases amounted to 2,643 (2,539) with contracted rental income of SEK 1,170 million (1,098).

Of the properties' total area of 1,351,000 square meters (1,422,000), 1,129,000 square meters (1,162,000) were leased as of 30 September 2016. This represents a physical occupancy rate of 84.0 per cent (81.4), and an economic occupancy rate of 89.6 (88.3) per cent.

PROPERTY COSTS

Total property costs were SEK 393 million (400). The lower costs were mainly attributable to reduced maintenance and repair costs. Of total property costs, SEK 6.1 million (5.5) pertained to work on leased premises that was re-invoiced to tenants.

Net leasing for the period was SEK 15 million (40).

CENTRAL ADMINISTRATION

Central administration costs totalled SEK 45 million (40) and comprised costs for group-wide functions, IT, audit fees and legal counsel.

CHANGE IN VALUE OF PROPERTIES AND DERIVATIVES

Properties

Realised changes in the value of the property portfolio amounted to a negative SEK 10 million (6) and unrealised changes in value to SEK 157 million (108). The unrealised changes in value corresponded to a change of 1.2 per cent (0.9). Consolidated positive unrealised changes in value were attributable to lower yield requirements and improved cash flows due to higher rents, primarily due to project investments.

Derivatives

The Company only uses nominal interest rate swaps, exchanging a floating interest rate for a fixed interest rate. The variable rate is three-month STIBOR and the fixed rate varies from 1.9 to 3.7 per cent. During the year, the holding of derivatives decreased by SEK 2,000 million. At the end of September 2016, Diös had two nominal swaps totalling SEK 2,200 million (4,200). Coupled with the fixed-rate loans and bonds, the derivative holdings entail that 33.9 per cent (61.5) of all interest-bearing liabilities have been interest-hedged. As market interest rates change and the remaining maturities decrease, the value of the derivatives changes. The unrealised change in value of the derivatives for the period was SEK 74 million (36). As of 30 September, the total market value of the derivatives was a negative SEK 60 million (–163). The value of the derivatives on maturity will be zero. All changes in value of derivatives have been recognised in profit or loss. Hedge accounting has not been applied.

NET FINANCIAL ITEMS

Net financial items amounted to a negative SEK 160 million (–158). The average annual interest rate, including costs related to derivatives and loan commitments, amounted to 1.9 per cent (2.5). During the year, Diös has renegotiated and extended parts of the Company's loan portfolio leading to reduced interest expenses. Moreover, maturities of derivatives in September positively impacted the company's average interest rate.

As of 30 September 2016, the Group's interest-bearing liabilities amounted to SEK 7,960 million (7,640), with an annual average interest rate of 1.0 per cent (1.0), including loan commitments. The average fixed-rate term of the loans was 0.3 years (0.3). With the inclusion of the derivatives portfolio, the average fixed-rate term was 0.5 years (1.0). The average maturity was 1.9 years (1.7). Of the Group's total interest-bearing liabilities, SEK 2,200 million (4,200) have been hedged through derivatives, with a remaining average maturity of 0.7 years (1.4). The Company's financial instruments limit the impact of any increase in interest rates on the average borrowing rate. If interest rates had been increased by 1 percentage point as of 30 September 2016, the Company's average interest rate would have risen 0.7 percentage points and the value of derivatives would have increased SEK 17 million.

During the period 1 January 2016–30 September 2016, bonds of SEK 441 million (500) were issued under the MTN programme of associated company Nya Svensk FastighetsFinansiering AB (publ) (SFF).

TAX

Current tax

Current tax amounted to SEK 23 million (–153). A partial reversal of previous tax provisions had a positive impact on the figure. In the third quarter of 2015, a provision of SEK 137 million was made for tax and interest attributable to a previously communicated tax dispute. All rulings of the Administrative Court of Appeal relating to the case have been delivered and, as the time limit for any consequential amendments has now expired, the need to maintain provisions no longer exists. The final cost for the tax dispute after a reversal of SEK 37 million amounted to SEK 100 million.

Deferred tax recognised in the income statement was a negative SEK 84 million (–87). The tax was attributable to a decrease in deferred tax assets of SEK 22 million (17), an increase in the deferred tax liability on temporary differences for properties of SEK 61 million (70) and an increase in other deferred tax liabilities of SEK 1 million (–).

CASH FLOWS

Deferred tax

In 2016, consolidated operating cash flow before changes in working capital during the period 1 January 2016 – 30 September 2016 amounted to SEK 381 million (364) and SEK 293 million (302) after changes in working capital. Changes in operating cash flow resulted from a nonrecurring item attributable to a capital loss for the 2006 fiscal year being charged to current tax. Investing cash flow totalled SEK 181 million (–275). The change was attributable to acquisitions and divestments of properties. Financing cash flow amounted to a negative SEK 474 million (–106), where the change was attributable to the financing of property acquisitions and divestments, and changes in the overdraft facility.

INVESTMENTS

The majority of our project investments are in the form of new construction, extensions and refurbishment, along with energy-saving measures. The aim is for such investments to reduce vacancies, increase occupancy rates and reduce the impact on the environment. During the period, SEK 310 million (348) was invested in a total of 452 projects (523). At the end of the period, 18 major improvement projects were ongoing, with a remaining investment volume of SEK 55 million and a total investment volume of SEK 248 million. During the quarter, decisions were taken on 57 new project investments.

In addition to project investments, SEK 170 million (0) was invested in the acquisition of four (0) properties. Investments were financed through own funds and borrowed capital.

PROPERTY PORTFOLIO

As of 30 September, the property portfolio comprised 313 (351) properties with a total value of SEK 13,357 million (12,627). The leasable area totalled 1,351,000 square metres (1,422,000), of which retail premises accounted for 92 per cent (89) and housing for 8 per cent (11).

COMPARISON OF EARNINGS BETWEEN THE FULL-YEARS OF 2015 AND 2014

RENTAL INCOME

Rental income for the year amounted to SEK 1,295 million (1,291). Rental income includes rent supplements totalling SEK 155 million (147), which are re-invoiced to the tenants. The rent supplements relate to property tax, heating, water, waste collection and electricity. The number of leases was 2,677 (2,544), with contracted rental income of SEK 1,162 million (1,107). Leases with a term of three years or more are normally subject to adjustments in line with the CPI at 31 October of the preceding year. For contracted commercial leases the indexed portion is 76 per cent.

Of the properties' total area of 1,463,000 square meters (1,423,000), 1,214,000 square meters (1,169,000) were leased at 31 December 2015. This represents a physical occupancy rate of 83.0 per cent (82.2), and an economic occupancy rate of 88.3 (89.2) per cent. The average rent for the leases, calculated as contracted rent and leased area, increased to SEK 1,100 per square metre (1,091).

Net leasing for the year was SEK 48 million (29). The positive impact of net leasing, all other things being equal, is concentrated to 2016.

PROPERTY COSTS

Property costs decreased SEK 11 million (19) and totalled SEK 539 million (550). The chief driver is attributable to lower tariff-based costs, reduced repairs and the effect of the Company's energy-saving measures. Continued careful monitoring of unpaid overdue rents has ensured that bad debts are low. These totalled SEK 4 million (4), representing 0.3 per cent (0.3) of total revenue.

CENTRAL ADMINISTRATION

Central administration costs totalled SEK 58 million (58) and comprised costs for group-wide functions, IT, audit fees and legal counsel.

NET FINANCIAL ITEMS

Net financial items totalled a negative SEK 210 million (–283), of which interest income amounted to SEK 2 million (1) and interest expenses to SEK 212 million (284). The average annual interest rate, including costs related to derivatives and loan commitments, amounted to 2.5 per cent (2.8). During the year, Diös has renegotiated and extended parts of the Company's loan portfolio leading to reduced interest expenses. The interest coverage ratio of 3.4 (2.5) for the year, surpassed the financial target of a multiple of 1.8.

At 31 September 2015, the Group's interest-bearing liabilities amounted to SEK 8,119 million (7,671), with an annual average interest rate of 1.0 per cent (1.7), including loan commitments. The average fixed-rate term of the loans was 0.3 years (0.2). With the inclusion of the derivatives portfolio, the average fixed-rate term was 0.8 years (1.4). The average maturity was 2.4 years (2.0). Of the Group's total interest-bearing liabilities, SEK 4,200 million (4,200) have been hedged through derivatives, with a remaining average maturity of 1.1 years (2.1). The Company's financial instruments limit the impact of any increase in interest rates on the average borrowing rate. If interest rates had been increased by 1 percentage point on 31 December 2015, the Company's average interest rate would have risen 0.4 percentage points and the value of derivatives would have increased SEK 42 million.

In 2015, a bond of SEK 500 million was issued under the MTN programme of associated company SFF.

CHANGE IN VALUE OF PROPERTIES AND DERIVATIVES

Derivatives

The Company only uses nominal interest rate swaps, exchanging a floating interest rate for a fixed interest rate. The variable rate is three-month STIBOR and the fixed rate varies from 1.9 to 3.7

per cent. The holding of derivatives remained unchanged during the year. At year-end, Diös had three nominal swaps totalling SEK 4,200 million (4,200). Coupled with the fixed-rate loans and bonds, the derivative holdings entail that 57.9 per cent (54.7) of all interest-bearing liabilities have been interest-hedged. As market interest rates change and the remaining maturities decrease, the value of the derivatives changes. During the year, the unrealised change in value of the derivatives was SEK 64 million (–91). The year-on-year change was due to the time effect. The total value of the derivatives at 31 December was a negative SEK 134 million (–198). The value of the derivatives on maturity will be zero. All changes in value of derivatives have been recognised in profit or loss. Hedge accounting has not been applied.

Properties

Realised changes in the value of the property portfolio amounted to SEK 11 million (15) and unrealised changes in value to SEK 262 million (47). The unrealised changes in value corresponded to a change of 2.0 per cent (0.4). Consolidated positive unrealised changes in value were attributable to lower yield requirements and improved cash flows due to higher rents, primarily due to project investments.

TAX

Current tax

In 2015, current tax amounted to a negative SEK 163 million (–10). Current tax expense is attributable to tax in subsidiaries, which were prevented from offsetting losses against profits through Group contributions during the year. The year's current tax also includes SEK 137 million relating to tax and interest for a deduction relating to a capital loss for the 2006 tax year that was not granted. In 2014, the Administrative Court rejected the Company's claim for a deduction relating to a tax loss that arose in connection with an acquisition of properties in 2005. The Company felt that the Administrative Court had disregarded a number of important aspects and that the acquisition was carried out in conformity with the tax rules applicable at the time. The ruling was therefore appealed to the Administrative Court of Appeal. The Administrative Court of Appeal dismissed the Company's appeal in September 2015, and the Board of Directors subsequently decided not to pursue the matter further. The tax, which had previously been regarded as a contingent obligation, was expensed in the third quarter, and therefore impacts earnings for 2015.

Diös utilises loss carryforwards which, at 31 Dec 2015, were an estimated SEK 262 million (335). With unchanged earning capacity, the loss carryforwards are expected to be usable for another two years.

Deferred tax

Deferred tax in the income statement amounted to a negative SEK 140 million (–80). The tax was attributable to a decrease in deferred tax assets of SEK 16 million (20), an increase in the deferred tax liability on temporary differences for properties of SEK 128 million (58) and an increase in other deferred tax liabilities of SEK 4 million (decrease: 2).

CASH FLOWS

In 2015, consolidated operating cash flow before changes in working capital amounted to SEK 389 million (411) and SEK 347 million (422) after changes in working capital. Changes in operating cash flow resulted from a nonrecurring item attributable to a capital loss for the 2006 fiscal year being charged to current tax. Investing cash flow amounted to a negative SEK 888 million (–299). The change was attributable to acquisitions. Financing cash flow was SEK 462 million (–165), where the change was attributable to the financing of property acquisitions and divestments, and changes in the overdraft facility.

INVESTMENTS

During the year, SEK 456 million (386) was invested in a total of 583 projects (501). At end of the year, 297 projects (347) were ongoing, with a remaining investment volume of SEK 294 million (310), and a total investment volume of SEK 899 million (870). Most of the Company's project investments are conducted in the form of new construction, extensions and refurbishment, as well as energy-saving measures.

In addition to project investments, SEK 622 million (25) was invested in the acquisition of three (one) properties.

Investments were financed through own funds and borrowed capital.

PROPERTY PORTFOLIO

At 31 September, the property portfolio comprised 351 (354) properties with a total value of SEK 13,381 million (12,200). The leasable area totalled 1,463,000 square metres (1,423,000), of which commercial premises accounted for 90 per cent (90) and housing for 10 per cent (10).

COMPARISON OF EARNINGS BETWEEN THE FULL-YEARS OF 2014 AND 2013

RENTAL INCOME

Rental income for the year amounted to SEK 1,291 million (1,292). Rental income includes rent supplements in a total amount of SEK 147 million (142), which is re-invoiced to the tenants. The rent supplements relate to property tax, heating, water, waste collection and electricity. The number of leases was 2,544 (2,578), with contracted rental income of SEK 1,107 million (1,086). Leases with a term of three years or more are normally subject to adjustments in line with the CPI at 31 October of the preceding year. For contracted commercial leases the indexed portion is 79 per cent.

Of the properties' total area of 1,423,000 square meters (1,447,000), 1,169,000 square meters (1,180,000) were leased at 31 December 2014. This represents a physical occupancy rate of 82.2 per cent (81.5), and an economic occupancy rate of 89.2 (88.7) per cent. The average rent for the leases, calculated as contracted rent and leased area, increased to SEK 1,091 per square metre (1,066).

Net leasing for the year was SEK 29 million (6).

PROPERTY COSTS

Property costs decreased SEK 19 million (4) and totalled SEK 550 million (569). The chief driver is attributable to lower winter-related costs. Careful monitoring of unpaid overdue rents has ensured that bad debts are low. These totalled SEK 4 million (7), representing 0.3 per cent (0.5) of total revenue.

CENTRAL ADMINISTRATION

Central administration costs totalled SEK 58 million (58) and comprised costs for group-wide functions, IT, audit fees, legal advice, and so forth.

NET FINANCIAL ITEMS

Net financial items totalled a negative SEK 283 million (–300), of which interest income amounted to SEK 1 million (3) and interest expenses to SEK 284 million (303). The average annual interest rate, including costs related to derivatives and loan commitments, amounted to 2.8 per cent (3.6). During the year, the Company has renegotiated and extended parts of its loan portfolio leading to reduced interest expenses. The interest coverage ratio of 2.5 times (2.2) for the year, exceeded the financial target of 1.8 times.

At 31 September 2014, the Group's interest-bearing liabilities amounted to SEK 7,671 million (7,664), with an annual average interest rate of 1.7 per cent (2.8), including loan commitments.

The average fixed-rate term of the loans was 0.2 years (0.2). With the inclusion of the derivatives portfolio, the average fixed-rate term was 1.4 years (1.9). The average maturity was 2.0 years (2.1). Of the Group's total interest-bearing liabilities, SEK 4,200 million (4,200) have been hedged through derivatives, with a remaining average maturity of 2.1 years (3.0). The Company's financial instruments limit the impact of any increase in interest rates on the average borrowing rate. If interest rates had been increased by 1 percentage point on 31 December 2015, the Company's average interest rate would have risen 0.4 percentage points and the value of derivatives would have increased SEK 91 million.

CHANGE IN VALUE OF PROPERTIES AND DERIVATIVES

Derivatives

Diös only uses nominal interest rate swaps, exchanging a floating interest rate for a fixed interest rate. The variable rate is three-month STIBOR and the fixed rate varies from 1.9 to 3.7 per cent. During the year, the holding of derivatives remained unchanged. At year-end, Diös had three nominal swaps totalling SEK 4,200 million (4,200). Coupled with the fixed-rate loans and bonds, the derivative holdings entail that 54.7 per cent (55) of all interest-bearing liabilities have been interest-hedged. As market interest rates change and the remaining maturities decrease, the value of the derivatives changes. During the year, the unrealised change in value of the derivatives was a negative SEK 91 million (68). The year-on-year change was due to falling market rates, which had a negative impact on the unrealised market value. The total value of the derivatives at 31 December was a negative SEK 198 million (–107). The value of the derivatives on maturity will be zero. All changes in value of derivatives have been recognised in profit or loss. Hedge accounting has not been applied.

Properties

Realised changes in the value of the property portfolio amounted to SEK 15 million (11) and unrealised changes to SEK 47 million (–35). The unrealised changes in value represented a positive change of 0.4 per cent (–0.3). Consolidated positive unrealised changes in value were attributable to lower yield requirements and improved cash flows due to higher rents.

TAX

Current tax

In 2014, current tax amounted to a negative SEK 10 million (–15). Current tax expense is attributable to tax in subsidiaries, which were prevented from offsetting losses against profits through Group contributions during the year.

Diös utilises loss carryforwards which, at 31 Dec 2014, amounted to SEK 335 million (424). With no changes to earning capacity, the loss carryforwards are expected to be usable for another three years.

Deferred tax

Deferred tax in the income statement amounted to a negative SEK 80 million (–62). The tax was attributable to a decrease in deferred tax assets of SEK 20 million (31), an increase in the deferred tax liability on temporary differences for properties of SEK 58 million (29) and an increase in other deferred tax liabilities of SEK 2 million (decrease: 2).

CASH FLOWS

In 2014, consolidated operating cash flow before changes in working capital amounted to SEK 411 million (342) and SEK 422 million (334) after changes in working capital. The change in operating cash flow was attributable to an increase in property management income. Investing cash flow amounted to a negative SEK 299 million (–68). The change was attributable to acquisitions and divestments of property, plant and equipment. Financing cash flow was a negative SEK 165 million (–401), where the change was attributable to borrowings.

INVESTMENTS

During the year, SEK 386 million (266) was invested in a total of 501 projects (418). At end of the year, 347 projects (253) were ongoing, with a remaining investment volume of SEK 310 million (311), and a total investment volume of SEK 870 million (609). The majority of the Company's project investments are implemented in the form of new construction, extensions and refurbishment, along with energy-saving measures.

In addition to project investments, SEK 25 million (0) was invested in the acquisition of one (0) property.

Investments were financed through own funds and borrowed capital.

PROPERTY PORTFOLIO

At 31 September 2014, the property portfolio comprised 354 (364) properties with a total value of SEK 12,200 million (11,823). The leasable area totalled 1,423,000 square metres (1,447,000), of which commercial premises accounted for 90 per cent (90) and housing for 10 per cent (10).

Pantbanken 1, Östersund

CAPITAL STRUCTURE AND OTHER FINANCIAL INFORMATION

EQUITY AND LIABILITIES

NET DEBT

Diös is financed through equity, interest-bearing liabilities and other liabilities. Interest-bearing liabilities comprised liabilities to credit institutions and bonds. Total credit agreements amounted to SEK 9,430 million, of which SEK 8,056 million had been utilised as of 8 October 2016. Diös' loan-to-value ratio was 59.6 per cent as of 8 October 2016.

The following tables show Diös' equity, excluding retained earnings, and liabilities as of 8 October 2016. The following table does not include non-interest-bearing liabilities, deferred tax and derivatives.

SEK million	**8 October 2016**
Current liabilities	
Against collateral[1]	96
Unsecured credit	0
Total current liabilities	**96**
Non-current liabilities[2]	
Against collateral[1]	7,960
Unsecured credit	0
Total non-current liabilities	**7,960**
Equity	
Share capital	149
Capital contributed	1,820
Total	**1,969**

SEK million		**8 October 2016**
A	Cash	0
B	Cash and cash equivalents	0
C	Marketable securities	0
D	**Liquidity (A)+(B)+(C)**	**0**
E	Current receivables	0
F	Current bank loans	96
G	Current component of non-current liabilities	0
H	Other current liabilities	0
I	**Total current liabilities (F)+(G)+(H)**	**96**
J	**Net current liabilities (I)–(E)–(D)**	**96**
K	Non-current bank loans	7,019
L	Bonds issued	941
M	Other non-current liabilities	0
N	**Non-current liabilities (K+L+M)**	**7,960**
O	**Net debt (J+N)**	**8,056**

1) The collateral referred to consist of mortgages, pledges of shares in subsidiaries and pledges of internal receivables combined with mortgage security.

2) The item includes debts maturing within 12 months that the Company intends to refinance and the Company estimates that such refinancing can be made on commercial terms.

WORKING CAPITAL AND CAPITAL REQUIREMENTS

In this context, working capital is defined as Diös' capacity to discharge its obligations over a 12-month horizon. Following the acquisition of the Property Portfolio, the Company's assessment is that the existing working capital is insufficient. The Rights Issue of SEK 1,853 million, before deduction of issue costs, and new credit facilities of SEK 2,700 million are expected to cover the Company's working capital needs for the next 12 months. The acquisition is expected to be completed at the start of February 2017.

The Rights Issue is fully underwritten, since the Principal Owners, who jointly represent about 36 per cent of the shares and votes in the Company, have made separate undertakings to subscribe for their respective *pro rata* shares in the Rights Issue. The Company has also entered into an Underwriting Agreement under which the Joint Global Coordinators have undertaken to subscribe for any New Shares that are not subscribed for or paid for under the Rights Issue up to an amount corresponding to the maximum limit for the Rights Issue less the subscription undertakings of the Principal Owners. The new credit facilities have been granted due to a positive credit decision.

If, despite being fully underwritten, the Rights Issue should not be completed or should the granted credits not be disbursed, the shortfall in working capital will be a maximum of SEK 4,200 million. At present, Diös has no reason to assume that this will happen, but should it occur, Diös will have to seek alternative financing for the non-received amount. Examples of alternative financing could include additional share capital, bank financing or the divestment of certain assets. Currently, the Company assesses its possibilities for obtaining such alternative financing as relatively favourable (however this does depend on why the Rights Issue is not possible to complete or why the credits cannot be disbursed).

Should Diös be unable to obtain such alternative financing and thus have insufficient funding to complete the acquisition of the Property Portfolio, the Company may face legal sanctions due to breach of contract.

ACQUISITIONS, DIVESTMENTS AND OTHER INVESTMENTS

In 2013, Diös acquired no new properties, invested SEK 266 million in existing properties and divested properties for SEK 286 million. In 2014, Diös acquired properties for SEK 25 million, invested SEK 386 million in existing properties and divested properties for SEK 80 million. In 2015, Diös acquired properties for SEK 622 million, invested SEK 456 million in existing properties and divested properties for SEK 159 million. In the period January 2016–September 2016, Diös acquired properties for SEK 170 million, invested SEK 301 million in existing properties and divested properties for SEK 661 million.

DEFERRED TAX AND LOSS CARRYFORWARDS

As of 31 December 2015, the net deferred tax liability was SEK 875 million (735), and is calculated as the deferred tax liability less deferred tax assets. The deferred tax liability amounted to SEK 933 million (809) gross, of which SEK 912 million (784) was attributable to temporary differences and SEK 21 million (25) to other deferred tax liabilities. Calculation of the temporary differences is based on the fair value of the properties less the residual fiscal value, SEK 4,143 million (3,565), multiplied by a tax rate of 22 per cent.

In April 2005, a group consisting of a dormant limited company was acquired. The objective of the acquisition was to create a foundation for the formation of Diös Fastigheter AB. The only assets of the acquired companies at the acquisition date were approximately SEK 40 million in cash and, according to the 2005 income tax returns, approximately SEK 1,026 million in unutilised tax loss carryforwards. The tax loss carryforwards were an estimated SEK 262 million (335) as of 31 December 2015. At a tax rate of 22 per cent, deferred tax assets relating to tax loss carryforwards amounted to SEK 58 million (74), which were netted against a deferred tax liability. With no changes to earning capacity, the loss carryforwards can be utilised for another two years.

SENSITIVITY ANALYSIS

SENSITIVITY ANALYSIS ON AN ANNUAL BASIS

SEK million	Change	Earnings effect
Contracted rental income	+/– 1 percentage point	+/– 13
Economic occupancy rate	+/– 1 percentage point	+/– 15
Property costs	–/+ 1 percentage point	+/– 5
Interest rate on interest-bearing liabilities	–/+ 1 percentage point	+/– 53

FINANCIAL POLICY AND FINANCIAL RISK MANAGEMENT

The financial policy adopted by the Board of Directors controls the Company's financing and the management of financial risks. Since 2014, a finance committee has also been in place that monitors credit-market developments and prepares financial matters. The committee submits proposals to the Board of Directors on an ongoing basis but has no decision-making powers on financial matters. The Company's finance department is responsible for ensuring access to liquidity and long-term financing, and for optimising the Company's interest and credit risks. The finance department also has an advisory role with regard to the achievement of set financial targets. In 2015, the measurable and risk-reduction financial targets were: (i) short-term solidity of at least 25 per cent and long-term solidity of 30 per cent, (ii) interest coverage ratio of at least 1.8 times and (iii) a maximum loan-to-value ratio of 65 per cent.

The Company aims to conclude financial transactions based on an assessment of the group's existing and future financing requirements, liquidity and desired interest-rate risk.

The financial policy does not permit any currency risk and Diös is tasked with maintaining an adequate liquidity reserve to meet its payment obligations.

CAPITAL STRUCTURE

Diös engages in capital-intensive activities, in which access to capital is a prerequisite. The assets mainly consist of properties, which are funded through equity, interest-bearing liabilities and other capital. The relative share of these assets depends on stability in the Company, property types, risk aversion on the part of both owners and lenders, as well as the owners' required rate of return. Factors such as levels of economic activity, the tax situation and the structure of leases also have an impact.

As of 31 December 2015, 27.4 per cent of total assets amounting to SEK 13,505 million were funded through equity, 61.8 per cent through interest-bearing liabilities and 10.8 per cent through other capital.

As of 31 December 2015, mortgage deeds on the property portfolio amounted to SEK 9,188 million (8,794). 100 per cent (100) of the total credit volume has collateral in the form of mortgage deeds on properties. The Company has also provided collateral in the form of shares in property-owning subsidiaries, as well as parent company guarantees. The agreements with lenders contain limits for various financial key figures, known as covenants, which are designed to limit risk for the Company's lenders. Financial key figures with limit values comprise the equity, loan-to-value and interest coverage ratios. The minimum equity ratio is 25 per cent, the loan-to-value ratio is not permitted to exceed 67.5 per cent and the interest coverage ratio must be higher than 1.8 times.

MANAGEMENT OF LIQUIDITY AND REFINANCING RISK

The Company's financial policy governs and limits financial risk. Maintaining good contacts with banks and capital markets, and forward planning for liquidity and refinancing needs establishes trust with finance providers and the market. Risk is spread by utilising multiple sources of finance, including bank and capital-market financing through SFF and a liquidity reserve in the form of an unutilised credit facility.

MANAGEMENT OF INTEREST-RATE RISK

Diös has targets and policies for managing interest-rate risk. By maintaining a diversified maturity structure and fixed-rate terms, Diös reduces the risk that individual changes in interest rates will have a significant effect. Diös has the ability to manage interest rate risk using derivatives and fixed-rate loans.

MANAGEMENT OF CREDIT RISK

To spread credit risk, the financial policy limits the Company's scope to enter into agreements in terms of certain counterparties and permitted volumes. An up-to-date individual assessment of the counterparty is performed for each contract entered into.

RENTAL LOSSES AND VACANCIES

To reduce the risk of default, in certain cases the tenant's obligation is guaranteed by a parent company or through a bank guarantee. Local presence and solid expertise with regard to the respective location create favourable opportunities to build long-term tenant relationships. A relatively large and diversified property portfolio, with a large number of tenants, reduces the risk of significantly lower rental income if a particular industry or city should face economic setbacks. The risk of extensive renegotiations is managed by ensuring an even distribution of lease maturities. All leases include index compensation based on the lease term.

TRENDS IN 2016

Diös deems the market trend in the Company's markets to have remained positive in 2016, in terms of both macroeconomic factors and rents. The strong Swedish economy is positive for Diös' continued development, and the population growth and urbanisation trend in locations where the Company is active remain favourable. Diös' property management income showed a positive trend during the first three quarters of 2016, and amounted to SEK 406 million, representing a year-on-year increase of 6 per cent.

The Company considers acquisition of the Property Portfolio to be a key strategic transaction for Diös' continued development. The Acquisition will generate income synergies and economies of scale, due to a strengthened tenant offer, a more diversified tenant base, an improved position in the centre of trade in relation to central and property administration.

SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2016

On 22 November 2016, Diös announced that the Company had signed an agreement to acquire the Property Portfolio from Castellum and that a decision had been made to hold an extraordinary general meeting to resolve on the Rights Issue, as part of financing the acquisition of the Property Portfolio.

On 18 November 2016, the Company announced that the proceeds from an issue had increased the financing provided by SFF in an amount of SEK 574 million and that the Company had repurchased a bond of SEK 500 million, with a maturity date of 9 March 2017, in connection with the new share issue.

Otherwise, there have been no other significant changes in Diös' financial or market position since 30 September 2016.

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITOR

BOARD MEMBERS

According to Diös' articles of association, the Board of Directors should consist of at least three and not more than ten members, with a maximum of ten deputies. The Board of Directors currently consists of six board members, and one deputy board member. Five board members were elected by the Annual General Meeting on 26 April 2016 for the period until the end of the 2017 Annual General Meeting. One of the board members plus the deputy are employee representatives. In accordance with the rules of the Code, a majority of the AGM-elected board members must be independent in relation to the Company and its senior executives. This requirement does not apply to employee representatives. According to the Code, two of the board members who are independent in relation to the Company and senior executives, must also be independent in relation to the Company's major shareholders. While there is no defined standard for the definition of "independent," a board member's independence could be questioned, for example, if a board member, directly or indirectly, has material relationships, business contacts or other extensive financial dealings with the Company or its major shareholders. An overall assessment of a board member's relationships with the Company and its major shareholders will be made in each case. With the exception of Tomas Mellberg, who is employed as project controller at the Company in addition to his directorship, all of the Company's board members are considered independent in relation to the Company and its senior executives. With the exception of Bob Persson, who is a board member of AB Persson Invest (which controls 15.4% of the votes in the Company) in addition to his directorship of the Company, Svante Paulsson who is a board member of Backahill AB (which controls 10.5% of the votes in the Company) in addition to his directorship of the Company, and Anders Bengtsson, who is a board member of Bengtssons Tidnings AB (which controls 10.1% of the votes in the Company) in addition to his directorship of the Company, all of the Company's board members are considered independent in relation to the Company's major shareholders. Information about the board members, their year of birth, the year they were first elected, their position, whether they are considered independent in relation to the Company, its senior executives and major shareholders, and their shareholding in the Company on the date of this Prospectus, is presented in the following table. The following details about board members' shareholdings in Diös include related-party holdings, and holdings through endowment funds.

Name	Year of birth	Board member since	Position	Independent in relation to the Company and senior executives	Independent in relation to major shareholders	Shareholding in the Company
Bob Persson	1950	2007	Chairman of the board	Yes	No	30,000 directly held shares, 11,499,691 shares through AB Persson Invest
Anders Bengtsson	1963	2011	Board member	Yes	No	7,500,000 shares through Bengtssons Tidnings AB
Ragnhild Backman	1963	2011	Board member	Yes	Yes	12,300 directly held shares
Maud Olofsson	1955	2011	Board member	Yes	Yes	6,000 shares through companies
Svante Paulsson	1972	2014	Board member	Yes	No	103,125 shares through companies, 7,830,754 shares through Backahill Inter AB
Tomas Mellberg	1959	2012	Board member (employee representative)	No	Yes	1,000 directly held shares
Maria Sundqvist	1967	2012	Deputy board member (employee representative)	No	Yes	–

Bob Persson

Born: 1950
Board assignments for the Company: Chairman of the board since 2011 and board member since 2007.
Holding in the Company: 30,000 directly held shares. Indirect ownership of about 11.5 million shares through AB Persson Invest.
Other current assignments: Board member and chairman of AB Persson Invest and Persson Invest Skog AB. Board member of ÖLAB Fastighets Aktiebolag, Östersunds Lastbilsservice Aktiebolag, Jämtlands Bryggeri Aktiebolag, Bergvik Skog AB, Peak Region AB, Gällö Timber AB, Gällö Skog AB and Samling Näringsliv Jämtlands län Ekonomisk förening. Deputy board member of JP Vind AB and Valbo Trä AB.
Previous assignments (over the past five years): Board member and chairman of Perssonbolaget i Gällö AB, Träsupport i Östersund AB, NHP Sverige AB and Tunga fordon Norrbotten AB. Board member of Fordonspartner i Norr AB, Råsjö Logistikcenter AB, Perssonbolaget i Åshammar AB, Bil & Traktor Tunga Fordon Luleå AB, Perssonbolaget Edsbyn AB and Volvofinans Bank AB.
Partnerships: AB Persson Invest.
Previous partnerships (over the past five years): -
Education and experience: Economic studies, Umeå University. Assignments in the AB Persson Invest group, including CEO.

Anders Bengtsson

Born: 1963
Board assignments for the Company: Board member since 2012.
Holding in the Company: Indirect ownership of about 7.5 million shares through Bengtssons Tidnings AB.
Other current assignments: CEO and board member of DIMITRA AB. Board member of Svenska Landsortstidningars Förlagsaktiebolag, Bengtssons Tidnings Aktiebolag, Solrosen Invest AB, Dala Marknad Aktiebolag, Scandinavian Biogas Fuels International AB, Bengtssons Värdepapper AB, Tvålflingan Holding AB, Bjäreterrassen AB, Elfvik Strand Fastighets AB, Vaktfyren Holding AB, Bjärebyholding AB, Gramame Invest AB, Elfvik Strand Holding AB, Fyrlotsen Holding AB, Eldfyren Holding AB, Bjäreby Holding 2 AB, Bjäreterrassen 2 AB, Bjärepoolen AB and Slipskäraren Holding AB. Deputy board member of Nordic Iron Ore AB, Svensk Markförvaltning AB, Ektorp Holding AB, Högantorp Holding AB, Albyäng Holding AB and Hagbyholm Holding AB.
Previous assignments (over the past five years): Board member of Penboost AB, Fastighets AB Larsfyren 3, Kevingegruppen AB, Alba Take Care 806 AB, Alba Take Care 802 AB, Kevinge Strand Holding AB and Bostadsrättsföreningen Birger Jarlsgatan 53.
Partnerships: Bengtssons Tidnings Aktiebolag, Svenska Landsortstidningars Förlagsaktiebolag, Bengtssons Värdepapper AB, DIMITRA AB, Scandinavian Biogas Fuels International AB, Dala Marknad Aktiebolag, Bjäreby Holding AB, Solrosen Invest AB, Gramame Invest AB, funds under Spintop Ventures AB, Nordic Iron Ore AB and Storytel AB (publ).
Previous partnerships (over the past five years): Svenska Hyreshus AB, SHH Partner AB, Penboost AB, This Belongs To AB and Motimate AB.
Education and experience: Master of Business Administration (MBA), Monterey Institute of International Studies, US. 20 years' experience as CEO of small to medium-sized businesses, and several years' experience as a management consultant for companies such as Semcon Aktiebolag.

Ragnhild Backman

Born: 1963
Board assignments for the Company: Board member since 2012.
Holding in the Company: 12,300 directly held shares.
Other current assignments: Board member and chairman of Centrumlyftet i Örnsköldsvik Aktiebolag. Board member and deputy CEO of Backman Invest Aktiebolag. Deputy board member and CEO of AB Torgfastigheter, J & R Backmans Fastighets- och Företagsutveckling Aktiebolag and Byggnads Aktiebolaget O. Tjärnberg. Board member of J R B Invest i Örnsköldsvik AB, Malux AB, Fastighetsägarna MittNord AB, Fastighetsägarna Sverige Aktiebolag and ideella föreningen Fastighetsägarna Norr.
Previous assignments (over the past five years): Board member of MHP Holding AB, Punong AB (publ), Fastighetsägarna Norr AB, Fastighetsägarna Norrbygden Aktiebolag. Deputy board member of NextJet Aktiebolag and HKF Resor i Örnsköldsvik Aktiebolag.
Partnerships: –
Previous partnerships (over the past five years): –
Education and experience: Master of Science in Engineering, Royal Institute of Technology in Stockholm. Director of Administration for Piren AB.

Maud Olofsson

Born: 1955
Board assignments for the Company: Board member since 2012.
Holding in the Company: Indirect ownership of about 6,000 shares through companies.
Other current assignments: Board member and chairman of VISITA Service Aktiebolag. Board member of Arise AB, Envac AB, ÅF AB, ROMO Norr AB and ideella föreningen Svenskt Näringsliv, Advisory panel, MacQuarie European Infrastructure Fund.
Previous assignments (over the past five years): Board member of Creades AB and Luossavaara-Kiirunavaara Aktiebolag.
Partnerships: –
Previous partnerships (over the past five years): –
Education and experience: High school education. Leader of the Swedish Centre Party, Deputy Prime Minister of Sweden and the Minister for Enterprise and Energy.

Svante Paulsson

Born: 1972
Board assignments for the Company: Board member since 2014.
Holding in the Company: Indirect ownership of 103,125 shares through companies. Indirect ownership of 7,830,754 shares through Backahill Inter AB.
Other current assignments: Chairman of the board and CEO of Arenabolaget i Ängelholm AB. Board member and chairman of Backahill Öresund AB, Fastighets AB Fosema, Backastad AB,

Backastad Årsta AB, Backahill Nova 183 AB, Operosa AB, Backahill Invest Key AB, Fastighetsutveckling i Båstad AB, Böske Backe Invest AB, Backahill Holding AB, CMS Holding Sweden AB, Extreme Drivers Gear Experience Motors Scandinavia AB. Board member of Aktiebolaget Himmeslövs havsbad, Aktiebolaget Cernelle., Paps Invest AB, Fabege AB, Backahill Förvaltning AB, Hansan Aktiebolag, Backahill Invest AB, Svantab Aktiebolag, Backahill Fastigheter AB, Backerhof Sunnanå AB, Backahill AB, Backahill Inter AB, Fastighetsaktiebolaget De-Ba, Backahill Lärkan AB, Backahill Påfågeln AB, Böske Backe AB, Backahill Båstad AB, Storebro Herrgård AB, Backahill Bostäder AB, H.U.S. Fastigheter i Båstad AB, Backahill Utveckling AB, INIS Sweden AB, Backahill Cityfastigheter AB, Lima Timmerhus AB, Tennis Lodge i Båstad AB, Backahill Östergatan AB, Backahill Bjäre AB, Malja Racing AB, Backastad Silvergården AB, Backastad Omsorg Projekt AB, Backastad Omsorg AB, Backahill Kil AB, Backahill Projektutveckling AB, Backahill Skåne AB, Backahill Hotellfastigheter AB, Er-Ho Huset 10 AB, Fastighets AB Förmannen 6, Backerhof 3 AB, Backerhof Holding AB, Backerhof 1 AB, Helsingborg Cylindern 2 AB, Backerhof 2 AB, Backerhof 4 AB, Backerhof 6 AB, Backerhof Holding 2 AB, Backahill Kyrkan 2 AB, Backerhof Stanstorp AB, Backahill Norrviken AB, Backahill Taktäckaren AB och Brinova Fastigheter AB (publ). Deputy board member of Coach Valet i Ängelholm AB and MP Fashion AB.
Previous assignments (over the past five years): Board member and chairman of Brinova Hässleholm AB, Brinova Sydväst AB, Anders Skooghs Byggnads Aktiebolag, Bröderna Skooghs Förvaltnings Aktiebolag, Bolaget Helsingborg AB, Klitterhill Förvaltning AB, Brinova Oxie AB, Brinova Invest AB, Klitterhill AB, Brinova Nova 175 AB, Brinova Tigern AB, Brinova Nova 186 AB, Fastighets AB S-hem, Avonbri 7 AB, Fastighets AB Rödspottan 9, CrHe Invest AB, Hylleblom fastighetsförvaltning AB, Stagnum Förvaltning AB. Board member of Bilia AB, Etjugo Fastighets AB, Catena Förmannen AB, Fina Fågeln i Vellinge AB, Rögle Marknads AB, Backahill RönneBrygga AB, Lilla Båstad AB, Peab AB, S Resort Holding AB, Topeja Holding AB, Bostadsrättsföreningen Turistgården and Bostadsrättsföreningen Rönnebrygga. Deputy board member of Pensionat Klitterhus AB and Svenska Hockeyligan AB.
Partnerships: Backahill AB and Svantab AB.
Previous partnerships (over the past five years): –
Education and experience: High school in the US.

› Tomas Mellberg

Born: 1959
Board assignments for the Company: Board member (employee representative) since 2012. Project controller.
Holding in the Company: 1,000 directly held shares.
Other current assignments: –
Previous assignments (over the past five years): –
Partnerships: -
Previous partnerships (over the past five years): –
Education and experience: Economic programme, Umeå University. Internal Auditor and Head of Accounting for Skanska AB, Financial Officer at Diös Norrland AB (Hallström & Nisses Fastigheter) and Diös Invest AB.

› Maria Sundqvist

Born: 1967
Board assignments for the Company: Deputy board member (employee representative) since 2012. Lessor.
Holding in the Company: –
Other current assignments: Board member of marknadsföreningen Sundsvall.
Previous assignments (over the past five years): –
Partnerships: –
Previous partnerships (over the past five years): –
Education and experience: IHM Business School, 12 years' experience in directional media in customer-service positions, as both seller and marketing coordinator.

REMUNERATION OF THE BOARD OF DIRECTORS

The 2016 AGM resolved that total Board of Directors fees would amount to SEK 725,000 of which SEK 185,000 would be paid to the chairman of the board and SEK 135,000 to each of the other members. In the 2015 financial year, the total remuneration paid to board members was SEK 725,000, as shown in the following table.

Name	Position	Remuneration
Bob Persson	Chairman of the board	185,000
Anders Bengtsson	Board member	135,000
Ragnhild Backman	Board member	135,000
Maud Olofsson	Board member	135,000
Svante Paulsson	Board member	135,000
Tomas Mellberg	Board member (employee representative)	–
Total		**725,000**

SENIOR EXECUTIVES

Information about the name, year of birth, current position, the year the person became a senior executive, and each executive's shareholding in the Company on the date of this Prospectus is presented in the following table. The following details about senior executives' shareholdings in Diös include related-party holdings, and holdings through endowment funds.

Name	Year of birth	Senior executive since	Position	Shareholding in the Company
Knut Rost	1959	2014	CEO	5,300 directly held shares
Rolf Larsson	1964	2005	CFO	3,754 directly held shares
Kristina Grahn-Persson	1973	2013	Business Support Director	560 directly held shares
Lars-Göran Dahl	1961	2014	Business Development Director	1,000 directly held shares
Henrik Lundmark	1973	2016	Property Director	–

Knut Rost

Born: 1959
Assignment in the Company: CEO since 2014.
Holding in the Company: 5,300 directly held shares.
Other current assignments: Board member of Bostadsrättsförening Falan, Samling Näringsliv Jämtlands län Ekonomisk förening, Aurorum Teknikbyn Aktiebolag, Biathlon Invest Events i Sverige AB, Peak Region AB, Destination Östersund AB, Diös Fastigheter Krukan AB, Diös Gamla Bergsskolan AB, Kabin Väst Holding AB and Borlänge Intagan 1 AB.
Previous assignments (over the past five years): –
Partnerships: –
Previous partnerships (over the past five years): –
Education and experience: Master of Science in Engineering, Royal Institute of Technology in Stockholm. Various positions in ICA Fastigheter AB and Aspholmen Fastigheter AB.

Rolf Larsson

Born: 1964
Assignment in the Company: CFO since 2005. Employed since 2005.
Holding in the Company: 3,754 directly held shares.
Other current assignments: –
Previous assignments (over the past five years): –
Partnerships: –
Previous partnerships (over the past five years): –
Education and experience: Master of Business Administration and Executive Master of Business Administration. Interim CEO of Inlandsbanan AB, Administrative Director of Haninge Bostäder Aktiebolag and Head of Accounting for Bostadsstiftelsen Haningehem.

Kristina Grahn-Persson

Born: 1973
Assignment in the Company: Business Support Director since September 2016, previously HR Director since 2013. Employed since 2011.
Holding in the Company: 560 directly held shares.
Other current assignments: Deputy board member of PNP Venture Capital AB.
Previous assignments (over the past five years): –
Partnerships: –
Previous partnerships (over the past five years): –
Education and experience: HR and work sciences programme, Mid Sweden University. Recruitment consultant at Manpower Aktiebolag, HR Administrator at the County Council of Jämtland, Team Assistant at McKinsey & Company.

Lars-Göran Dahl

Born: 1961
Assignment in the Company: Business Development Director since September 2016, previously Property Director since 2014. Employed since 2014.
Holding in the Company: 1,000 directly held shares.
Other current assignments: Board member of SBC Sveriges BostadsrättsCentrum AB, Bostadsrättsföreningen Bruksvallarnas Stugby i Bruksvallarna and Bostadsrättsföreningen Falan. Deputy board member of Kabin Väst Holding AB, Diös Fastigheter Krukan AB, Borlänge Intagan 1 AB and Diös Gamla Bergsskolan AB.
Previous assignments (over the past five years): –
Partnerships: –
Previous partnerships (over the past five years): –
Education and experience: Master of Business Administration. Head of Riksbyggen's commercial operations in Sweden.

Henrik Lundmark

Born: 1973
Assignment in the Company: Property Director since September 2016, previously Business Area Manager for Jämtland. Employed since 2015.
Holding in the Company: –
Other current assignments: Board member and chairman of Fastighetsaktiebolaget Norkom. Board member of Åre Destination AB. Deputy board member of Fastighetsägarna MittNord AB och ideella föreningen Fastighetsägarna Norr.
Previous assignments (over the past five years): –
Partnerships: –
Previous partnerships (over the past five years): –
Education and experience: University studies in sociology, psychology and communication sciences. Regional Manager in Northern Sweden for companies in Akelius Fastigheter, communication consultant at Razorfish AB and Projector IC AB.

REMUNERATION OF SENIOR EXECUTIVES

The 2016 AGM resolved on the following principles for the remuneration of senior executives:

CEO remuneration and benefits are subject to a decision by the Board of Directors. Remuneration paid to other senior executives is subject to a decision by the CEO, in consultation with the Board of Directors. An incentive programme was introduced in 2012, offering variable remuneration for the CEO and senior executives. No share-based payments exist. Variable remuneration for the CEO and senior executives may not exceed one month's salary. During the term of their employment, the CEO and other senior executives are entitled to a company car, and to insurance and pension benefits in accordance with the applicable ITP plan. Individual investment is also possible. Only cash-based salary forms the basis for insurance and pension contributions. The retirement age for the CEO and other senior executives is 65. If the Company chooses to terminate the CEO's employment, the period of notice is twelve months. If the CEO chooses to terminate his employment, the period of notice is four months. For other senior executives, a mutual notice period of three to six months applies. Diös offers a profit-sharing scheme to all employees. Allocations to the profit-sharing scheme are based on the achieved return on equity and are capped at SEK 30,000 per year per employee.

PENSIONS AND SO FORTH

No amounts are set aside or accrued in the Company or its subsidiaries for pensions or similar benefits to senior executives upon termination of employment.

REMUNERATION FOR THE 2015 FINANCIAL YEAR

The CEO received fixed remuneration of SEK 1,991,000, other benefits of SEK 285,000 and a pension provision of SEK 775,000. Other board members received total fixed remuneration of SEK 4,104,000, variable remuneration of SEK 144,000, other benefits of SEK 341,000 and pension provisions of SEK 1,275,000.

Position	Basic salary	Benefits	Variable remuneration	Pension provision
CEO	1,991,000	285,000	–	775,000
Other senior executives in the Group (4)	4,104,000	341,000	144,000	1,275,000
Total	**6,095,000**	**626,000**	**144,000**	**2,050,000**

OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

All board members and senior executives can be contacted via the Company's address: Fritzhemsgatan 1A, SE-832 42 Frösön, Sweden.

Over the past five years, no board member or senior executive has been subject to sanctions or alleged misconduct by a competent authority or organisation representing a certain professional group or regulated by public law. Over the past five years, no board member or senior executive has been declared bankrupt. With the exception of Anders Bengtsson, who was a board member of Penboost AB, for which bankruptcy proceedings were completed in 2015, no board member or senior executive has been involved in bankruptcy or liquidation proceedings in relation to the companies they have represented over the past five years. Over the past five years, no board member or senior executive has been convicted on counts of fraud. Over the past five years, no injunction against carrying on business has been imposed on any board member or senior executive. No specific agreements have been made between major shareholders, customers, suppliers or other parties under which any board member or senior executive has been elected to their current position.

There are no family ties between the board members and/or senior executives. No board member or senior executive has any private interests that could pose a conflict of interest with the Company. However, some board members and senior executives have a financial interest in the Company due to their shareholdings. None of the above board members or senior executives has entered into agreements with the Company or any of its subsidiaries regarding benefits upon termination of their assignment, except for those outlined in this Prospectus.

AUDITOR

According to Diös' articles of association, the Company is to have one or two auditors, with or without deputy auditors, or one or two registered public accounting firms. Diös' auditors are elected by the AGM for a period of one year. The current period commenced at the AGM on 26 April 2016, and the next election of auditors will take place at the 2017 AGM. The Company's auditor is Deloitte AB, and the auditor-in-charge is Lars Helgesson (born 1960). Lars Helgesson is an authorised public accountant and member of FAR (the Swedish professional association for accounting consultants, auditors and advisors).

Deloitte AB has been the Company's auditor for the entire period covered by the historical financial information in this Prospectus. Lars Helgesson has been the Company's auditor-in-charge since 2016, as well as from 2005 until 2013. From 2013 until 2016, Svante Forsberg (born 1952) was the auditor-in-charge.

The address of Deloitte AB's head office is Rehnsgatan 11, SE-113 79 Stockholm, Sweden. Lars Helgesson's office address is Ringvägen 31, SE-831 26, Östersund, Sweden. Svante Forsberg's office address is c/o Deloitte, SE-113 79 Stockholm, Sweden.

Jenny Svensson, property manager Diös, Sundsvall

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Diös is a Swedish public limited liability company. Corporate governance describes how Diös' shareholders, directly and indirectly, control the Company and how risks are managed. Corporate governance is based on internal and external regulations such as Swedish law, primarily the Swedish Companies Act (2005:551), the Company's articles of association, internal guidelines, manuals, provisions and policies, current accounting legislation, Nasdaq Stockholm's Rule Book for Issuers and the Code.

THE CODE

The Code applies to all Swedish companies with shares listed on a regulated market in Sweden. The Code allows the Company to deviate from regulations, provided that any such deviations and the chosen alternative solution are described and the reasons explained in the Corporate Governance Report (the "comply or explain" approach). Any deviations are described in the Company's annual Corporate Governance Report.

The Company's application of the Code means that the Company has special procedures the appointment of board members and auditors, financial reporting and disclosure in relation to corporate governance and internal control, and policies for the Board of Directors' composition. Responsibility for the governance, management and control of the Company's operations is divided between the shareholders through the AGM, the Board of Directors and the Company's CEO.

According to the Company's 2015 Corporate Governance Report, the Company deviated from the Code with respect to the nomination committee being represented by the chairman of the board and the four largest shareholders.[1]

GENERAL MEETING

Under the Swedish Companies Act, the general meeting is the Company's highest decision-making body. At the general meeting, the shareholders exercise their voting rights on key issues, such as adoption of the income statements and balance sheets, disposition of the Company's profit, discharge from liability for the board's members, board chairman, election of board members and auditors and principles for the composition of the nomination committee and remuneration of the board members and auditors.

The annual general meeting (AGM) must be held within six months from the end of the financial year. In addition to the AGM, extraordinary general meetings (EGM) may also be convened. According to articles of association, a notice to attend a general meeting must be issued via an announcement in The Official Swedish Gazette and by publishing the notice on the Company's website. An announcement confirming the issuance of a notice to attend must also be published in Svenska Dagbladet.

RIGHT TO PARTICIPATE IN A GENERAL MEETING

Shareholders who wish to attend a general meeting must be registered in Euroclear's share register five business days prior to the general meeting, and notify the Company of their participation in the general meeting by the date specified in the notice of the general meeting. In addition to notifying the Company of their participation, those shareholders whose shares are registered in the name of a nominee through a bank or a securities institution, in order to be entitled to participate in the general meeting, must temporarily allow the nominee to re-register their shares with Euroclear in the shareholder's own name. Shareholders should inform the nominee in good time before the record date. Shareholders may attend the general meeting in person or by proxy and be accompanied by a maximum of two advisors. Shareholders can normally register for the general meeting in several different ways, and these must be specified in the notice.

SHAREHOLDER INITIATIVES

Shareholders who wish to have a matter addressed at general meetings must submit a written request thereof to the Board of Directors. Such a request must normally reach the Board of Directors not later than seven weeks prior to the general meeting.

ARTICLES OF ASSOCIATION

In accordance with the articles of association, Diös is a public limited liability company with its registered office in Östersund. The operations are based on, directly or indirectly through subsidiaries, owning and managing real property and conducting thereby related activities. The Board of Directors is elected annually at the AGM and is to consist of at least three, and not more than, ten board members with a maximum of ten deputy board members. The full version of the articles of association is available on the Company's website.

NOMINATION COMMITTEE

According to the Code, the Company is to have a nomination committee that is responsible for submitting proposals on the chairman of general meetings, board member candidates, including the chairman, fees and other remuneration of each board member and remuneration for committee work, the election and remuneration of external auditors and proposals on the nomination committee, or principles for appointing the nomination committee, for the next AGM.

At the AGM on 26 April 2016, it was resolved that a new nomination committee prior to the Company's 2017 AGM would be appointed as follows.

The nomination committee is to be appointed annually and comprise the chairman of the board, and one representative of each of the Company's four largest shareholders. The chairman of the board is to convene the nomination committee's meetings. The nomination committee appoints a chairman from amongst

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[1] *See also under the heading "Nomination committee" in this section.*

its members, who is not a member of the board. The CEO or other senior executives may not be members of the nomination committee.

The names of persons who will be part of the nomination committee are to be published not later than six months prior to the AGM on the Company's website. Should a member leave the nomination committee before its duties have been performed, the person shall be replaced by another representative of the shareholder whose representative stepped down from the nomination committee. If this owner is no longer one of the four largest shareholders, any new owner among the four largest shareholders can be offered a position on the nomination committee.

If application of the above principles in any case leads to members of the nomination committee being fewer than three, a representative of the Swedish Shareholders' Association may be offered a position on the nomination committee.

The term of the nomination committee appointed in the aforementioned manner shall continue until a new nomination committee is appointed. Before accepting the assignment, a nomination committee member should carefully consider whether any conflict of interest exists.

The nomination committee consists of Bob Persson, representing AB Persson Invest, Bo Forsén, representing Backahill Inter AB, Jonas Bengtsson, representing Bengtsson Tidning AB and Eva Gottfridsdotter-Nilsson, CEO and representative of Länsförsäkringar Fondförvaltning.

BOARD OF DIRECTORS

The Board of Directors is the highest decision-making body after the shareholders at the general meeting. Board members are normally appointed by the AGM for the period ending at the next AGM.

The Board of Directors follows written rules of procedure, adopted annually at the statutory Board of Directors meeting. The rules of procedure regulate the division of work and responsibilities between the Board of Directors, the chairman of the board and the CEO. The Board of Directors appoints the CEO and representatives of the audit committee and remuneration committee, and establishes instructions for the committees and instructions for the CEO.

The responsibilities of the Board of Directors are regulated by the Swedish Companies Act, Diös' articles of association, the Code and the board's rules of procedure. The board is responsible for the Company's organisation and administration of the Company's affairs, which includes responsibility for preparing overall, long-term strategies and objectives, budgets and business plans, the establishment of guidelines for the Company's operations and long-term value-creation, reviewing and adopting financial statements, making decisions in regard to investments and divestments, capital structure and dividend policy, development of the group's policies, ensuring a control system is in place for monitoring compliance with policies and guidelines, ensuring a system is in place for monitoring and control of the Company's operations and risks, significant changes in the Company's organisation and operations, appointing the Company's CEO and determining the salary and other remuneration of the CEO and the appointment and remuneration of senior executives.

The chairman of the board is responsible for ensuring that the board's members, through the CEO, regularly receive the information they require to monitor the Company's financial position, earnings, liquidity, financial planning and development. The chairman is responsible for fulfilling the tasks assigned by the AGM in regard to appointing a nomination committee and taking part in its work. In close collaboration with the CEO, the chairman is to monitor the Company's earnings and prepare and chair board meetings. The chairman is also responsible for ensuring that the Board of Directors annually evaluates its performance and that the Board of Directors receives sufficient information to perform its duties efficiently.

The Board of Directors currently consists of six board members, including one employee representative, and one deputy employee representative.[1)]

THE BOARD ON INTERNAL CONTROL

The Board of Directors is responsible for ensuring the effectiveness of Diös' internal control. Quality is assured by the Board of Directors' management of critical accounting matters, and the Company's financial statements. The matters addressed are compliance with applicable laws and regulations, significant uncertainties in carrying amounts, any errors that are not corrected, events after the balance-sheet date, changes in estimates and assumptions, any irregularities found and other conditions affecting the quality of the financial statements. Internal control is reported using the Internal Control – Integrated Framework (COSO). The framework consists of the following components: control environment, risk assessment, control activities, information and communication, and monitoring.

OTHER COMMITTEES

AUDIT COMMITTEE

The Board of Directors has resolved that the Company's audit committee shall consist of the entire Board of Directors. The committee's functions are set out in the Board of Directors' rules of procedure. The audit committee's responsibility is to assure the quality of the Company's financial reporting and the effectiveness of the Company's internal control and risk management. The assignment also includes remaining informed about the audit of the annual accounts and consolidated financial statements. The audit committee ensures the impartiality and independence of the auditor, evaluates the audit procedure and informs the Company's nomination committee about the results of the evaluation. The audit committee's work is set out in the Board of Directors' rules of procedure. The audit committee consists of all board members, Bob Persson, Anders Bengtsson, Ragnhild Backman, Maud Olofsson and Svante Paulsson.

FINANCE COMMITTEE

The Company has established a finance committee to monitor trends in the credit market and to prepare finance-related matters. The finance committee prepares finance-related proposals for a decision by the Board of Directors. The finance committee has

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1) The board members are presented in more detail in section "Board, senior executives and auditor" under the heading "Board members."

no power of decision in relation to financial matters. The finance committee consists of board members Bob Persson and Svante Paulsson, CEO Knut Rost and CFO Rolf Larsson.

REMUNERATION COMMITTEE

According to the Code, members of the remuneration committee must be independent in relation to the Company and its management. The Board of Directors' remuneration committee regularly evaluates the CEO's remuneration terms in relation to current market conditions. The remuneration committee prepares matters in these areas for a decision by the Board of Directors. The remuneration committee currently consists of board members Bob Persson and Anders Bengtsson. In the 2015 financial year, the remuneration committee met on two occasions, and addressed guidelines for the remuneration of senior executives.

GROUP MANAGEMENT

The CEO reports to the Board of Directors and is responsible for the Company's ongoing management and operation. The division of duties between the Board of Directors and CEO is set out in the rules of procedure for the Board of Directors and instructions for the CEO. Diös currently has five senior executives, including the CEO.[1]

The CEO is responsible for managing the operations in accordance with the Board of Directors' guidelines and instructions and for the Board of Directors receiving information and the necessary decision support. The CEO leads the work of group management and makes decisions in consultation with other senior executives. The CEO reports at Board of Directors meetings and ensures that board members continuously receive the information they need to monitor the financial position, earnings, liquidity and performance of the Company and the group. The chairman holds annual appraisals with the CEO in accordance with the instructions and applicable specifications.

Group management meets at least once a month to discuss strategic and operational issues. In addition, group management prepares an annual business plan, which is monitored through monthly reports focused on the earnings trend, improvements, new investments and growth.

PRINCIPLES FOR REMUNERATION

REMUNERATION OF THE BOARD OF DIRECTORS AND AUDITOR

Fees and other remuneration of board members, including the chairman, are determined by the AGM. The AGM on 26 April 2016 resolved on the following principles for remuneration of the Board of Directors and auditors.

Total Board of Directors fees amount to SEK 725,000, of which SEK 185,000 is paid to the chairman and SEK 135,000 to other board members. Auditor fees are paid as invoiced, subject to a ceiling amount.

REMUNERATION OF SENIOR EXECUTIVES

The AGM on 26 April 2016 resolved that the following guidelines for the remuneration of senior executives at Diös would apply until the 2017 AGM.

The guidelines are to apply for remuneration and other terms of employment for the CEO and other senior executives at Diös.

CEO remuneration and benefits are subject to a decision by the Board of Directors. Remuneration paid to other senior executives is subject to a decision by the CEO, in consultation with the Company's Board of Directors. An incentive programme was introduced in 2012, offering variable remuneration for the Company's CEO and senior executives, but there are no share-based payments. The variable remuneration must not exceed one month's salary. The CEO is entitled to a company car, and to insurance and pension benefits under the currently applicable ITP plan during his/her term of employment. Individual investment is also possible. Only cash-based salary forms the basis for insurance and pension contributions. The retirement age for the CEO is 65. If the Company chooses to terminate the CEO's employment, the period of notice is 12 months. If the CEO chooses to terminate his/her employment, the period of notice is four months. Remuneration during the notice period is deducted from income paid by other employers. Other senior executives are entitled to a company car. While employed by the Company, other senior executives are entitled to insurance and pension contributions under the applicable ITP plan at the selected time. Individual investment is also possible. Only cash-based salary forms the basis for insurance and pension contributions. The retirement age for other senior executives is 65. For other members of group management, a mutual notice period of three to six months applies between the employee and the Company.

Diös offers a profit-sharing scheme to all employees. Allocations to the profit-sharing scheme are based on the achieved return on equity and are capped at SEK 30,000 per year per employee.

AUDITORS

The auditor is to review the Company's financial statements and consolidated accounts, and the Company's management by the Board of Directors and CEO. Diös' financial statements and accounts, and the management of the Board of Directors and CEO, are audited in accordance with generally accepted auditing standards in Sweden. After each financial year, the auditor is to submit an audit report and a consolidated audit report to the AGM.

According to the Company's articles of association, the Company is to appoint one or two auditors with or without deputy auditors, or one or two registered public accounting firms. The Company's auditor is Deloitte AB, and the auditor-in-charge is Lars Helgesson.[2]

The Company's auditor attended three meetings of the audit committee during the 2015 financial year to report observations from the examination and assessment of the Company's internal control over financial reporting.

For the 2015 financial year, fees to the Company's auditor totalled SEK 2,245,000, of which SEK 1,658,000 was attributable to the audit assignment.

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1) The CEO and other senior executives are presented in more detail in section "Board, senior executives and auditor" under the heading "Senior executives."

2) The Company's auditor and auditor-in-charge are presented in more detail in section "Board, senior executives and auditor" under the heading "Auditor."

SHARES, SHARE CAPITAL AND OWNERSHIP STRUCTURE

GENERAL INFORMATION

According to Diös' articles of association adopted on 21 December 2016, the share capital shall be no less than SEK 149,000,000 and not more than SEK 596,000,000, divided between no less than 74,000,000 and not more than 296,000,000 shares. As of the date of this Prospectus, the Company's registered share capital amounts to SEK 149,457,668, divided between a total of 74,729,134 registered shares. The quotient value per share is approximately SEK 2.00. The Company's shares are issued in a single class. The shares are not subject to any transfer restrictions and there are no redemption provisions. As of 30 September 2016, the Company did not own any treasury shares.

The shares are denominated in SEK and issued in accordance with the Swedish Companies Act (2005:551). The shareholder rights attached to the shares may only be changed in accordance with the procedures set out in the above-named Act. The shares are fully paid. The New Shares are not subject to offers submitted due to a mandatory offer, redemption right or redemption obligation. No public takeover bid has been announced for the offered shares during the current or preceding financial year. The Company's shares are registered in a CSD register in accordance with the Act on Accounting of Financial Instruments (1998:1479). The register is maintained by Euroclear, the Swedish central securities depository (Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden). No share certificates have been issued.

On 21 December 2016, the extraordinary general meeting of the Company resolved to implement the Rights Issue and to authorise the Board of Directors to decide on the amount of the increase in the Company's share capital, the number of shares to be issued and the amount to be paid for each New Share. On 27 December 2016, the Board of Directors decided, with the general meeting's authorisation, to increase the Company's share capital by a maximum of SEK 119,566,608 million by issuing a maximum of 59,783,304 New Shares at a subscription price of SEK 31 per New Share.

Should the Rights Issue be fully subscribed, the number of shares in the Company would increase from 74,729,134 to 134,512,438. After the Rights Issue, the Company's share capital will amount to a maximum of SEK 292,024,276. For shareholders who choose not to subscribe for shares in the Rights Issue, their shareholding will be diluted by a maximum of forty-four (44) per cent.[1] However, these shareholders can be financially compensated for this dilution, fully or partially, by selling their subscription rights.

SOME RIGHTS ATTACHED TO THE SHARES

VOTING RIGHTS

Each share in the Company entitles the holder to one vote at the general meeting and each shareholder is entitled to vote for all shares held by the shareholder in the Company.

PREFERENTIAL RIGHT TO NEW SHARES, ETC.

If the Company issues New Shares, warrants or convertibles in a cash or set-off issue, the shareholders, as a general rule, have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue. There is no restriction in the Company's articles of association regarding the possibility to issue New Shares, warrants or convertibles, in accordance with the Swedish Companies Act (2005:551), with the disapplication of shareholders' preferential rights.

RIGHT TO DIVIDENDS AND LIQUIDATION PROCEEDS

All shares carry equal rights to dividends and to the Company's assets and any surplus in the event of liquidation.

SHARE CAPITAL TREND

The historical development of the Company's share capital since its inception in 1994 is summarised in the table below. Amounts are specified in SEK.

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[1] *Calculated using the number of New Shares, divided by the Company's total number of shares outstanding after the Rights Issue.*

Time	Event	Change in share capital	Share capital	Change in no. of shares	Total no. of shares	Quotient value
Dec 1994	Inception	50,000	50,000	5,000	5,000	10
Mar 1995	New share issue	5,560	55,560	556	5,556	10
Aug 1995	New share issue	3,440	59,000	344	5,900	10
Jan 1996	New share issue	1,820	60,820	182	6,082	10
Jan 1996	Exchange (convertibles)	3,440	64,260	344	6,426	10
Mar 1996	New share issue	3,680	66,940	268	6,694	10
Mar 1997	New share issue	33,060	100,000	3,306	10,000	10
Jun 2005	Share split 100:1	–	100,000	990,000	1,000,000	0,1
Jun 2005	New share issue	148,990	248,990	1,489,903	2,489,903	0,1
Sep 2005	New share issue	150,376	399,366	1,503,760	3,993,663	0,1
Jan 2006	Bonus issue	39,537,264	39,936,630	–	3,993,663	10
Jan 2006	Share split 5:1	–	39,936,630	15,974,652	19,968,315	2
May 2006	New share issue	16,666,800	56,603,430	8,333,400	28,301,715	2
Jul 2006	New share issue	10,000,000	66,603,430	5,000,000	33,301,715	2
Apr 2007	New share issue	1,332,500	67,935,930	666,250	33,967,965	2
Oct 2010	New share issue	199,458	68,135,388	99,729	34,067,694	2
Dec 2010	New share issue	6,570,332	74,705,720	3,285,466	37,353,160	2
Dec 2010	New share issue	22,814	74,728,534	11,407	37,364,567	2
Dec 2011	New share issue	45,708,272	120,436,806	22,854,136	60,218,703	2
Dec 2011	New share issue	29,020,862	149,457,668	14,510,431	74,729,134	2
*Jan 2017**	*New share issue*	*119 566 608*	*269 024 276*	*59 783 304*	*134 512 438*	*2*

** Share capital after completion of the Rights Issue.*

AUTHORISATIONS

NEW SHARE ISSUE

At Diös AGM held on 26 April 2016, it was resolved to authorise the Board of Directors, for the period until the next AGM, on one or more occasions, with or without disapplication of the shareholders' preferential rights, with or without provision of contribution in kind or set-off, to make decisions regarding a new issue of the Company's shares. The number of shares issued under the authorisation may correspond to a total increase in the Company's share capital of 10 per cent of the total number of shares outstanding on the date of the Board of Directors' first issuance decision. Issues made under the authorisation are to be made on market conditions and, when disapplying shareholders' preferential rights, be made to enable property or business acquisitions, in which payment is made with the Company's own shares or on a cash basis. The Board of Directors, or the party appointed by the Board of Directors, shall be authorised to make the minor adjustments arising from the decision and that are deemed necessary in connection with registration with the Swedish Companies Registration Office.

ACQUISITION AND TRANSFER OF OWN SHARES

At Diös AGM held on 26 April 2016, it was resolved to authorise the Board of Directors, for the period until the next AGM, on one or more occasions, to make decisions regarding the acquisition and transfer of own shares. The reason for the authorisation is to continuously adapt the Company's capital requirements and thereby contribute to added shareholder value, and to enable the transfer of own shares as payment for, or the financing of, property investments.

According to the authorisation, the maximum number of shares in an acquisition will enable the Company, after each acquisition, to own a maximum of 10 per cent of all shares in the Company. Acquisitions may be made through trading on Nasdaq Stockholm, and such acquisitions must only be effected at a price within the currently registered price range. Payment for the shares is to be made in cash.

According to the authorisation, the transfer of all own shares held by the Company may be made by trading on Nasdaq Stockholm, or by otherwise disapplying shareholders' preferential rights. Shares may only be transferred on Nasdaq Stockholm at a price per share within the currently registered price range, or for transfers in any other manner, at an estimated market price. Payment for transferred shares is to be made in cash, by contribution in kind, by setting-off claims against the Company or otherwise with conditions.

OWNERSHIP STRUCTURE

In Sweden, the minimum threshold for notifiable holdings (Sw: *flaggning*) is 5 per cent of all shares, or the voting rights for all shares. Based on data obtained from Euroclear, the Company's ten largest shareholders as of 30 November 2016, direct and indirect, are presented in the following table.

Shareholder	No. of shares	Holding and votes, %
AB Persson Invest	11,499,691	15.4
Backahill Inter AB	7,830,754	10.5
Bengtssons Tidnings Aktiebolag	7,518,222	10.0
Pensionskassan SHB Försäkringsförening	4,498,239	6.0
Försäkringsaktiebolaget Avanza Pension	2,517,247	3.4
Fjärde AP-fonden	2,155,240	2.9
Länsförsäkringar Fastighetsfond	1,512,968	2.0
Ssb Client Omnibus Ac Om07 (15 pct)	1,430,779	1.9
SEB Sverigefond	1,281,990	1.7
Staffan Rasjö	1,263,846	1.7
Total, 10 largest shareholders	**41,508,976**	**44.5**
Other shareholders	33,220,158	55.5
Total	**74,729,134**	**100.0**

OPTIONS, CONVERTIBLES AND SHARE-BASED INCENTIVE SCHEMES

As of the date of this Prospectus, Diös has no convertible promissory notes, warrants or other share-based securities outstanding that could entail a dilution for the shareholders of the Company if exercised. On the publication date of this Prospectus, no decisions have been made regarding the adoption of any share-based incentive schemes in the Company.

DIÖS' SHARE

The Diös share has been listed on Nasdaq Stockholm since 22 May 2006. The share is traded on Nasdaq Stockholm's Mid Cap segment. The ISIN is SE0001634262 and the share is traded under the DIOS ticker.

SHAREHOLDER AGREEMENTS

To the best of the Board of Directors of Diös' knowledge, there are no shareholder agreements or other arrangements between the Company's shareholders pertaining to joint control over the Company. Nor is the Board of Directors aware of any agreements or similar arrangements that could lead to changes in control over the Company.

DIVIDENDS

DIVIDEND POLICY

Shareholders are entitled to future dividends, subject to decisions thereof. All shares carry equal rights to dividends and to the Company's assets and any surplus in the event of liquidation. In the financial years ending on 31 December 2013, 2014 and 2015, dividends were paid in accordance with the following table.

	2013	2014	2015
Dividend per share, SEK	2.30	2.85	2.85

Diös aims to distribute about 50 per cent of consolidated profit after tax, excluding unrealised changes in value and deferred tax.

LEGAL CONDITIONS

Decisions regarding dividends or other forms of distribution are made by the shareholders at general meetings. Decisions regarding dividends or other forms of distribution may only be made on the condition that the Company's restricted equity is fully covered after the distribution. Restricted equity includes the Company's share capital and statutory reserve. In addition to the requirement on full coverage of the Company's restricted equity, decisions regarding dividends or other forms of distribution may only be made on the condition that the dividend is justifiable in terms of: (a) the requirements that the nature, scope and risks of the operations place on the amount of equity and (b) the Company's and, where applicable, the Group's consolidation requirement, liquidity and position in general (the Precautionary Principle). As a general rule, shareholders must not approve distributions that are greater than amounts recommended or approved by the Board of Directors.

According to the Swedish Companies Act (2005:551), minority shareholders that jointly represent no less than 10 per cent of the total number of shares outstanding of the Company are entitled to request dividends (to all shareholders) from the Company's profits. Upon such a request, the AGM must resolve to distribute the remainder of the profit according to the AGM-adopted balance sheet for the current year, less: (a) loss carried forward that exceeds unrestricted funds, (b) amounts that, pursuant to law or the articles of association, are to be allocated to restricted equity and (c) amounts that, according to the articles of association, are to be used for purposes other than shareholder dividends. However, the general meeting is not required to resolve on dividends higher than 5 per cent of the Company's equity. Furthermore, the general meeting may not resolve on dividends unless there is full coverage for the Company's restricted equity, or where the dividend does not meet the requirements of the Precautionary Principle described above.

OTHER INFORMATION

Only those registered as shareholders in the share register maintained by Euroclear on the AGM-adopted record date are entitled to dividends. The dividend is usually paid to shareholders through Euroclear as a cash amount per share, but payment may also be made in other forms rather than cash (distribution in kind). If a shareholder cannot be reached through Euroclear, the shareholder's claim on the Company, in relation to the dividend amount, remains. Such claims are subject to a ten-year limitation period. When the limitation period expires, the payment is forfeited to the Company.

The Company pays dividends in SEK. Neither the Swedish Companies Act (2005:551) nor Diös' articles of association include any restrictions on the right to dividends for shareholders not resident in Sweden. In addition to any restrictions imposed by banking and securities clearing systems in the affected jurisdictions, payment to such shareholders is made in the same manner as to other shareholders resident in Sweden. Payments to shareholders not resident in Sweden are normally subject to Swedish withholding tax.[1]

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1) For more information see section "Certain tax considerations in Sweden".

ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION

For Diös Fastigheter AB (publ) 556501-1771
Adopted at an extraordinary general meeting on 21 December 2016

§ 1 REGISTERED NAME

The Company's registered name is Diös Fastigheter AB. The company is a public limited company (publ).

§ 2 THE REGISTERED OFFICE AND VENUE FOR GENERAL MEETINGS

The registered office of the Board of Directors is in the Municipality of Östersund.

General meetings are held in Östersund or in Stockholm.

§ 3 OPERATIONS

The object of the Company's operations, directly or indirectly through subsidiaries, is to own, manage, improve and develop real property, as well as activities compatible therewith.

§ 4 SHARE CAPITAL AND SHARES

The share capital shall be at least SEK 149,000,000 and not more than SEK 596,000,000.
The number of shares shall be a minimum of 74,000,000 and a maximum of 296,000,000.

§ 5 BOARD OF DIRECTORS AND AUDITORS

The Board of Directors should consist of at least three and not more than ten board members, with a maximum of ten deputies.
The Company is to have one or two auditors, with or without deputy auditors, or one or two registered accounting firms.

§ 6 NOTICE OF A GENERAL MEETING

A general meeting shall be convened by publishing a notice in The Official Swedish Gazette and on the Company's website. Information that a notice has been issued shall be published in Svenska Dagbladet.

§ 7 SHAREHOLDER'S RIGHT TO ATTEND A GENERAL MEETING

A shareholder who wishes to attend the general meeting must be listed in printouts or other representation of the entire share register concerning the circumstances five weekdays before the meeting, and notify the Company not later than 12:00 pm on the date specified in the notice of the meeting. This date must not be a Sunday, another public holiday, a Saturday, Midsummer Eve, Christmas Eve or New Year's Eve nor fall earlier than the fifth weekday prior to the meeting.

§ 8 ANNUAL GENERAL MEETING

The following business shall be put before the annual general meeting:

1. Election of chairman of the meeting.
2. Preparation and approval of the voting list.
3. Adoption of the agenda.
4. Election of one or two persons to verify the minutes.
5. Determination of whether the meeting has been duly convened.
6. Presentation of the annual report and audit report, and the consolidated accounts and consolidated financial statements.
7. Resolutions on
    a. adoption of the income statement and balance sheet, and the consolidated income statement and consolidated balance sheet
    b. appropriation of the Company's profit or loss in accordance with the adopted balance sheet.
    c. discharge from liability for the board members and CEO.
8. Determination of the number of board members and deputy board members, and auditors and deputy auditors.
9. Determination of fees to the Board of Directors and auditor.
10. Election of board members and deputy board members, and auditor and deputy auditors or registered accounting firms.
11. Other matters to be addressed by the meeting in accordance with the Swedish Companies Act or articles of association.

§ 9 THIRD PARTY ATTENDANCE AT GENERAL MEETINGS

A party not registered in the share register shall be entitled to attend general meetings, subject to conditions determined by the Board of Directors.

§ 10 FINANCIAL YEAR

The company's financial year is the calendar year.

§ 11 RECORD DAY PROVISION

The Company's shares shall be registered in a CSD register pursuant to the Financial Instruments Accounts Act (1998:1479).

LEGAL CONSIDERATIONS AND OTHER INFORMATION

CERTAIN BASIC INFORMATION RELATED TO DIÖS[1]

Information about Diös	
Legal form	Public limited liability company
Corporate registration number	556501-1771
Incorporated	On 18 October 1994, registered with the Swedish Companies Registration Office on 7 December 1994
Head office	Municipality of Östersund
Address	Fritzhemsgatan 1A, SE-832 42 Frösön, Sweden
Phone number	+46 (0)770-33 22 00
Company name	Diös Fastigheter AB (publ) (registered on 21 June 2005)
Operational objective	Directly or indirectly through subsidiaries, manage, improve, and develop real property, as well as activities compatible therewith.

SIGNIFICANT AGREEMENTS

AGREEMENT ON PROPERTY AND COMPANY ACQUISITION

The Group regularly develops its property portfolio through acquisitions and divestments of properties and property-owning companies. The acquisition and divestment of properties and property-owning companies that the Board of Directors deems significant for the Group over the past two years are presented below. In the Board of Directors' opinion, the following acquisitions and divestments were of a commercial nature, and the transfer agreements signed contained standard industry guarantees and terms. During the period presented, no guarantee claims were made against any companies in the Group.

The Acquisition

On 21 November 2016, the Company entered a transfer agreement with Castellum to acquire the Property Portfolio at an agreed property value totalling SEK 4,500 million. In addition to proceeds of SEK 1,853 million, before deduction of issue costs, that the Rights Issue is expected to raise, the acquisition will also be financed with interest-bearing credit facilities of SEK 2,700 million. Despite being fully guaranteed, should the Rights Issue not be fully subscribed and proceeds not raised according to the aforementioned credit facilities, the Company will be forced to seek alternative financing.

The Acquisition is conditional upon (i) that an extraordinary general meeting in the Company resolves to implement the Rights Issue, and (ii) that the Swedish Competition Authority approves the Acquisition.

The Swedish Competition Authority's approval was announced on 12 December 2016. On 21 December 2016, the extraordinary general meeting of the Company resolved to approve the Rights Issue and to authorise the Board of Directors to make a decision on the final conditions of the Rights Issue. This means that the conditions of the transfer agreements have been met as of the date of this Prospectus. The transfer agreements contain guarantees from the sellers regarding the financial position, Property Portfolio, significant agreements, environment, employees and disputes of the property-owning companies. The transfer agreements also contain certain guarantees from Diös that, for example, the Company has sufficient financing to complete the acquisition. The estimated date for transfer of the Property Portfolio to Diös is 1 February 2017.

Acquisition of Luleå Kajan 18

The Company has entered into transfer agreements with Lantmännen (through subsidiaries) and Vasallen AB (through subsidiaries) to acquire all shares in Kajan 18 in Luleå Fastigheter AB, and indirectly in the Luleå Kajan 18 property. The underlying agreed property value is SEK 291 million. The building on the property is under construction, in accordance with the contract attached to the share-transfer agreement. The date of transfer is 10 January 2017, or a later date if agreed by the parties. It is the responsibility of the seller, at own expense, to ensure that the contract is completed and that the final inspection is approved. The Acquisition will be financed with new and existing bank loans, and own funds.

Barter transaction with Riksbyggen ekonomisk förening and Svenska Kommunalarbetarförbundet

Together with Riksbyggen Ekonomisk Förening and Svenska Kommunalarbetarförbundet, the Company has implemented a "barter transaction" whereby the Company acquired the Umeå Arken 1, Östersund Arken 8 and Östersund Tullvakten 2 properties and divested Umeå Hantverkaren 1, Östersund Nordsvensken 1, Östersund Parketten 6, Östersund Slåtterängen 7, Östersund Varmblodet 1, Östersund Ängsbetet 4, Östersund Brunflo-Viken 5:2, Umeå Karbinen 13, Umeå Vittergubben 1, Umeå Vittergubben 4, Östersund Strömmingen 6 and Östersund Strömmingen 7. The underlying property values totalled SEK 149 million for the acquisitions, and SEK 321 million for the divested properties. The date of transfer for all properties was 19 January 2016. The total purchase consideration was about SEK 79.7 million for the acquisi-

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[1] *For a complete list of the companies in the Group, Diös' position in the Group and information about Diös' subsidiaries, see under the heading "Complete group structure" in this section.*

tions, and SEK 201.6 million for the divestments. The acquisitions were 100 per cent financed with own funds.

Acquisition of properties in Skellefteå

The Company has acquired all shares in Diös Fastigheter Sleipner AB, Diös Fastigheter Sirius AB and Diös Fastigheter Hjorten AB, and indirectly the properties Skellefteå Sleipner 5, Skellefteå Sirius 24, Skellefteå Sirius 25, Skellefteå Hjorten 5 properties and part of the Skellefteå Sirius 16 property from Fastighets AB Polaris, Skellefteå Kraftaktiebolag and the Municipality of Skellefteå. The underlying property values totalled SEK 653 million. The date of transfer was 1 December 2015. The acquisition was partly financed with new and existing bank loans, corresponding to about SEK 531 million, and the remaining portion with own funds. The purchase consideration for the shares amounted to approximately SEK 293.1 million. The date of transfer was 1 December 2015. The acquisition was partly financed with new and existing bank loans, corresponding to about SEK 531 million, and the remaining portion with own funds.

Divestment of properties in Härnösand

The Company has divested all shares in Diös Härnösand 1 AB, Diös Härnösand 2 AB, Diös Härnösand 3 AB, Diös Härnösand 4 AB, Diös Härnösand 5 AB, Diös Härnösand 6 AB and Diös Härnösand 7 AB and indirectly the properties Härnösand Adjunkten 3, Härnösand Barkassen 3, Härnösand Börsen 1, Härnösand Fyrvaktaren 19, Härnösand Guldsmeden 9, Härnösand Guldsmeden 10, Härnösand Guldsmeden 11, Härnösand Kandidaten 3, Härnösand Kopparslagaren 28, Härnösand Kostern 1, Härnösand Kullen 1:35, Härnösand Köpmannen 9, Härnösand Motorn 3, Härnösand Notarien 5, Härnösand Saltvik 2:68, Härnösand Skepparen 5, Härnösand Skepparen 8, Härnösand Skutan 8, Härnösand Smultronet 4, Härnösand Stenhammar 1:209, Härnösand Städet 2, Härnösand Städet 15, Härnösand Svarven 1, Härnösand Svarven 3, Härnösand Svarven 13, Härnösand Svarven 15, Härnösand Tullen 10, Härnösand Äland 2:87 and Härnösand Ön 2:53, plus the leasehold to Härnösand Barken 9 to Thyrén Westerlind Real Estate Development AB. The underlying property values totalled SEK 342.5 million. The date of transfer was 12 January 2016. The purchase consideration was about SEK 83.3 million.

CONTSTRUCTION AND PROJECT DEVELOPMENT AGREEMENTS

The Company has entered into a general contractor agreement with Skanska Sverige AB regarding the construction of new business premises and apartments on the property Östersund Barberaren 7. The construction contract was based on the industry standard AB 04, containing general terms and conditions in relation to rights, obligations and risk sharing between the parties. The contract was approved and handed over at the final inspection in August 2015. The contract comprised a total investment of about SEK 133 million.

LEASES

The group is not dependent on any single lease. However, all leases combined are of major significance for the Group's operations and profitability. As of 30 September 2016, the Company and its subsidiaries had approximately 7,386 leases, of which leases with the Company's ten largest tenants, based on rental income, accounted for SEK 216 million (16.7 per cent) in annual contract value. The notice periods for leases with the Company's largest tenants vary between nine to twelve months and the average term for these leases is 3.4 years. The largest single tenant is the Swedish Transport Administration, accounting for 3.7 per cent of the total contract value.[1]

Lease with the Swedish Transport Administration

The Group's most significant lease in terms of annual contract value was signed between Diös Fastigheter Gävle/Dala Kommanditbolag and the Swedish Transport Administration, in relation to a premise measuring 33,850 square metres on the property Borlänge Intagan 1. The lease period runs from 1 July 2014 until 30 June 2020 and will be extended for three years at a time if the lease is not terminated nine months before the lease period expires. The base rent is approximately SEK 33.7 million, excluding VAT and supplements, and is index-linked. Under a supplementary agreement, the Swedish Transport Administration is entitled to, pursuant to a nine-month notice period, withdraw from all leased areas in one of the leased buildings (Building 17) on 1 January 2019.

SUPPLIER AGREEMENTS

The Company has entered into an agreement with ATEA Sverige AB for the delivery of mainly IT operations, related consulting services and licenses for Microsoft Office, Microsoft SQL databases, Exchange and antivirus software. The existing agreement expires on 30 June 2017, and the parties are currently negotiating a new agreement. The estimated contract value of the new agreement is approximately SEK 10.8 million, with a three-year duration and a unilateral right for the Company to terminate the agreement after one year. The Company expects to conclude the new agreement before the end of October in 2016.

FINANCING AGREEMENTS

General information

The Group's loan agreements have been signed partly by the Company, and partly by its directly and indirectly owned subsidiaries, mainly to finance property acquisitions, construction projects, general business transactions and to refinance debts. The Group's creditors under contracted loan agreements include Svenska Handelsbanken AB (publ), Swedbank AB (publ) and the Swedish branch of Danske Bank A/S in Denmark. The Company has also purchased bonds in the capital market through its associated company SFF. Bank financing accounts for 88 per cent, and bond financing for 12 per cent, of the Group's loan portfolio.

Diös' credits can essentially be divided into the following categories in terms of collateral structure: (a) credits to the Company against collateral in the form of Diös' promissory note receivables

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[1] *For more information about the Group's leases, please see section "Diös before the Acquisition" under the heading "Tenants."*

against subsidiaries with therein pledged property mortgages, b) credits to subsidiaries against collateral in the form of pledged property mortgages, c) credits to subsidiaries supplemented by parent company guarantees, d) credits against collateral in the form of pledged shares and/or participations and e) issuance of covered bonds against collateral in the form of pledged property mortgages and shares and/or participations in property-owning subsidiaries.

The loan agreements contain conditions linked to the achievement of several financial objectives, including the loan-to-value ratio, interest coverage ratio and equity ratio. Most of the Group's loans have variable interest rates. However, Diös has entered into interest-rate swaps under which Diös normally pays fixed interest in order to obtain a variable interest rate, to reduce interest-rate risk.

Loan agreements

Together with several subsidiaries, the Company has signed a loan agreement totalling SEK 5,248,728,852 with Svenska Handelsbanken AB (publ), subject to customary conditions. Under the loan agreement, the Company had utilised credit totalling approximately SEK 4.6 billion as of 30 September 2016. The loan agreement consists of four term loans and one revolving credit facility. The Company and its subsidiaries have provided collateral for the loan in the form of property mortgages, reverse mortgage-backed securities, share pledge in a number of subsidiaries, and a pledge in bearer bonds. The Company has also entered into parent company guarantees as surety for the subsidiaries' obligations. Two of the term loans, totalling SEK 1,730,217,749, will mature on 31 March 2017. One term loan, totalling approximately SEK 1.5 billion, will mature on 30 December 2018 and one term loan, totalling approximately SEK 874 million, will mature on 31 March 2019. The revolving credit facility, totalling approximately SEK 567 million, will mature on 31 October 2017.

The Company has entered into a loan agreement of approximately SEK 1.7 billion with Swedbank AB (publ), subject to customary conditions. Under the loan agreement, the Company had utilised credit totalling approximately SEK 1.5 billion at 30 September 2016. The loan agreement is mainly intended to refinance earlier loans. The Company has provided collateral for the loan in the form of property mortgages, reverse mortgage-backed securities, share pledge in a number of subsidiaries. The loan will mature on 12 November 2018.

Diös Fastigheter Östersund V AB has entered into a loan agreement of SEK 865 million with Swedbank AB (publ), subject to customary conditions. Under the loan agreement, Diös Fastigheter Östersund V AB had utilised loans totalling SEK 650 million at 21 October 2016. The loan agreement is mainly intended to refinance earlier loans and to finance general business transactions. Diös Fastigheter Östersund V AB has provided collateral for the loan in the form of property mortgages, reverse mortgage-backed securities and share pledge in several subsidiaries. The Company has also entered into parent company guarantees as surety for the subsidiary's obligations under the loan agreement. The loan will mature on 29 December 2018.

Diös Smedjan AB has entered into a loan agreement of SEK 230 million with the Swedish branch of Danske Bank A/S in Denmark, subject to customary conditions. Under the loan agreement, Diös Smedjan AB had utilised loans totalling SEK 227.7 million as of 30 September 2016. The loan agreement has mainly been signed to refinance existing credit with new creditors. Diös Smedjan AB has provided collateral for the loan in the form of property mortgages. The Company has also entered into parent company guarantees as surety for the subsidiary's obligations under the loan agreement. The loan will mature on 29 March 2018.

The Company, Diös Obligation Holding AB and Diös Obligation AB have entered into agreements with SFF and other parties. SFF is owned by SFF Holding AB, which in turn is owned one-fifth by the Company. SFF issues bond and offers loans to SFF Holding AB's shareholders. At 1 December 2016, the Company had purchased bonds totalling SEK 1,015 million and raised contiguous primary loans totalling SEK 56 million through SFF. The bonds are mainly purchased to finance general business transactions. The Company has provided collateral for the bonds in the form of property mortgages, share pledge in a number of subsidiaries and an account with liquid funds. The Company has also entered into parent company guarantees as surety for the subsidiaries' obligations. Bonds totalling SEK 441 million will mature on 31 May 2018 and the contiguous primary loans will mature on 29 March 2019. Bonds totalling SEK 574 million will mature on 20 May 2020 and the contiguous primary loans will mature on 31 March 2021.

UNDERWRITING AGREEMENT

On 21 November 2016, the Company entered into the Underwriting Agreement under which the Joint Global Coordinators, under certain conditions, have agreed to subscribe for unsubscribed or unpaid New Shares in the Rights Issue up to an amount equivalent to the maximum limit of the Rights Issue, less the subscription commitments of the Principal Owners.

The obligations of the Joint Global Coordinators under the Underwriting Agreement presume that certain conditions are met, such as the Principal Owners meeting their respective subscription commitments, that the Company through the Rights Issue and other financing sources has sufficient funds to complete the acquisition of the Property Portfolio, that the customary acknowledgements and legal opinions have been obtained, that the necessary permits in connection with the Offering have been obtained, that the Board of Directors and senior executives, as well as the employee representatives, enter into a lockup agreement.

Under the Underwriting Agreement, the Company has provided customary guarantees to the Joint Global Coordinators regarding the Group's operations, for example, in relation to the Group's earnings, financial position and business operations, share capital, authorisation, ownership of subsidiaries and properties, tax, insurances, legal and regulatory compliance and the design of this Prospectus. Under the Underwriting Agreement, the Company also agreed – to the extent permitted by Swedish law – to hold the Joint Global Coordinators harmless and indemnified from certain damages and liabilities. The Underwriting Agreement may also be jointly terminated by the Joint Global Coordinators should certain events occur. Such events include customary grounds for termination, such as a material adverse change in the earnings, financial position or business operations of the Group or the property-owning companies, a material adverse change in the financial market, a suspension of trading on the securities issued by the Company and significant trading or clearing halts in general. Under the Underwriting Agreement, the Joint Global Coordinators will subscribe for unsubscribed and paid New Shares in the proportions shown in the table below.

Joint Global Coordinators	Guarantee obligations (SEK million)
Swedbank	605
Nordea	605
Total	**1,210**

The guarantors' commitments to subscribe for shares has not been secured and there is a risk that the Joint Global Coordinators cannot or will be obligated to meet their respective commitments under the Underwriting Agreement.[1)]

The Underwriting Agreement may also be jointly terminated by the Joint Global Coordinators should certain events occur. Such events include customary grounds for termination, such as a material adverse change in the earnings, financial position or business operations of the group or Castellum, a material adverse change in the financial market, a suspension of trading on the securities issued by the Company and significant trading or clearing halts in general.

SUBSCRIPTION COMMITMENTS OF THE PRINCIPAL OWNERS

The Principal Owners, who jointly represent approximately 36 per cent of the shares and votes in the Company, have agreed to subscribe for their respective *pro rata* shares in the Rights Issue through special subscription commitments. The Principal Owners' subscription commitments are not secured, but conditional upon the Joint Global Coordinators not terminating the Underwriting Agreement before the subscription period expires.[2)] The Principal Owners have agreed to subscribe for New Shares in the proportions shown in the table below.

Principal Owners	Subscription commitments (SEK)
AB Persson Invest	285,192,312
Backahill Inter AB	194,202,693
Bengtssons Tidnings Aktiebolag	186,451,887
Total	**665,846,892**

OTHER SIGNIFICANT AGREEMENTS

Apart from what is reported in this section, Diös is not dependent on any single agreement of major significance for the Company's operations or profitability.

LOCKUP

The Board of Directors (excluding employee representatives) and senior executives of the Company have signed lockup agreements and thereby committed to not reducing their holdings in the Company in any way, which also includes New Shares that are subscribed, without written authorisation from the Joint Global Coordinators. The Joint Global Coordinators provide such written authorisation on a discretionary basis. However, the lockup agreements allow transfers to spouse, child, parent or sibling without the consent of the Joint Global Coordinators. The commitment applies until, and including, 31 March 2017, with the exception of the Principal Owners' board representatives whose commitment extends until, and including, the same date as the Principal Owners' lockup, which is 21 February 2017.

In their respective subscription commitments, the Principal Owners have agreed to not reduce their holdings in the Company in any way until, and including, 21 February 2017, without written authorisation from the Joint Global Coordinators. This lockup also includes subscribed New Shares.

Under the Underwriting Agreement, the Company has undertaken to not, without the written consent of the Joint Global Coordinators and for a period from the publication date of the subscription results of the Rights Issue until, and including, the later of (a) 180 days thereafter, or (b) the date on which the Company publishes its year-end report for the period January 2016–December 2016:

- issue or commit to issue, or directly or indirectly, sell, transfer, pledge, grant surety in or issue warrants of, or enter into agreements or other similar arrangements, or otherwise, directly or indirectly, transfer or dispose of financial interests in the Company's shares, or publish the intention to carry out such issue, sale, transfer, pledge, encumbrance, charge, grant or offer,
- enter into swap agreements or other arrangements or transactions by which the financial consequences, such as owning the Company's shares, are fully or partially transferred (regardless of whether such swap agreement or transaction is offset by the delivery of shares, cash or otherwise), or
- carry out capital increases or issue convertible notes, exchangeable notes or other securities that can be converted, replaced, exercised for, or otherwise provide entitlement, to subscribe for, or acquire the Company's shares.

The lockup provisions in the Underwriting Agreement do not include the Company's issue of New shares in conjunction with the Rights Issue or other specifically excluded issues, repurchases, conversions or other divestments.

INSURANCE

The Group's insurance provides the normal business and property coverage, and liability coverage for board members and the CEO. Diös considers the Group's insurance coverage equivalent to the coverage applied by other companies in the property sector.

INTELLECTUAL PROPERTY RIGHTS

In addition to its registered Company name, the Group holds the following registered trademarks: Norrvidden (word mark), Norrvidden Fastigheter AB (word mark), norrvidden FASTIGHETER (figurative mark), Fabös (word mark and figurative mark) and the following domain names: arestationshus.se, centrumhusetljusdal.se, diosfastigheter.nu, diosfastigheter.se, dios.se, diösfastigheter.se,

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1) *For more information, please see section "Risk factors" under the heading "Subscription and guarantee commitments related to the Rights Issue."*
2) *For more information, please see section "Risk factors" under the heading "Subscription and guarantee commitments related to the Rights Issue."*

diös.se, falangallerian.se, falangalleria.se, falukontorshotell.se, flanor.se, frosostrand.se, insundsvall.se, karnanostersund.se, metropolsundsvall.se, sagagallerian.se, smedjangalleria.se, vintergatangalleria.se, ingallerian.se, bergstromsgalleria.se, flanor.com, sagagallerian.com, flanör.se.

In addition to these intellectual property rights, the Company holds the copyright to the source code for the PLUH program, a system for maintenance planning.

ENVIRONMENT

Elevated radon levels have been found in 14 properties. A further 26–36 properties may also have elevated radon levels. The Company assesses that measures will be required in relation thereto, and that the subsequent costs will amount to approximately SEK 4.5–5 million. The estimated costs for radon measurement in the properties not yet included in the radon inventory amount to approximately SEK 3–3.75 million. PCB remediation will be carried out in four properties, of which three are subject to official notification. The Company estimates the total costs for PCB remediation to be approximately SEK 5.9 million. Otherwise, the Company is not currently subject to any requirements in relation to remediation or damages due to contamination.

DISPUTES

Diös is not, and has not been, party to any legal proceedings during the current financial year that have had, or could have, a material adverse effect on the Group's earnings or financial position.

RELATED-PARTY TRANSACTIONS

Related-party transactions with the Company's largest shareholder, AB Persson Invest, accounted for 0.7 per cent of the Company's purchasing costs during the 2014 and 2015 financial years. In the 2015 financial year, Diös and NHP Sverige AB founded the joint company Kabin Väst Holding AB. Kabin Väst Holding AB did not conduct any operations during the year. AB Persson Invest owns 50 per cent of NHP Sverige AB.

In conjunction with the acquisition of Norrvidden AB in 2011, the Company also entered a partnership with Örndalen Exploatering AB. The Company's cost in relation to Örndalen Exploatering AB amounted to SEK 0, since the shares were fully impaired in Norrvidden AB's financial statements on the date of the Company's acquisition. When Christer Sundin resigned as CEO of the Company in April 2014, he purchased the shares in the aforementioned company for SEK 50,000.

No other related-party transactions that, individually or combined, are significant for the Company have taken place over the past three financial years. Any related-party transactions that occurred are considered to have taken place under normal market terms. No board member, senior executives or auditor at Diös or its subsidiaries has individually, through companies or related parties, been involved in business transactions that have been, or are, unusual due to their nature or terms.

INFORMATION FROM THIRD PARTIES

At the Company's request, a property valuation certificate has been obtained from an independent expert appraiser through Savills Sweden AB. Savills Sweden AB has consented to inclusion of the property valuation in this Prospectus in the form and context presented thereof. The appraisers are property valuers authorised by Samhällsbyggarna (Swedish Professionals for the Built Environment). The Auditor's report on pro forma financial statements and the audit report pertaining to current earning capacity after the Acquisition have been obtained from Deloitte AB at the Company's request. Deloitte AB has consented to inclusion of the obtained information in this Prospectus in the form and context presented thereof.

Information from third parties has been accurately reproduced in the Prospectus and, as far as the Company is aware and can ascertain by comparisons with other information published by the relevant third parties, no information has otherwise been omitted that could render the reproduced information inaccurate or misleading. None of the people who participated in this work, as far as the Company is aware, have any material interest in the Company. The Company or the Company's auditors have not verified the figures, market data or any other information prepared by third parties and, accordingly, the Board of Directors does not assume any responsibility for the accuracy of such information in this Prospectus, and such information should be read with this in mind. Some financial information in the Prospectus has been rounded off, which means that some tables do not tally.

ADVISORS' INTERESTS

Due to the advisory services provided and the guarantee obligations undertaken by the Joint Global Coordinators, the Company have agreed to pay SEK 32 million in guarantee costs and fees, corresponding to 1.7 per cent of the proceeds (gross) from the Offering. Some of these payments will be reduced in the event that the Underwriting Agreement is terminated before the Rights Issue is completed.

The Joint Global Coordinators or their respective affiliated companies have provided and may, in future, provide financial advisory, placement, investment, commercial banking or other services to the Company and its affiliated companies, for which they have received and may, in future, be expected to continue receiving, the customary fees and commissions. In addition, the Joint Global Coordinators (and their affiliates) are lenders and/or banks, alternatively underwriters, for the loans granted to Diös and have signed guarantee obligations under the Underwriting Agreement in relation to the forthcoming Rights Issue, refer to the "*Underwriting Agreement*" section for more information.

Advokatfirman Glimstedt Stockholm Kommanditbolag is serving as legal advisor to Diös on the Rights Issue. Linklaters Advokatbyrå Aktiebolag is serving as legal advisor to the Joint Global Coordinators on the Rights Issue.

TOTAL COSTS FOR THE ACQUISITION AND THE RIGHTS ISSUE

The Company's expenses in relation to the Acquisition and the Rights Issue are approximately SEK 55 million.

DOCUMENTS INCORPORATED BY REFERENCE AND THAT ARE AVAILABLE FOR INSPECTION

The following documents, which have already been published, will be incorporated by reference and form part of this Prospectus:

Information	Pages	Document
The group's financial statements with related notes and auditor's report for the 2013 financial year.	Income statements on pages 46 and 50, balance sheets on pages 47 and 51, statement on changes in equity on pages 48 and 52, cash flow statement on pages 49 and 53, accounting principles and notes on pages 54-67 and auditor's report on page 69.	2013 Annual Report for Diös Fastigheter AB.
The group's financial statements with related notes and auditor's report for the 2014 financial year.	Income statements on pages 45 and 48, balance sheets on pages 46 and 49, statement on changes in equity on pages 47 and 50, cash flow statement on pages 47 and 50, accounting principles and notes on pages 51-65 and auditor's report on page 67.	2014 Annual Report for Diös Fastigheter AB.
The group's financial statements with related notes and auditor's report for the 2015 financial year.	Income statements on pages 45 and 48, balance sheets on pages 46 and 49, statement on changes in equity on pages 47 and 50, cash flow statement on pages 47 and 50, accounting principles and notes on pages 51-65 and auditor's report on page 67.	2015 Annual Report for Diös Fastigheter AB.
The group's financial statements with related notes for the period 1 January – 30 September 2016.	Revenue, expenses and results on page 5, property portfolio on pages 6-8, financial position, interest expense, interest rates and loan maturity and sensitivity analysis on page 14, employees and organisation, parent company and deferred taxes on page 16, income statements on pages 19 and 26, balance sheets on pages 20 and 26, statement on changes in equity on page 20, accounting principles and notes on pages 22-24 and auditor's report on page 17.	Interim report, Diös Fastigheter AB, for the period 1 January-30 September 2016.

Throughout the validity period of this Prospectus, copies of the following documents will be available for review at Diös Fastigheter AB (publ), Fritzhemsgatan 1A, SE-832 42 Frösön, Sweden, during normal business hours:

- The Company's articles of association and memorandum of association,
- Valuation certificate issued by an independent expert (Savills Sweden AB) and specifically ordered by the Company for this Prospectus,
- The Company's interim report for the period 1 January – 30 September 2016,
- The group's audited financial statements for 2013, 2014 and 2015 and
- this Prospectus.

The Company's articles of association and audited financial statements are also available via the Company's website: (www.)dios.se.

COMPLETE GROUP STRUCTURE

As of the date of this Prospectus, Diös is the parent company of 94 directly or indirectly owned subsidiaries, as listed below.

Company, corporate registration number, registered office	Number of shares/ participations	Participations, %
Diös Fastigheter AB, 556501-1771, Östersund	74,729,134	100%
Diös Obligation Holding AB, 556912-4471, Östersund	500	100%
Diös Obligation AB, 556992-0746, Östersund	500	100%
Diös Åre AB, 559000-9279, Östersund	500	100%
Kabin Väst Holding AB, 559004-6313, Östersund	3,000	50%
Diös Projektering AB, 559015-7649, Östersund	500	100%
Diös Fastigheter I AB, 556544-4998, Östersund	210,000	100%
Diös Fastigheter Gävle/Dala Kommanditbolag, 969710-4504, Östersund	–	100%
Diös Falun I AB, 556587-0978, Östersund	1 000	100%
Borlänge Intagan 1 AB, org.nr 559026-2084, Östersund	50,000	100%
Diös Fastigheter Falun Handelsbolag, 969733-6247, Östersund (Diös Fastigheter V AB, 556571-9969, is also a partner)	–	100%
Diös Fastigheter Falun III AB, 556223-2446, Östersund	5,500	100%
Diös Fastigheter Falun IV AB, 556781-1178, Östersund	3,000	100%
Diös Fastigheter Gävle I AB, 556824-2092, Östersund	500	100%
Diös Fastigheter Väster Handelsbolag, 969711-1194, Östersund (Diös Fastigheter II AB, 556610-9111, is also a partner)	–	100%
Fastighets AB Hamntorget, 556745-5455, Östersund	1,000	100%
Östra Berget Fastigheter AB, 556832-7901, Östersund	50,000	100%
Diös Fastigheter Stranden 19:5 AB, 556606-2740, Östersund	100,000	100%
Diös Fastigheter Krukan AB, org.nr 559026-1862, Östersund	50,000	100%
Diös Fastigheter II AB, 556610-9111, Östersund	10,010	100%
Diös Fastigheter Östersund Handelsbolag, 969711-1343, Östersund (Diös Fastigheter I AB, 556544-4998, is also a partner)	–	100%
Diös Fastigheter Östersund I AB, 556431-9175, Östersund	2,000	100%
Diös Fastigheter Östersund II AB, 556228-2011, Östersund	1,000	100%
Fastighetsfirman Nordhem Handelsbolag, 916472-1269, Östersund, (Diös Fastigheter II AB, 556610-9111, is also a partner)	–	100%
Fastighetsbolaget Tularken Kommanditbolag, 9165900243, Östersund	–	100%
Fastighets AB Uprum, 556711-2619, Östersund	1,000	100%
Diös Invest II AB, 556673-1658, Östersund	1,000	100%
Diös Invest AB, 556626-0161, Östersund	3,600,000	100%
Kommanditbolaget Sundsvall Venus 3, 969687-3943, Östersund	–	100%
Kommanditbolaget Ruet, 969631-2769, Östersund	–	100%
Kommanditbolaget Umeå Björnjägaren 1, 969687-6201, Östersund	–	100%
Kommanditbolaget Formen 2, 969687-5484, Östersund	–	100%
Kommanditbolaget Sundsvall Glädjen 4, 969687-5906, Östersund	–	100%
Kommanditbolaget Diös Gästgivaren 3, 969687-2762, Östersund	–	100%
Kommanditbolaget Arbetet 3, 969687-3000, Östersund	–	100%
Kommanditbolaget Lyckan 6, 969687-5658, Östersund	–	100%
Kommanditbolaget Luleå Pelikanen 6, 969687-7951, Östersund	–	100%
Kommanditbolaget Magistern 1, 969687-3257, Östersund	–	100%
Kommanditbolaget Buntmakaren 2, 969687-5302, Östersund	–	100%
Kommanditbolag Sundsvall Penningen 9, 969687-5641, Östersund	–	100%
Kommanditbolaget Mercurius 12, 969687-3026, Östersund	–	100%
Kommanditbolaget Månadsmötet 8, 969687-2580, Östersund	–	100%
Samperi Handelsbolag, 916587-9355, Östersund (Diös Norrlandskusten AB, 556539-5612, is also a partner)	–	100%
Diös Norrland AB, 556230-8212, Östersund	1,000	100%
Fastighets Kommanditbolag Korskällgatan, 916633-8088, Östersund	–	100%
Mobyarna Kommanditbolag, 916839-8585, Östersund	–	100%
Kommanditbolaget Fryno, 969630-5490, Östersund	–	100%
Fastighetsbolaget Ateneum i Brynäs Kommanditbolag, 916606-5012, Östersund	–	100%
Trellvex Kommanditbolaget, 916549-7430, Östersund	–	100%

Company, corporate registration number, registered office	Number of shares/ participations	Participations, %
Fastighets Kommanditbolag Alderholmen i Gävle, 916625-2859, Östersund	–	100%
Kommanditbolag Snyltbaggen, 969630-7595, Östersund	–	100%
Kommanditbolaget Centauren, 969636-7664, Östersund	–	100%
Fastighets Kommanditbolag Äland, 916633-8096, Östersund	–	100%
Diös Mitt AB, 556065-5796, Östersund	30,000	100%
Diös Norrlandskusten AB, 556539-5612, Östersund	10,000	100%
Kommanditbolaget Östersund Prästgatan 46, 969687-3091, Östersund	–	100%
Åkeriet 11 AB, 559052-1901, Östersund	50,000	100%
Diös Fastigheter Östersund V AB, 556374-0256, Östersund	89,110	100%
Diös Jämtland AB, 556034-8657, Östersund	150	100%
Industrihuset Dubben AB, 556432-3045, Östersund	70,000	100%
Diös Smedjan AB, 556758-1565, Östersund	1,000	100%
BiessieBaenie AB, 556619-5979, Östersund	1,000	96%
Fastighetsaktiebolaget Norkom, 556483-5337, Östersund	9,000	50%
Åre Centrum AB, 556624-4678, Åre	532,418	72%
Åre Station AB, 556678-4772, Åre	1,000	72%
Åre Centrum II AB, 556686-9631, Åre	1,000	72%
Diös Fastigheter V AB, 556571-9969, Östersund	2,700	100%
Diös Sundsvall AB, 556148-9971, Östersund	2,000	100%
Diös Sundsvall II AB, 556497-3484, Östersund	10,000	100%
Diös Sundsvall III AB, 556172-3429, Östersund	1,000	100%
Diös Fastigheter VI AB, 556561-0861, Östersund	1,000	100%
Fastighetsbolaget Arken Handelsbolag, 916595-6609, Östersund (Diös Fastigheter II AB, 556610-9111, is also a partner)	–	100%
Diös Fastigheter Skellefteå AB, 556598-1627, Östersund	41,000	100%
Diös Fastigheter Skellefteå I AB, 556550-0161, Östersund	10,000	100%
Diös Fastigheter Skellefteå III AB, 559023-3531, Östersund	500	100%
Diös Fastigheter Sirius AB, 559023-3549, Östersund	500	100%
Diös Fastigheter Skellefteå II AB, 559023-3507, Östersund	500	100%
Diös Fastigheter Sleipner AB, 559023-3499, Östersund	500	100%
Diös Fastigheter Hjorten AB, 559023-3515, Östersund	500	100%
Aurorum Teknikbyn Aktiebolag, 556469-0989, Östersund	40,000	100%
Diös Fastigheter VII AB, 556589-8433, Östersund	101,000	100%
Mörviken Fastigheter AB, 559075-0385, Umeå	500	100%
Diös Gamla Bergsskolan AB, 559041-8355, Östersund	50,000	100%
Diös Magne AB, 559085-5689, Östersund	50,000	100%
Diös Järnvägsstationen AB, 559085-5671, Östersund	50,000	100%
Diös Östermalm AB, 559085-5705, Östersund	50,000	100%
Diös Biet AB, 559085-5697, Östersund	50,000	100%
Diös Hermelinen AB, 559085-5648, Östersund	50,000	100%
Diös Badhuset AB, 559085-5630, Östersund	50,000	100%
Diös Struktur 1 AB, 559067-1912, Östersund	50,000	100%
Diös Forellen AB, 559085-5663, Östersund	50,000	100%
Diös Cupido AB, 559085-5655, Östersund	50,000	100%
Diös Bryggeriet AB, 559085-5606, Östersund	50,000	100%
Diös Esplanaden AB, 559085-5598, Östersund	50,000	100%
Diös Kraften AB, 559085-5622, Östersund	50,000	100%

CERTAIN TAX CONSIDERATIONS IN SWEDEN

The following section summarises certain Swedish tax regulations that may arise from the Offering. The summary is intended for shareholders who are fully liable to pay tax in Sweden, unless otherwise stated. The summary is not intended to be exhaustive and does not include situations in which the shares are held by a partnership, or as current assets in a business operation. Nor does the summary deal with particular regulations governing tax-exempt capital gains (including non-deductible capital loss) or dividends paid in the corporate sector that may be applicable for shareholders holding shares considered held for business purposes. Nor does it deal with the special rules that apply to so-called qualified shares in closely held companies. Specific tax consequences may also apply for other shareholder categories, such as investment companies and investment funds. Holders of shares are advised to consult a tax advisor regarding the tax consequences that may arise in each case, including the applicability and effect of foreign regulations and tax treaties.

TAXATION ON DIVESTMENT OF SHARES

TAXATION OF INDIVIDUALS

For individuals and estates, capital gains on listed shares are taxed in the capital income category. The tax rate is 30%. Capital gains and losses on the divestment of shares are normally calculated as the difference between the sales proceeds, less selling expenses, and the tax basis. The tax basis for all shares of the same class and type is calculated using the average method. For listed shares, the tax basis may also be determined using the standard method, at 20 per cent of the sales proceeds less selling expenses. Capital losses on the divestment of listed shares are fully deductible against taxable capital gains arising in the same year on other listed shares and partnership rights, except for shares in such investment funds that only consist of Swedish receivables (fixed-income funds). Capital loss that cannot be offset in this manner is deductible at a rate of 70 per cent against other income in the capital income category. If a deficit arises in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against national property tax and municipal property charges. A tax reduction of 30 per cent of the portion of the deficit that does not exceed SEK 100,000, and 21 per cent of the remaining amount, is allowed. Deficits cannot be carried forward.

LIMITED LIABILITY COMPANIES

Limited liability companies are taxed on all income in the income from business operations category at a tax rate of 22 per cent. Capital gains and capital losses are calculated in the same manner as for individuals, as set out above. Deductions for capital losses on shares are normally granted only against capital gains on shares and other partnership rights. If certain conditions are fulfilled, a capital loss may also be offset against capital gains in companies within the same group, provided that group contributions are permitted between the companies and that both companies request this for a fiscal year with the same tax return date. Capital loss that has not been utilised in a given tax year may be carried forward and deducted against capital gains on shares and other partnership rights in subsequent fiscal years without limitation on time. Special rules apply to shares held by the shareholder for business purposes.

TAXATION ON EXERCISE AND SALE OF SUBSCRIPTION RIGHTS

If subscription rights are exercised to subscribe for New Shares, there is no taxation. For shareholders who do not wish to exercise their preferential right to participate in the Rights Issue and who sell their subscription rights, the capital gain is subject to taxation. The acquisition cost of subscription rights based on a shareholding in Diös is considered SEK 0. The total sales proceeds, less selling expenses, are therefore subject to taxation. The acquisition cost of the original shares is not affected. Subscription rights in Diös acquired by means other than participation in the Rights Issue constitute the actual acquisition cost. In this case, the tax basis of the subscription rights is to be added when calculating the tax basis of the acquired shares.

TAXATION OF DIVIDENDS

For individuals and estates, dividends on listed shares are taxed in the capital income category at a tax rate of 30 per cent. For limited liability companies, dividends are taxed at the corporate tax rate of 22 per cent. Special rules apply to shares held by the shareholder for business purposes. Preliminary tax on dividends is withheld by Euroclear Sweden or, for nominee-registered shares, by the nominee. The Company is not liable for any tax withheld.

SHAREHOLDERS WITH LIMITED TAX LIABILITY IN SWEDEN

For shareholders with limited tax liability in Sweden, Swedish withholding tax of 30 per cent is normally payable on dividends from Swedish limited liability companies. However, this tax rate is generally reduced through tax treaties between Sweden and other countries in order to avoid double taxation. The withholding tax is withheld on the dividend payment date by Euroclear, or for nominee-registered shares, by the nominee. If 30 per cent withholding tax is withheld upon payment to a person entitled to a lower rate of taxation, or if withholding tax has otherwise been withheld in an excessive amount, a refund may be requested in writing from the Swedish Tax Agency before the end of the fifth calendar year following the dividend payment date.

Shareholders who are have limited tax liability in Sweden, and do not conduct business from a permanent establishment in Sweden, are not normally subject to capital gains tax in Sweden upon the sale of shares and other partnership rights. However, shareholders may be subject to taxation in the country where they are domiciled for tax purposes. According to a special rule, individuals not currently resident in Sweden may be subject to taxation in Sweden on the divestment of certain securities, if they have resided or lived temporarily in Sweden during the calendar year in which the divestment occurred, or at any time over the past ten calendar years. However, the applicability of this rule, in many cases, is limited by tax treaties between Sweden and other countries for the avoidance of double taxation.

TRANSFER RESTRICTIONS, ETC.

The allotment of subscription rights and invitation to subscribe for New Shares in the Company, with or without subscription rights, may be affected by the applicable laws of various jurisdictions. Investors should consult professional advisors to assess whether regulatory approval or other authorisation and formalities are required in order to exercise subscription rights, or acquire BTAs or New Shares without subscription rights.

GENERAL

The Company has not taken, and will not be taking, any steps to permit a public offering of the New Shares, subscription rights or BTAs in any jurisdiction other than Sweden. Receipt of this Prospectus does not and will not constitute an offer in jurisdictions where such an offer would be unlawful, and, in this event, the Prospectus is for informational purposes only, and must not be copied or forwarded.

Except as otherwise disclosed in the Prospectus, an investor who receives a copy of this Prospectus in a jurisdiction other than Sweden should not consider the Prospectus a personal offer. Under no circumstances may the investor trade in New Shares, subscription rights or BTAs that are subject to the Offering, unless such an invitation or offer could lawfully be made to that investor, or if the New Shares, subscription rights or BTAs could be lawfully traded without contravention of any unfulfilled registration requirements or other legal requirements in the jurisdiction concerned.

Therefore, an investor who receives a copy of this Prospectus should not send or otherwise distribute the Prospectus, nor transfer shares, subscription rights or BTAs to any person in any jurisdiction, or to any jurisdiction where to do so would or might constitute a violation of local securities legislation or regulations. If an investor forwards this Prospectus to any such jurisdiction (whether under agreement, legal requirement or for any other reason), the investor must draw the recipient's attention to the contents of this section. Unless otherwise explicitly stated in this Prospectus, the following applies:

1. New Shares, subscription rights or BTAs that are allotted or offered in the Rights Issue must not be offered, subscribed for, sold, resold, transferred or delivered, directly or indirectly, in or into the Relevant Member States (as defined below), unless this takes place in accordance with the applicable exemptions under the Prospective Directive, in or into Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa or the US, or any other jurisdiction where it is not permitted to offer New Shares, subscription rights or BTAs, or where such a step is subject to legal restrictions or where such action would require additional prospectuses or other measures in addition to those required by Swedish law ("Ineligible Jurisdiction," jointly "the Ineligible Jurisdictions");

2. This Prospectus must not be sent to any person in any Ineligible Jurisdiction; and

3. the allotment or transfer of subscription rights to the securities account of a shareholder or any other person in an Ineligible Jurisdiction or citizen of an Ineligible Jurisdiction ("Ineligible Persons") does not constitute an offer of New Shares to such person, and Ineligible Persons may not exercise subscription rights.

   If an investor receives, exercises, transfers or otherwise remits subscription rights, exercises subscription rights in order to acquire BTAs or New Shares, or trades in, or otherwise conducts transactions with New Shares, subscription rights or BTAs that are allotted or offered in the Offering, such investors are considered to have made, or in some cases, been requested to make the following representations and warranties to the Company and any persons acting on the Company's behalf:

   - that the investor is not located in an Ineligible Jurisdiction;
   - that the investor is not an Ineligible Person;
   - that the investor is not acting and has not acted for the account or benefit of, an Ineligible Person;
   - unless the investor is both an existing shareholder and a qualified institutional buyer (as defined in, and in accordance with, Rule 144A under the Securities Act), that the investor is located outside the US, and that any person for whose account or benefit they are acting on a non-discretionary basis is located outside the US, and that the investor and any such person on the date of acquiring New Shares will be located outside the US;
   - that the investor acknowledges that the New Shares, subscription rights and BTAs have not been registered and will not be registered under the Securities Act and may not be offered for sale, sold, pledged, resold, delivered, allotted, taken up or otherwise transferred within the US except pursuant to an exemption from, or in connection with a transaction not subject to, registration under the Securities Act; and
   - that the investor may lawfully be offered, exercise, subscribe for and receive New Shares, subscription rights or BTAs in the jurisdiction in which the person resides or is currently located.

The Company and any person acting on the Company's behalf will rely upon the investor's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the investor to liability or that a transaction related to New Shares, subscription rights or BTAs will be invalid.

If a person acts on behalf of a holder of subscription rights (such as a nominee, guardian or trustee), such a person must provide the Company with the foregoing representations and warranties with respect to the exercise of subscription rights on behalf of the holder. If such person does not, or cannot, provide the foregoing representations and warranties, the Company is not obligated to authorise allotment of any New Shares, subscription rights or BTAs to such person, or the person on whose behalf the other is acting.

Subject to the specific restrictions described below, an investor (including their nominee, guardian or trustee) who is located outside Sweden and wishes to exercise or otherwise trade in or subscribe for New Shares, subscription rights or BTAs must satisfy itself as to full observance of the applicable laws of any relevant jurisdiction including obtaining any necessary permits or other consents from the authorities, and for complying with any other necessary formalities and the payment of any tax arising from the Offering in these jurisdictions.

The information in this section is only intended to serve as general guidance. If an investor is in any doubt as to whether the investor is entitled to exercise any subscription rights or acquire BTAs or New Shares, the investor should consult its professional advisors.

In regard to shareholders who, on the record date of 4 January 2017 hold shares in the Company through a nominee, subscription rights will initially be credited to the respective nominee on behalf of such shareholders. The nominee is not entitled to exercise any subscription rights on behalf of any person residing in an Ineligible Jurisdiction, or on behalf of any Ineligible Person and may be required to certify the same.

Subject to certain exceptions, nominees are not permitted send the Prospectus or any other information about the Offering to any Ineligible Jurisdiction, or to any Ineligible Person. The crediting of subscription rights to persons in Ineligible Jurisdictions or to Ineligible Persons does not constitute an offer to such persons to acquire New Shares, subscription rights or BTAs. Nominees, such as banks and brokers, and other financial intermediaries, holding on behalf of Ineligible Persons may consider selling any or all subscription rights held on behalf of such persons to the extent permitted under arrangements with such persons and applicable law, and to remit the net proceeds to the accounts of such persons.

Subject to certain exceptions, instructions or subscription certificates sent from, or postmarked in any Ineligible Jurisdiction will be deemed invalid, and New Shares, subscription rights or BTAs offered in the Offering will not be delivered to an addressee in any Ineligible Jurisdiction. The Company reserves the right to reject or cancel any exercise made in the name of any person who provides an address in an Ineligible Jurisdiction for the receipt, acceptance or delivery of New Shares, subscription rights or BTAs, if this person does not, or cannot, represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, and is not acting on a discretionary basis for such persons or who appears, according to the assessment of the Company or any person acting on the Company's behalf, to have executed its exercise instructions or certifications in, or sent them from, an Ineligible Jurisdiction.

The Company also reserves the right, at its own absolute discretion, to treat as invalid any exercise of or purported exercise of subscription rights which appear to the Company to have been executed, effected or sent in a manner that may involve a breach of the laws or regulations in any jurisdiction.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit a holder to exercise subscription rights, if the Company, according to its own assessment and discretion, is satisfied that the transaction in question is exempt from, or not be subject to, the laws or regulations giving rise to the actual restrictions. The applicable exceptions in certain jurisdictions are described below. In any such case, the Company accepts no liability for any actions that a holder takes, or for the consequences that it may suffer, by the Company allowing the holder to exercise subscription rights.

UNITED STATES OF AMERICA

New Shares, subscription rights or BTAs have not been, and will not be, registered under the Securities Act or with any securities regulator in any state or jurisdiction in the US and may not be solely offered or sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the US except pursuant to an applicable exemption from, or in a transaction that is not subject to, registration requirements under the Securities Act, and other applicable securities regulations in any state or jurisdiction in the US. No public offering for New Shares, subscription rights or BTAs has been or will be made in the US.

New Shares, subscription rights and BTAs are being offered and sold outside the US in reliance on Regulation S of the Securities Act. Any offering of New Shares, subscription rights or BTAs to be made in the US will be made only by the Company to a limited number of existing shareholders who are reasonably believed to be QIBs (as defined in Rule 144a under the Securities Act) pursuant to an exemption from the registration requirements under the Securities Act in a transaction not involving a public offering and who have executed and returned an investor letter to the Company. The Joint Global Coordinators will not carry out any transactions or induce, or attempt to induce, the purchase or sale of any securities in, or to, the US in connection with the Offering.

Accordingly, subject to certain exceptions, this Prospectus will not be sent to, and no Subscription Rights will be credited to, any shareholder with a registered address in the US. In addition, the Company and its assignees reserve the right to disregard instructions from account holders, or from anyone acting on their behalf, with a registered address in the US regarding New Shares, subscription rights and BTAs.

Any recipient of this document in the US is hereby notified that this document has been furnished to it on a confidential basis and is not to be reproduced, retransmitted or otherwise redistributed, in whole or part, under any circumstances. Furthermore, recipients are authorized to use it solely for the purpose of considering a purchase of the subscription rights, New Shares or BTAs in the

Offering and may not disclose any of its contents of this document or use any information herein for any other purposes. This document is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the subscription rights, New Shares or BTAs. Any recipient of this document agrees to the foregoing by accepting delivery of this document.

Each person in the US to whom subscription rights, BTAs or New Shares are distributed, offered or sold, by accepting delivery of this document or by its subscription for subscription rights, New Shares and/or BTAs, will be deemed to have represented, agreed and acknowledged, on its behalf and on behalf of any investor accounts for which it is subscribing for subscription rights, BTAs or New Shares, as the case may be, that:

1. it is an existing shareholder and is a QIB under the Securities Act that has executed and returned an investor letter to the Company; and
2. that the subscription rights, BTAs or New Shares have not been offered by the Company by means of any form of "general solicitation" or "general advertising" (within the meaning of Regulation D of the Securities Act).

Current shareholders who hold shares through a nominee, depositor or any other financial intermediary may be forced to comply with subscription terms that are shorter than the subscription period.

Until 40 days after the commencement of the offering, any offer or sale of the subscription rights, BTAs or New Shares within the US by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. Subscription rights, BTAs or New Shares have neither been approved nor disapproved by the United States Securities and Exchange Commission, any state securities committee or any other regulator in the US. None of these authorities has judged or approved the merits and the offer of subscription rights, BTAs and New Shares, nor the accuracy, sufficiency or adequacy of this document. Any representation to the contrary is a criminal offence in the US.

Each person to whom subscription rights, New Shares or BTAs are distributed, offered or sold outside the US will be deemed by its subscription for, or purchase of, the subscription rights, New Shares or BTAs, to have represented and agreed, on its own behalf or on behalf of any investor accounts for which it is subscribing for or purchasing the subscription rights, New Shares or BTAs, as the case may be, that:

1. it acquires the subscription rights, New Shares or BTAs from the Company, or the Joint Global Coordinators through an "offshore transaction" as defined in Regulation 5 of the Securities Act; and
2. subscription rights, New Shares or BTAs have not been offered to it by the Company or the Joint Global Coordinators through any form of "directed selling efforts" as defined in Regulation S of the Securities Act.

EUROPEAN ECONOMIC AREA

With respect to each Member State of the European Economic Area that has implemented the Prospective Directive (a "Relevant Member State"), a public offering of shares, subscription rights or BTAs may not be made in that Relevant Member State (other than the offers referred to in this Prospectus in Sweden when the Prospectus has been approved by the competent authority and been published and in accordance with the Prospective Directive, as implemented in Sweden), unless a public offering in the Relevant Member State related to shares, subscription rights or BTAs can be made at any time according to the following exceptions under the Prospective Directive, if they have been implemented in that Relevant Member State:

a. to legal persons who are qualified investors (as defined in the Prospective Directive);
b. to fewer than 150 individuals or legal persons (who are not qualified investors as defined in the Prospective Directive), as permitted under the Prospective Directive, provided that prior consent for any such offer has been obtained from Nordea or Swedbank; or
c. under other conditions set out in Article 3(2) of the Prospective Directive.

This presumes that no such offer of shares, subscription rights or BTAs gives rise to a requirement that the Company, Nordea or Swedbank must publish a prospectus pursuant to Article 3 of the Prospective Directive. Neither the Company, Nordea nor Swedbank have approved, or intend to approve, any offer of shares, subscription rights or BTAs through a nominee, other than offers made by Nordea and Swedbank, which constitute the final investment of shares, subscription rights or BTAs referred to in this Prospectus. Each person in a Relevant Member State, with the exception of, with respect to point (a), persons receiving the offers referred to in this Prospectus in Sweden, who receive any communication related to, or who acquire shares, subscription rights or BTAs pursuant to, the Offering, will be deemed to have represented, warranted and agreed with the Company, Nordea and Swedbank that:

a. the investor is a qualified investor under the law in that Relevant Member State implementing Article 2(1)(e) of the Prospective Directive; and
b. with respect to New Shares, subscription rights or BTAs acquired by the investor as a financial intermediary, according to the definition of this term in Article 3) of the Prospective Directive, (in) shares, subscription rights or BTAs acquired by the investor in the Offering have not been acquired on behalf of, and not for the purpose of offering or reselling to, persons in any Relevant Member State, except to qualified investors, according to the definition of this term in the Prospective Directive, or under such circumstances in which prior approval of the offer or resale has been granted by Nordea or Swedbank; or (ii) if New Shares, subscription rights or BTAs have been acquired by the investor on behalf of a person in any Relevant Member State who is not a qualified investor, the offer of these securities to the investor has not, under the Prospective Directive, been considered made to such persons.

With respect to this section, the term “public offering” in relationship to shares, subscription rights or BTAs in any Relevant Member State, refers to communication to persons, regardless of form or medium, with sufficient information about the terms of the offer and any share, subscription right or BTA to be offered, that enables an investor to make an informed decisions about whether to subscribe for or acquire shares, subscription rights or BTAs, as this definition varies in each Relevant Member State depending on how the Prospective Directive has been implemented in each Member State.

UNITED KINGDOM

In the UK, this Prospectus is only address to, and intended for (i) persons with professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (“the Financial Promotion Order”), (ii) persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations and trusts) of the Financial Promotion Order, or (iii) other persons to whom this Prospectus may otherwise be lawfully communicated (all such persons together referred to as “Relevant Persons”). This Prospectus is only intended for Relevant Persons. Any person who is not a relevant person should not act on the basis of, or rely upon, this Prospectus.

CANADA, AUSTRALIA, HONG KONG, JAPAN, NEW ZEALAND, SINGAPORE AND SOUTH AFRICA

The Offering under this Prospectus is not addressed to persons resident in Canada, Australia, Hong Kong, Japan, New Zealand, Singapore, South Africa or any other country in which such action would require additional prospectuses, other offer documentation, registration or other steps in addition to those imposed by Swedish law.

INFORMATION FOR INVESTORS IN THE US

IMPORTANT INFORMATION

The offer of subscription rights and to subscribe for New Shares will only be made (i) outside the US in accordance with Regulation S and (ii) by the Company in the US only to a limited number of existing shareholders who are reasonably believed to be qualified institutional buyers (as defined in Rule 144a under the Securities Act) pursuant to an exemption from registration under the Securities Act in a transaction not involving any public offering and who have executed and returned an investor letter to the Company.

Shares, subscription rights or BTAs under this Offering have neither been approved, disapproved nor recommended by any federal or state securities regulator, or any other authority, in the US. Nor has any such authority assessed or issued statements about the Offering, or confirmed the accuracy or reliability of this Prospectus. To assert the contrary is a criminal offence in the US.

MAINTAINING CIVIL OBLIGATIONS

The Company is a public limited liability company registered in accordance with Swedish law, with its registered office in the Municipality of Östersund in Sweden. No member of the Company’s Board of Directors or management is resident in the US and all, or most, of the assets of these persons and the Company are located outside the US. Consequently, investors may be obstructed from serving summons in the US, or enforcing US court judgements, on the Company or other such persons based on rules related to civil liability under US securities regulations. At present, there is no treaty between the US and Sweden regarding mutual recognition and enforcement of judgments rendered or announced in civil or commercial disputes. As a result, hereof, a final judgment delivered or pronounced by a US court to pay damages, based on civil liability, whether or not predicated solely upon federal securities laws in the US, would not be enforceable in Sweden. If the party, in whose favour the court ruled, chooses to bring the matter before a competent court in Sweden, the party may present the final judgment handed down in the US to the Swedish court. The Swedish court will only consider such a judgment as evidence of the outcome of the case to which the judgement relates. The Swedish court may decide to hear the parties again ab initio.

PRESENTATION OF INFORMATION

This Prospectus has been prepared in accordance with Swedish format and style, which is different from the format and style of a prospectus in the US. This applies particularly, if not apparent from the context, to the financial information in this Prospectus, which was prepared in accordance with the International Financial Reporting Standards as adopted by the EU. The Prospectus is not, therefore, entirely comparable with financial information prepared by companies domiciled in the US, in accordance with generally accepted accounting policies. Investors should not construe the contents of this Prospectus as legal, investment or tax advice. It is the responsibility of each investor to consult their own agent, auditor or financial advisor in legal, investment, or tax issues related to the Offering. Investors are encouraged to consult a tax advisor regarding the risk of tax liability arising from the receipt of shares, subscription rights or BTAs.

TRANSFER RESTRICTIONS

The distribution of this Prospectus, and the transfer, sale and disposal of shares, subscription rights or BTAs are subject to transfer restrictions, see above.

Alderholmen 19:2, Gävle

LIST OF PROPERTIES

		sq.m.					
Borlänge	**Municipality**	**Residential**	**Retail**	**Offices**	**Industrial/ warehouse**	**Other**	**Total**
Frigga 7	Borlänge	0	1,276	2,196	122	0	3,594
Hammaren 6	Borlänge	0	4,475	1,002	400	0	5,877
Intagan 1	Borlänge	0	0	32,681	49	795	33,525
Mimer 1	Borlänge	0	2,646	2,773	370	1,302	7,091
Målaren 3	Borlänge	0	0	883	0	350	1,233
Rolf 2	Borlänge	0	560	5,628	58	482	6,728
Rolf 5	Borlänge	207	341	2,119	0	335	3,002
Saga 25	Borlänge	401	3,589	1,631	823	0	6,444
Sigrid 10	Borlänge	0	2,431	3,466	275	0	6,172
Sigrid 11	Borlänge	0	1,482	978	12	0	2,472
Tyr 10, Valhall 1	Borlänge	0	72	6,534	32	0	6,638
Verdandi 10	Borlänge	0	834	861	2,727	4,701	9,123
Verdandi 9	Borlänge	195	1,192	1,415	361	0	3,163
Total Borlänge		**803**	**18,898**	**62,167**	**5,229**	**7,965**	**95,062**

		sq.m.					
Falun	**Municipality**	**Residential**	**Retail**	**Offices**	**Industrial/ warehouse**	**Other**	**Total**
Björken 8	Falun	86	0	2,277	41	0	2,404
Dalpilen 10	Falun	0	224	2,273	0	662	3,159
Falan 20	Falun	0	5,854	15,905	518	1,084	23,361
Falan 22	Falun	471	619	0	0	600	1,690
G:a Bergsskolan 15	Falun	0	8,420	1,670	0	0	10,090
Gullvivan 18	Falun	0	0	0	0	6,000	6,000
Hattmakaren 16	Falun	0	709	2,263	60	259	3,291
Holmen 7	Falun	64	743	495	0	0	1,302
Holmen 8	Falun	0	15,891	1,757	17	1,062	18,727
Kansliet 20	Falun	124	0	15,314	342	4,979	20,759
Köpmannen 3	Falun	670	530	180	0	400	1,780
Köpmannen 4	Falun	1,687	1,395	325	33	0	3,440
Lasarettet 16	Falun	86	0	233	0	1,655	1,974
Nedre Gruvriset 33:156	Falun	0	0	0	5,325	0	5,325
Nya Bergsskolan 4	Falun	0	0	1,183	984	0	2,167
Teatern 6	Falun	0	63	1,925	0	0	1,988
Total Falun		**3,188**	**34,448**	**45,800**	**7,320**	**16,701**	**107,457**

		sq.m.					
Mora	**Municipality**	**Residential**	**Retail**	**Offices**	**Industrial/ warehouse**	**Other**	**Total**
Fisken 5	Malung	0	2,298	93	0	390	2,781
Mobyarna 113:4	Malung	0	0	15	24,413	0	24,428
Stranden 11:4	Mora	0	0	2,816	89	0	2,905
Stranden 16:1	Mora	2,389	713	349	327	156	3,934
Stranden 16:2	Mora	0	447	1,026	105	223	1,801
Stranden 17:4	Mora	3,497	333	308	531	276	4,945
Stranden 17:6	Mora	1,538	246	0	30	0	1,814
Stranden 18:2	Mora	0	3,167	1,106	410	475	5,158
Stranden 19:5	Mora	0	3,288	0	82	280	3,650
Stranden 19:6	Mora	0	573	2,082	50	0	2,705
Stranden 20:2	Mora	0	0	3,895	369	298	4,562
Stranden 20:4	Mora	0	0	2,365	0	507	2,872
Stranden 35:7, 35:8	Mora	1,397	904	287	20	0	2,608
Total Mora		**8,821**	**11,969**	**14,342**	**26,426**	**2,605**	**64,163**

		sq.m.					
Gävle	**Municipality**	**Residential**	**Retail**	**Offices**	**Industrial/ warehouse**	**Other**	**Total**
Alderholmen 18:1	Gävle	0	0	1,829	1,180	0	3,009
Alderholmen 19:2	Gävle	0	0	793	0	0	793
Alderholmen 19:3	Gävle	0	0	809	0	0	809
Alderholmen 23:1	Gävle	0	0	1,766	0	0	1,766
Alderholmen 24:3	Gävle	0	0	1,155	0	0	1,155
Alderholmen 24:5	Gävle	0	0	1,181	0	0	1,181
Brynäs 12:1	Gävle	0	1,026	3,425	1,995	0	6,446
Brynäs 34:9	Gävle	0	0	0	3,498	0	3,498
Furan 1	Söderhamn	0	2,481	0	0	0	2,481
Furan 10	Söderhamn	709	257	0	0	316	1,282
Furan 9	Söderhamn	1,059	3,566	334	0	162	5,121
Hemlingby 56:10	Gävle	0	3,415	1,255	0	0	4,670
Hemsta 12:16	Gävle	0	625	2,384	0	0	3,009
Hemsta 12:17	Gävle	0	0	0	3,425	0	3,425
Järvsta 63:3	Gävle	0	0	848	2,232	0	3,080
Klappsta 8:1	Sandviken	0	0	0	0	0	0
Kungsbäck 2:13	Gävle	0	0	5,327	0	0	5,327
Norr 11:4	Gävle	4,940	3,467	1,132	489	180	10,208
Norr 14:5	Gävle	0	6,784	1,109	289	193	8,375
Norr 16:5	Gävle	0	258	6,385	479	0	7,122
Norr 19:4	Gävle	0	866	2,000	0	0	2,866
Norr 23:5	Gävle	1,415	2,211	2,358	5	136	6,125
Norr 26:3	Gävle	209	220	2,578	0	0	3,007
Norr 29:5	Gävle	0	332	2,911	25	2,289	5,557
Norr 30:5	Gävle	1,464	303	0	0	1,245	3,012
Norr 31:9	Gävle	0	11,500	6,491	1,572	2,972	22,535
Norr 34:3	Gävle	0	0	89	0	5,991	6,080
Norr 40:3	Gävle	0	1,920	5,172	0	0	7,092
Norr 6:7	Gävle	0	959	2,473	0	68	3,500
Norrkämsta 16:3	Ljusdal	50	500	1,924	13,515	8	15,997
Norrkämsta 17:2	Ljusdal	0	0	2,300	0	0	2,300
Näringen 11:3	Gävle	0	0	1,981	2,057	0	4,038
Näringen 12:2	Gävle	0	0	0	592	0	592
Näringen 13:11	Gävle	0	0	780	1,150	0	1,930
Näringen 16:6	Gävle	0	0	819	5,859	400	7,078
Näringen 22:3	Gävle	0	0	0	0	0	0
Näringen 5:15	Gävle	0	0	0	25,400	0	25,400
Näringen 6:4	Gävle	0	0	904	624	0	1,528
Näringen 8:5	Gävle	0	0	0	5,945	0	5,945
Svalan 6	Söderhamn	0	0	1,150	0	0	1,150
Sätra 107:7	Gävle	0	0	3,134	75	0	3,209
Söder 38:5	Gävle	0	1,401	0	130	0	1,531

		sq.m.					
Gävle	**Municipality**	**Residential**	**Retail**	**Offices**	**Industrial/ warehouse**	**Other**	**Total**
Södertull 33:1	Gävle	0	3,113	2,466	791	4,678	11,048
Sörby Urfjäll 27:2	Gävle	0	0	354	4,688	0	5,042
Sörby Urfjäll 28:3	Gävle	0	0	0	2,223	0	2,223
Sörby Urfjäll 36:4	Gävle	0	142	1,295	5,087	0	6,524
Sörby Urfjäll 37:3	Gävle	0	2,530	688	9,928	123	13,269
Tälle 23:8	Ljusdal	0	3,337	658	20	0	4,015
Väster 4:17	Gävle	0	0	159	2,336	0	2,495
Öster 10:1	Gävle	0	0	1,193	0	0	1,193
Östernäs 14:4	Ljusdal	0	0	1,695	0	0	1,695
Total Gävle		**9,846**	**51,213**	**75,304**	**95,609**	**18,761**	**250,733**

		sq.m.					
Sundsvall	**Municipality**	**Residential**	**Retail**	**Offices**	**Industrial/ warehouse**	**Other**	**Total**
Aeolus 5	Sundsvall	0	332	2,722	110	0	3,163
Aeolus 9	Sundsvall	0	0	2,768	0	0	2,768
Alliero 20	Sundsvall	0	787	314	1,288	0	2,389
Apollo 3, 7, 8	Sundsvall	933	1,005	77	1,201	193	3,409
Arbetet 3	Sundsvall	0	794	3,087	151	520	4,552
Balder 3	Sundsvall	3,676	0	0	526	0	4,202
Bisittaren 1	Sundsvall	0	263	1,300	185	0	1,748
Björneborg 11	Sundsvall	0	0	6,709	0	0	6,709
Borgmästaren 10	Sundsvall	0	0	4,244	368	873	5,485
Cupido 5	Sundsvall	1,052	700	100	0	0	1,852
Fryshuset 2	Sundsvall	0	0	5,853	0	0	5,853
Glädjen 4,9	Sundsvall	537	10,979	4,644	792	0	16,951
Hälsan 6	Sundsvall	1,281	989	1,039	77	0	3,385
Hälsan 7	Sundsvall	0	7,785	3,329	559	8	11,680
Högom 3:170	Sundsvall	0	0	4,623	244	0	4,867
Högom 3:186	Sundsvall	0	0	1,500	1,888	0	3,388
Högom 3:189	Sundsvall	0	0	367	2,213	0	2,580
Lagmannen 9	Sundsvall	0	0	4,501	22	0	4,523
Lagret 4	Sundsvall	0	384	8,322	438	0	9,144
Ljusta 3:10	Sundsvall	0	0	38	2,741	0	2,779
Lyckan 6	Sundsvall	152	8,973	107	162	2	9,396
Målås 3:20	Sundsvall	0	0	0	3,116	0	3,116
Nolby 7:139	Sundsvall	0	0	150	5,561	0	5,711
Norrbacka 12	Sundsvall	90	0	2,172	24	6,164	8,450
Norrmalm 1:24	Sundsvall	0	462	11,771	199	1,467	13,898
Penningen 12	Sundsvall	0	0	1,522	0	0	1,522
Penningen 9	Sundsvall	96	2,371	1,469	124	1,759	5,819
Rätten 1	Sundsvall	935	0	1,185	0	0	2,120
Skepparen 6,7	Härnösand	0	0	0	0	0	0
Sköns Prästbord 1:59	Sundsvall	0	0	0	1,774	0	1,774
Sköns Prästbord 1:69	Sundsvall	0	2,632	0	0	0	2,632
Skönsberg 1:7, 1:8	Sundsvall	0	1,252	3,333	73	0	4,658
Skönsberg 1:73	Sundsvall	0	0	5,762	0	0	5,762
Skönsmon 2:4	Sundsvall	0	850	2,215	300	0	3,365
Skönsmon 2:5	Sundsvall	0	0	2,719	0	0	2,719
Skönsmon 2:97	Sundsvall	0	0	2,560	11	0	2,571
Staden 2:29	Sollefteå	0	0	0	0	0	0
Stenstaden 1:14	Sundsvall	0	0	1,488	0	73	1,561
Venus 3	Sundsvall	1,202	1,624	2,380	13	0	5,219
Vesta 4	Sundsvall	574	200	354	0	274	1,402
Västland 26:3	Sundsvall	0	546	0	600	1,140	2,286
Total Sundsvall		**10,528**	**42,595**	**92,000**	**24,647**	**12,473**	**185,404**

		sq.m.					
Östersund	**Municipality**	**Residential**	**Retail**	**Offices**	**Industrial/ warehouse**	**Other**	**Total**
Arvesund 2:185, 2:186, 2:187, 2:188, 2:189, 2:191, 2:192, 2:193, 2:194, 2:195, 2:197, 2:198, 2:226, 2:227, 2:228, 2:229, 2:249, 2:250, 2:251, 2:252, 2:253, 2:254, 2:256	Åre	0	0	0	0	0	0
Arken 8	Östersund	0	0	2,803	260	0	3,063
Bandsågen 11	Östersund	0	0	1,106	299	0	1,405
Barberaren 7	Östersund	2,282	2,157	251	0	200	4,890
Befälhavaren 2	Östersund	0	0	1,888	0	0	1,888
Bergvik 10	Östersund	746	0	0	0	0	746
Boktryckaren 1	Östersund	489	1,488	1,231	159	0	3,367
Boktryckaren 5	Östersund	90	320	0	0	0	410
Boktryckaren 6	Östersund	212	0	341	0	0	553
Bonden 3	Östersund	855	0	90	0	0	945
Brandenburg 5	Östersund	1,225	38	0	15	887	2,165
Bräcke 4:4	Bräcke	0	0	0	12,000	0	12,000
Buntmakaren 2	Östersund	153	575	842	124	0	1,694
Buntmakaren 3	Östersund	0	1,107	1,178	170	81	2,536
Busken 1	Östersund	0	0	2,012	0	0	2,012
Fabrikören 3	Östersund	458	0	0	0	0	458
Frösö 3:7	Östersund	1,418	140	12,884	1,670	23,879	39,991
Frösö 6:22,6:30	Östersund	926	0	0	10	0	936
Förskinnet 6	Östersund	1,431	0	208	0	0	1,639
Gubbåkern 8	Östersund	561	94	0	0	5	660
Guckuskon 1	Östersund	0	0	1,643	0	0	1,643
Gårdvaren 1	Östersund	2,791	0	0	59	0	2,850
Gästgivaren 3,6	Östersund	465	1,162	449	0	182	2,258
Handlanden 4	Östersund	1,225	0	0	30	0	1,255
Hejaren 5	Östersund	0	725	617	9,733	0	11,075
Häradshövdingen 1	Östersund	465	697	173	49	432	1,816
Häradshövdingen 6	Östersund	416	691	476	70	624	2,277
Kilen 1	Härjedalen	0	0	1,238	0	0	1,238
Kommunalmannen 4	Östersund	0	0	3,461	1,710	0	5,171
Kopparslagaren 3	Östersund	990	595	3,513	0	5	5,103
Kräftan 6	Östersund	0	0	1,203	0	1,615	2,818
Körfältet 11	Östersund	0	0	0	0	2,187	2,187
Logen 6	Östersund	1,450	985	1,622		1,959	6,016
Lutfisken 2	Östersund	1,447	0	110	0	0	1,557
Lutfisken 4,5	Östersund	2,003	0	24	0	0	2,027
Lutfisken 9	Östersund	2,684	0	0	47	0	2,731
Läkaren 12,13,14	Östersund	1,306	6,084	4,860	252	822	13,324
Magistern 1	Östersund	0	335	2,080	0	0	2,415
Magistern 2	Östersund	0	0	1,954	0	0	1,954
Magistern 5	Östersund	86	1,408	1,843	65	0	3,402
Majoren 5	Östersund	488	0	0	0	0	488
Majoren 6	Östersund	708	0	0	0	0	708
Majoren 9	Östersund	1,409	0	38	0	10	1,457
Moroten 9	Härjedalen	0	213	1,192	1,242	0	2,647
Motboken 1	Östersund	0	0	2,109	742	12	2,863
Motboken 3	Östersund	1,070	0	30	9	0	1,109
Motorsågen 2	Östersund	0	0	0	918	0	918
Musslan 13	Östersund	0	0	0	1,017	0	1,017
Musslan 16	Östersund	145	3,929	1,252	1,558	0	6,884
Myrten 5	Östersund	0	0	2,835	0	0	2,835
Månadsmötet 8	Östersund	0	4,805	1,983	408	27	7,223
Mörviken 1:107	Åre	0	0	0	0	1,400	1,400
Mörviken 2:102	Åre	0	4,368	0	149	3,435	7,952
Mörviken 2:91	Åre	0	2,326	0	0	0	2,326
Nejonögat 3	Östersund	0	0	4,991	630	0	5,621
Odlaren 5	Östersund	938	0	0	0	0	938
Pantbanken 1	Östersund	337	661	1,429	100	0	2,527
Pantbanken 5	Östersund	597	640	698	0	0	1,935

		sq.m.					
Östersund	**Municipality**	**Residential**	**Retail**	**Offices**	**Industrial/ warehouse**	**Other**	**Total**
Postiljonen 6	Östersund	0	175	6,261	1,541	18	7,995
Postiljonen 9	Östersund	910	3,632	1,559	20	74	6,195
Riksbanken 7	Östersund	0	0	4,153	0	0	4,153
Rudan 2	Östersund	0	855	1,726	977	0	3,558
Rudan 4	Östersund	0	1,375	2,483	100	0	3,958
Sarven 21	Östersund	0	3,709	0	450	0	4,159
Siken 10	Östersund	342	0	0	8	0	350
Sjökaptenen 8	Östersund	710	0	0	0	0	710
Skogsskiftet 5	Östersund	2,531	0	0	0	0	2,531
Snäckan 25	Östersund	0	0	1,519	1,949	0	3,468
Sprinten 4	Östersund	0	0	456	12,736	0	13,192
Spökis 1	Östersund	0	0	0	1,045	0	1,045
Staben 14	Östersund	3,181	262	180	0	30	3,653
Staben 2	Östersund	202	0	1,002	0	15	1,219
Stallet 12	Östersund	0	0	1,700	0	0	1,700
Svarvaren 1	Östersund	599	60	50	0	0	709
Svarvaren 2	Östersund	578	50	0	50	0	678
Svarvaren 4	Östersund	976	141	48	0	0	1,165
Tivolit 2	Östersund	1,110	0	93	24	0	1,227
Totten 1:68	Åre	0	0	3,173	830	6,870	10,873
Traktorn 6	Östersund	0	0	2,351	0	0	2,351
Traktören 10	Östersund	667	0	1,520	23	10	2,220
Traktören 5	Östersund	260	994	426	0	0	1,680
Traktören 9	Östersund	625	470	0	10	0	1,105
Tullvakten 2	Östersund	2,717	0	1,300	10	1,325	5,352
Vadmalsväven 5	Östersund	2,101	0	0	0	0	2,101
Valkyrian 1	Östersund	1,982	0	0	0	0	1,982
Åkeriet 11	Östersund	0	879	1,424	0	347	2,650
Åre Prästbord 1:37	Åre	0	1,419	2,240	0	479	4,138
Åre Prästbord 1:76	Åre	648	2,006	0	22	399	3,075
Total Östersund		**52,004**	**51,570**	**100,320**	**53,289**	**47,329**	**304,511**

		sq.m.					
Skellefteå	**Municipality**	**Residential**	**Retail**	**Offices**	**Industrial/ warehouse**	**Other**	**Total**
Hjorten 5	Skellefteå	0	1,893	6,761	762	239	9,655
Höken 2	Skellefteå	871	0	2,546	335	0	3,752
Idun 12	Skellefteå	0	4,196	993	342	1,103	6,634
Idun 6	Skellefteå	240	1,485	30	13	0	1,768
Kastor 6	Skellefteå	0	0	1,650	0	0	1,650
Lekatten 9	Skellefteå	2,893	7,117	2,423	171	710	13,314
Loke 7	Skellefteå	364	1,232	3,041	272	3,835	8,744
Motorn 18	Skellefteå	0	926	2,624	952	0	4,502
Orion 8	Skellefteå	979	873	883	397	394	3,526
Polaris 8	Skellefteå	0	629	1,830	401	0	2,860
Servicen 1	Skellefteå	0	0	3,442	2,622	0	6,064
Sirius 25	Skellefteå	0	0	12,930	124	11,575	24,629
Sleipner 5	Skellefteå	0	322	12,229	3,051	1,059	16,661
Total Skellefteå		**5,347**	**18,673**	**51,382**	**9,442**	**18,915**	**103,760**

		sq.m.					
Umeå	**Municipality**	**Residential**	**Retail**	**Offices**	**Industrial/ warehouse**	**Other**	**Total**
Arken 1	Umeå	0	0	5,205	370	0	5,575
Björnjägaren 1	Umeå	0	4,008	0	0	0	4,008
Cisternen 3,4	Umeå	0	0	1,509	739	0	2,248
Formen 2	Umeå	0	1,941	0	0	0	1,941
Granberg 1:59,1:76	Vilhelmina	0	0	2,737	7,127	0	9,864
Grubbe 9:55	Umeå	0	0	240	960	0	1,200
Kedjan 4	Umeå	0	0	1,783	98	0	1,881
Kolven 4	Umeå	0	2,697	1,007	1,861	0	5,565
Kopplingen 6	Umeå	0	0	3,815	399	0	4,214
Krukan 16	Umeå	4,133	0	0	0	0	4,133
Krukan 18	Umeå	2,330	0	0	0	0	2,330
Kärran 9	Umeå	0	0	0	955	0	955
Matsdal 1:144	Vilhelmina	0	0	0	0	0	0
Plasten 1	Vilhelmina	0	0	374	12,732	0	13,106
Pumpen 3	Umeå	0	497	4,060	5,835	0	10,392
Rind 5	Umeå	342	0	6,239	0	0	6,581
Röbäck 30:94, 30:113	Umeå	0	0	0	5,110	0	5,110
Saga 3	Umeå	0	1,119	2,466	101	630	4,316
Skarpskytten 3	Umeå	2,884	1,142	1,508	286	556	6,376
Stigbygeln 2	Umeå	0	0	0	4,321	0	4,321
Stipendiet 2	Umeå	1,673	5,871	1,717	0	0	9,261
Syllen 14	Umeå	0	273	760	1,377	0	2,410
Tändstiftet 2	Umeå	0	0	2,260	0	0	2,260
Vale 17	Umeå	913	5,327	5,689	576	1,808	14,313
Total Umeå		**12,275**	**22,875**	**41,369**	**42,847**	**2,994**	**122,359**

		sq.m.					
Luleå	**Municipality**	**Residential**	**Retail**	**Offices**	**Industrial/ warehouse**	**Other**	**Total**
Abborren 11	Luleå	0	9,161	0	543	12	9,715
Bergnäset 2:671	Luleå	0	0	7,335	3,798	2,090	13,223
Braxen 1	Luleå	0	324	7,468	174	144	8,110
Braxen 2	Luleå	0	448	303	0	0	751
Djuret 3	Luleå	0	107	628	6,626	266	7,627
Gösen 7	Luleå	0	0	2,003	158	290	2,451
Humlan 6	Luleå	0	0	7,685	530	1,544	9,759
Mörten 1	Luleå	0	270	4,673	314	12	5,269
Pelikanen 6	Luleå	0	0	3,930	90	0	4,020
Porsön 1:423	Luleå	0	0	19,528	68	185	19,781
Rudan 7	Luleå	1,288	850	0	0	0	2,138
Råttan 18	Luleå	0	10	3,350	0	90	3,450
Siken 7	Luleå	0	859	4,079	10	0	4,948
Simpan 1	Luleå	675	385	3,721	0	5	4,786
Strutsen 6	Luleå	1,598	436	1,023	0	20	3,077
Stören 17	Luleå	0	5,230	4,630	2,781	10	12,651
Tjädern 17	Luleå	0	4,360	0	0	54	4,414
Vattenormen 8	Luleå	0	0	3,905	0	0	3,905
Total Luleå		**3,561**	**22,439**	**74,262**	**15,091**	**4,722**	**120,075**
Totalt Diös		**106,371**	**274,680**	**556,945**	**279,901**	**132,464**	**1,353 525**

VALUATION CERTIFICATE

Sergels Torg 12
SE-111 57 STOCKHOLM, SWEDEN
Telefon: 0+46 8 545 858 90
Fax: +46 8 545 858 91 (www.)savills.se

SUMMARY OF VALUATION

At the request of Diös Fastigheter AB ("Diös"), through CFO Rolf Larsson, we hereby summarise the market valuations of 283 Diös Fastigheter AB, comprising an equal number of registered properties as Diös' entire current property portfolio. Savills Sweden AB ("Savills") acknowledges that the valuation summary will be included in a prospectus. The portfolio is distributed across the northern part of Sweden, from Borlänge in the south to Luleå in the north, centred around Falun and regional cities of Northern Sweden. Of the 283 valuation objects, 17 are leaseholds and the remaining 266 are freeholds.

Savills has conducted continuous valuations of Diös' property portfolio and all objects have been valued within one year of the date of this summary. Each object is included with the value assigned at the latest valuation date, 31 December 2015, 31 March 2016, 30 June 2016, 30 September 2016 or 31 October 2016. All objects (except for land holdings) have been gradually inspected from 2010 onwards. The largest properties, selected to represent both Diös' geographic spread and the portfolio's various property segments and accounting for about 75 per cent of the total value, are inspected when necessary/major changes occur, but at least every third year in accordance with industry-wide standards. The valuation date for all of these properties was 30 September 2016. The valuation of some of the others objects has been updated since the last quarterly report, which is why the value of these may differ from the last-recorded carrying amount. Diös may also, for capitalised investments or in-depth technical investigations of confirmed but not previously known maintenance needs, record valuation differences.

The valuation procedure with the associated in-depth data collection and processing is mainly drafted using the standards of the Royal Institution of Chartered Surveyors (RICS) and in accordance with the International Valuation Standards (IVS), as well as Samhällsbyggarna's (Swedish Professionals for the Built Environment) instructions, and is reported in accordance with paragraphs 128–130 of the ESMA Update of the CESR Recommendations.

The evaluation is based on the discounted cash flow method, meaning that the value of the properties is based on the present value of projected cash flows plus residual value during a calculation period of five years, but accounting for the lease which runs for more than five years. The assumption for future cash flows is based on, for example, analysis of:

- Current and historical rents plus expenses
- The future development of the market/local area
- The potential and position of the properties in each market segment
- Existing lease agreement terms
- Market rental terms at the end of the lease period
- Operating and maintenance costs of similar properties, compared with the current properties
- Approved projects and estimated necessary tenant adaptation costs for vacancies

Based on the analysis, the resulting net operating income during the calculation period and a residual value at the end of the calculation period have since been discounted by the estimated cost of capital. The value-impacting parameters used in the valuation correspond to Savill's interpretation of how investors and other market players think and operate.

In the portfolio, existing landholdings have been valued on the basis of their geographic location and stage in the planning process. The value of these is negligible in the context, a total of SEK 4.2 million.

By request, we hereby summarise that according to the assessments made by Savills Sweden, the rounded market value of the properties/leaseholds specified above is SEK **13,463,000,000** (**thirteen billion, four hundred and sixty-three million Swedish kronor**), of which 266 freeholds account for SEK 12,904 million, and 17 leaseholds for SEK 559 million.

A list of properties and their value and valuation date is attached. Valuation calculations have been delivered separately.

Stockholm, 21 November 2016
Savills Sweden

Lars Rickardson

Annika Drotz

Property valuers authorised by Samhällsbyggarna (Swedish Professionals for the Built Environment)

Property	Leasehold (L)	Municipality	Valuation date
Intagan 1		Borlänge	2016-09-30
Falan 20		Falun	2016-09-30
Stranden 17:4		Mora	2016-09-30
Norr 11:4		Gävle	2016-09-30
Norr 14:5		Gävle	2016-09-30
Norr 29:5		Gävle	2016-09-30
Arbetet 3		Sundsvall	2016-09-30
Lagmannen 9		Sundsvall	2016-09-30
Skönsmon 2:97	L	Sundsvall	2016-09-30
Mörten 1		Luleå	2016-09-30
Siken 7		Luleå	2016-09-30
Idun 12		Skellefteå	2016-09-30
Björnjägaren 1	L	Umeå	2016-09-30
Vale 6, 17		Umeå	2016-09-30
Barberaren 7		Östersund	2016-09-30
Hejaren 5		Östersund	2016-09-30
Hjorten 5		Skellefteå	2016-10-31
Läkaren 12,13,14		Östersund	2016-09-30
Råttan 18		Luleå	2016-09-30
Mimer 1		Borlänge	2016-09-30
G:a Bergsskolan 15		Falun	2016-09-30
Gullvivan 18		Falun	2016-09-30
Köpmannen 4		Falun	2016-09-30
Stranden 18:2		Mora	2016-09-30
Hälsan 7		Sundsvall	2016-09-30
Norr 26:3		Gävle	2016-09-30
Balder 3		Sundsvall	2016-09-30
Glädjen 4,9		Sundsvall	2016-09-30
Hälsan 6		Sundsvall	2016-09-30
Lyckan 6		Sundsvall	2016-09-30
Penningen 9		Sundsvall	2016-09-30
Braxen 1		Luleå	2016-09-30
Pelikanen 6		Luleå	2016-09-30
Simpan 1		Luleå	2016-09-30
Lekatten 9		Skellefteå	2016-09-30
Kolven 4		Umeå	2016-09-30
Rind 5		Umeå	2016-09-30
Saga 3		Umeå	2016-09-30
Boktryckaren 1		Östersund	2016-09-30
Kopparslagaren 3		Östersund	2016-09-30
Månadsmötet 8		Östersund	2016-09-30
Postiljonen 6		Östersund	2016-09-30
Staben 14		Östersund	2016-09-30
Sigrid 10		Borlänge	2016-09-30
Holmen 8		Falun	2016-09-30
Stranden 19:6		Mora	2016-09-30
Norr 16:5		Gävle	2016-09-30
Norr 40:3		Gävle	2016-09-30

Property	Leasehold (L)	Municipality	Valuation date
Näringen 5:15		Gävle	2016-09-30
Borgmästaren 10		Sundsvall	2016-09-30
Norr 31:9		Gävle	2016-09-30
Lagret 4	L	Sundsvall	2016-09-30
Sleipner 15		Skellefteå	2016-09-30
Venus 3		Sundsvall	2016-09-30
Djuret 3		Luleå	2016-09-30
Porsön 1:423		Luleå	2016-09-30
Porsön 1:423		Luleå	2016-09-30
Porsön 1:423		Luleå	2016-09-30
Porsön 1:423		Luleå	2016-09-30
Porsön 1:423		Luleå	2016-09-30
Porsön 1:423		Luleå	2016-09-30
Porsön 1:423		Luleå	2016-09-30
Strutsen 6		Luleå	2016-09-30
Tjädern 17		Luleå	2016-09-30
Loke 7		Skellefteå	2016-09-30
Krukan 16		Umeå	2016-09-30
Skarpskytten 3		Umeå	2016-09-30
Norr 19:4		Gävle	2016-10-31
Mörviken 2:102		Åre	2016-09-30
Postiljonen 9		Östersund	2016-09-30
Totten 1:68		Åre	2016-09-30
Tullvakten 2		Östersund	2016-09-30
Verdandi 10		Borlänge	2016-09-30
Kansliet 20		Falun	2016-09-30
Nedre Gruvriset 33:156		Falun	2016-09-30
Stranden 20:2		Mora	2016-09-30
Norr 23:5		Gävle	2016-09-30
Näringen 16:6		Gävle	2016-09-30
Södertull 33:1		Gävle	2016-09-30
Sörby Urfjäll 37:3		Gävle	2016-09-30
Fryshuset 2	L	Sundsvall	2016-09-30
Rätten 1		Sundsvall	2016-09-30
Norrbacka 12		Sundsvall	2016-09-30
Norrmalm 1:24		Sundsvall	2016-09-30
Skönsberg 1:73	L	Sundsvall	2016-09-30
Sirius 25		Skellefteå	2016-09-30
Abborren 11		Luleå	2016-09-30
Humlan 6		Luleå	2016-09-30
Rudan 7		Luleå	2016-09-30
Stören 17		Luleå	2016-09-30
Kopplingen 6	L	Umeå	2016-09-30
Stipendiet 2		Umeå	2016-09-30
Frösö 3:7 Byggnad 61		Östersund	2016-09-30
Frösö 3:7 Byggnad 32		Östersund	2016-09-30
Frösö 3:7 (exkl B61 och B32)		Östersund	2016-09-30
Logen 6		Östersund	2016-09-30

Property	Leasehold (L)	Municipality	Valuation date
Nejonögat 3		Östersund	2016-09-30
Riksbanken 7		Östersund	2016-09-30
Åre Prästbord 1:76		Åre	2016-09-30
Arken 1		Umeå	2016-09-30
Frigga 7		Borlänge	2016-09-30
Hammaren 6		Borlänge	2016-10-31
Målaren 3		Borlänge	2016-06-30
Rolf 2		Borlänge	2016-09-30
Rolf 5		Borlänge	2016-09-30
Saga 25		Borlänge	2015-12-31
Sigrid 11		Borlänge	2016-03-31
Ty 10, Valhall 1		Borlänge	2015-12-31
Verdandi 9		Borlänge	2016-06-30
Björken 8		Falun	2015-12-31
Dalpilen 10		Falun	2016-09-30
Falan 22		Falun	2016-10-31
Hattmakaren 16		Falun	2016-10-31
Holmen 7		Falun	2016-10-31
Köpmannen 3		Falun	2016-10-31
Lasarettet 16		Falun	2016-10-31
Nya Bergsskolan 4		Falun	2016-03-31
Teatern 6		Falun	2016-06-30
Fisken 5		Malung	2016-09-30
Mobyarna 113:4		Malung	2016-09-30
Stranden 11:4		Mora	2016-09-30
Stranden 16:1		Mora	2016-10-31
Stranden 16:2		Mora	2016-09-30
Stranden 17:6		Mora	2016-09-30
Stranden 20:4		Mora	2016-09-30
Stranden 35:7, 35:8		Mora	2016-09-30
Alderholmen 18:1		Gävle	2016-06-30
Alderholmen 19:2		Gävle	2016-06-30
Alderholmen 19:3		Gävle	2016-06-30
Alderholmen 23:1		Gävle	2016-09-30
Alderholmen 24:3		Gävle	2016-06-30
Alderholmen 24:5		Gävle	2016-06-30
Brynäs 12:1		Gävle	2016-09-30
Brynäs 34:9		Gävle	2016-06-30
Furan 1		Söderhamn	2015-12-31
Furan 10		Söderhamn	2016-10-31
Furan 9		Söderhamn	2016-10-31
Hemlingby 56:10	L	Gävle	2016-09-30
Hemsta 12:16		Gävle	2016-09-30
Hemsta 12:17		Gävle	2016-10-31
Järvsta 63:3		Gävle	2016-09-30
Klappsta 8:1		Sandviken	2016-10-31
Kungsbäck 2:13		Gävle	2016-10-31
Norr 30:5		Gävle	2016-06-30

Property	Leasehold (L)	Municipality	Valuation date
Norr 34:3		Gävle	2016-06-30
Norr 6:7		Gävle	2016-06-30
Norrkämsta 16:3		Ljusdal	2016-06-30
Norrkämsta 17:2		Ljusdal	2016-10-31
Näringen 11:3		Gävle	2015-12-31
Näringen 12:2		Gävle	2015-12-31
Näringen 13:11		Gävle	2016-09-30
Näringen 22:3		Gävle	2015-12-31
Näringen 6:4		Gävle	2015-12-31
Näringen 8:5		Gävle	2015-12-31
Svalan 6		Söderhamn	2016-10-31
Sätra 107:7		Gävle	2015-12-31
Söder 38:5			2016-09-30
Sörby Urfjäll 27:2		Gävle	2015-12-31
Sörby Urfjäll 28:3		Gävle	2015-12-31
Sörby Urfjäll 36:4		Gävle	2016-10-31
Tälle 23:8		Ljusdal	2016-10-31
Väster 4:17		Gävle	2015-12-31
Öster 10:1		Gävle	2015-12-31
Östernäs 14:4		Ljusdal	2016-10-31
Aeolus 5	L	Sundsvall	2016-09-30
Aeolus 9	L	Sundsvall	2016-10-31
Alliero 20		Sundsvall	2015-12-31
Apollo 3, 7, 8		Sundsvall	2016-06-30
Bisittaren 1		Sundsvall	2016-10-31
Björneborg 11		Sundsvall	2016-10-31
Cupido 5		Sundsvall	2016-10-31
Högom 3:170		Sundsvall	2015-12-31
Högom 3:186		Sundsvall	2016-10-31
Högom 3:189	L	Sundsvall	2016-10-31
Ljusta 3:10		Sundsvall	2016-10-31
Målås 3:20		Sundsvall	2016-03-31
Nolby 7:139	L	Sundsvall	2016-10-31
Penningen 12		Sundsvall	2016-10-31
Sköns Prästbord 1:59		Sundsvall	2016-06-30
Sköns Prästbord 1:69		Sundsvall	2016-10-31
Skönsberg 1:7, 1:8		Sundsvall	2015-12-31
Skönsmon 2:4	L	Sundsvall	2015-12-31
Skönsmon 2:5	L	Sundsvall	2016-09-30
Staden 2:26,2:29		Sollefteå	2016-10-31
Stenstaden 1:14		Sundsvall	2015-12-31
Vesta 4		Sundsvall	2016-10-31
Västland 26:3		Sundsvall	2016-10-31
Bergnäset 2:671		Luleå	2016-06-30
Braxen 2		Luleå	2016-09-30
Gösen 7		Luleå	2016-03-31
Vattenormen 8		Luleå	2015-12-31
Höken 2		Skellefteå	2016-09-30

Property	Leasehold (L)	Municipality	Valuation date
Idun 6		Skellefteå	2015-12-31
Kastor 6		Skellefteå	2015-12-31
Motorn 18		Skellefteå	2015-12-31
Orion 8		Skellefteå	2016-10-31
Polaris 8		Skellefteå	2016-09-30
Servicen 1		Skellefteå	2016-09-30
Cisternen 3,4		Umeå	2016-09-30
Formen 2	L	Umeå	2015-12-31
Granberg 1:59,1:76		Vilhelmina	2016-10-31
Grubbe 9:55		Umeå	2016-10-31
Kedjan 4		Umeå	2016-10-31
Krukan 18		Umeå	2016-03-31
Kärran 9		Umeå	2016-10-31
Matsdal 1:144		Vilhelmina	2016-10-31
Plasten 1		Vilhelmina	2016-10-31
Pumpen 3		Umeå	2015-12-31
Röbäck 30:94;30:113		Umeå	2016-10-31
Stigbygeln 2		Umeå	2016-03-31
Syllen 14		Umeå	2016-09-30
Tändstiftet 2		Umeå	2016-09-30
Arken 8		Östersund	2016-03-31
Arvesund 2:185, etc.		Åre	2016-10-31
Bandsågen 11		Östersund	2016-10-31
Befälhavaren 2		Östersund	2016-10-31
Bergvik 10		Östersund	2015-12-31
Boktryckaren 5	L	Östersund	2016-10-31
Boktryckaren 6		Östersund	2016-10-31
Bonden 3		Östersund	2015-12-31
Brandenburg 5		Östersund	2015-12-31
Bräcke 4:4		Bräcke	2016-10-31
Buntmakaren 2		Östersund	2016-10-31
Buntmakaren 3		Östersund	2016-09-30
Busken 1		Östersund	2016-10-31
Fabrikören 3		Östersund	2015-12-31
Frösö 6:22,6:30		Östersund	2015-12-31
Förskinnet 6		Östersund	2015-12-31
Gubbåkern 8		Östersund	2015-12-31
Guckuskon 1		Östersund	2016-09-30
Gårdvaren 1		Östersund	2016-09-30
Gästgivaren 3,6		Östersund	2016-10-31
Handlanden 4		Östersund	2015-12-31
Häradshövdingen 1		Östersund	2016-09-30
Häradshövdingen 6		Östersund	2016-09-30
Kilen 1		Härjedalen	2016-09-30
Kommunalmannen 4		Östersund	2016-09-30
Kräftan 6		Östersund	2016-03-31
Körfältet 11		Östersund	2015-12-31
Lutfisken 2		Östersund	2015-12-31

Property	Leasehold (L)	Municipality	Valuation date
Lutfisken 4,5		Östersund	2016-09-30
Lutfisken 9		Östersund	2016-09-30
Magistern 1		Östersund	2016-09-30
Magistern 2		Östersund	2016-09-30
Magistern 5		Östersund	2016-09-30
Majoren 5		Östersund	2015-12-31
Majoren 6		Östersund	2015-12-31
Majoren 9		Östersund	2015-12-31
Moroten 9		Härjedalen	2016-06-30
Motboken 1		Östersund	2016-09-30
Motboken 3		Östersund	2015-12-31
Motorsågen 2	L	Östersund	2016-10-31
Musslan 13		Östersund	2016-10-31
Musslan 16		Östersund	2016-10-31
Myrten 5		Östersund	2016-09-30
Mörviken 1:107		Åre	2016-10-31
Odlaren 5		Östersund	2015-12-31
Pantbanken 1		Östersund	2016-09-30
Pantbanken 5		Östersund	2016-10-31
Rudan 2		Östersund	2016-10-31
Rudan 4		Östersund	2016-09-30
Sarven 21		Östersund	2016-09-30
Siken 10		Östersund	2015-12-31
Sjökaptenen 8		Östersund	2015-12-31
Skogsskiftet 5		Östersund	2016-09-30
Snäckan 25		Östersund	2016-03-31
Sprinten 4		Östersund	2016-09-30
Spökis 1	L	Östersund	2016-09-30
Staben 2		Östersund	2016-09-30
Stallet 10		Östersund	2016-10-31
Svarvaren 1		Östersund	2015-12-31
Svarvaren 2		Östersund	2015-12-31
Svarvaren 4		Östersund	2015-12-31
Tivolit 2		Östersund	2015-12-31
Traktorn 6		Östersund	2016-09-30
Traktören 10		Östersund	2016-09-30
Traktören 5		Östersund	2016-09-30
Traktören 9		Östersund	2016-10-31
Vadmalsväven 5		Östersund	2016-09-30
Valkyrian 1		Östersund	2016-03-31
Åkeriet 11		Östersund	2016-09-30
Åre Prästbord 1:37		Åre	2016-03-31
Stranden 19.5		Mora	2016-09-30

ADDRESSES

DIÖS FASTIGHETER AB (PUBL)
Street address:
Fritzhemsgatan 1A, Frösön, Sweden
Postal address:
Box 188, SE-831 22 Östersund, Sweden
Tel: +46 (0)770 33 22 00

JOINT GLOBAL COORDINATORS
NORDEA SVERIGE AB (PUBL)
Street address:
Smålandsgatan 17, H317, Stockholm, Sweden
Postal address:
SE-105 71 Stockholm, Sweden
Tel: +46 (0)8 614 70 00

SWEDBANK AB (PUBL)
Street address:
Landsvägen 40, Sundbyberg, Sweden
Postal address:
SE-105 34 Stockholm, Sweden
Tel: +46 (0)8 585 900 00

LEGAL ADVISOR TO THE JOINT GLOBAL COORDINATORS
LINKLATERS ADVOKATBYRÅ AKTIEBOLAG
Street address:
Regeringsgatan 67, Stockholm, Sweden
Postal address:
Box 7833, SE-103 98 Stockholm, Sweden
Tel: +46 (0)8 665 66 00

LEGAL ADVISOR TO DIÖS FASTIGHETER AB (PUBL)
ADVOKATFIRMAN GLIMSTEDT STOCKHOLM KOMMANDITBOLAG
Street address:
Strandvägen 7A, Stockholm, Sweden
Postal address:
Box 5244, SE-102 45 Stockholm, Sweden
Tel: +46 (0)8 566 119 00

AUDITOR
LARS HELGESSON (DELOITTE AB)
Street address:
Ringvägen 31, Östersund, Sweden
Postal address:
Box 415, SE-831 26 Östersund, Sweden
Tel: +46 (0)75 246 45 00

PROPERTY VALUERS
SAVILLS SWEDEN AB
Street address:
Sergels Torg 12, Stockholm, Sweden
Postal address:
SE-111 57 Stockholm, Sweden
Tel: +46 (0)8 545 858 90

CENTRAL SECURITIES DEPOSITORY
EUROCLEAR SWEDEN AB
Postal address:
Box 191, SE-102 23 Stockholm, Sweden

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