



DOCUMENTS FOR THE ANNUAL GENERAL MEETING ON WEDNESDAY 18 APRIL 2018

HEMFOSA FASTIGHETER AB (PUBL)

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1. THE PROPOSALS BY THE NOMINATION COMMITTEE TO THE ANNUAL GENERAL MEETING, REPORT ON ITS WORK AND REASONED STATEMENT IN RELATION TO THE PROPOSAL REGARDING ELECTION OF BOARD OF DIRECTORS

The proposals by the nomination committee to the Annual General Meeting in Hemfosa Fastigheter AB

The nomination committee of the company has been appointed in accordance with the principles resolved by the previous Annual General Meeting. The nomination committee has, prior to the Annual General Meeting 2018, consisted of Thomas Ehlin, appointed by Fjärde AP-fonden, who has been the Chairman of the nomination committee, Lennart Francke, appointed by Swedbank Robur fonder, Eva Gottfridsdotter-Nilsson, appointed by Länsförsäkringar Fondförvaltning AB, Gunnar Balsvik, appointed by Kåpan Pensioner, and Bengt Kjell, Chairman of the Board of Directors in the company.

The nomination committee proposes the following to the Annual General Meeting.

- Wilhelm Lüning, member of the Swedish Bar Association, shall be elected Chairman of the meeting.
- The Board of Directors shall consist of seven members.
- The nomination committee proposes that the following Board members shall be re-elected until the end of the next Annual General Meeting: Bengt Kjell, Jens Engwall, Gunilla Högbom, Anneli Lindblom, Per-Ingemar Persson, Caroline Sundewall and Ulrika Valassi. No deputy directors are proposed. Information regarding the proposed Board members is available at the company's website, www.hemfosa.se.
- Bengt Kjell shall be re-elected as the Chairman of the Board of Directors.
- An annual remuneration of SEK 475,000 (previously SEK 450,000) shall be paid to the Chairman of the Board of Directors and SEK 210,000 (previously SEK 200,000) shall be paid to each of the other Board members elected by the Annual General Meeting who are not employed by the company. The nomination committee further proposes that an annual remuneration of SEK 60,000 (unchanged) shall be paid to the Chairman of the audit committee and SEK 35,000 (unchanged) to each of the other members of the audit committee. No remuneration shall be paid for work in the remuneration committee.
- In accordance with the audit committee's recommendation, the registered accounting firm KPMG AB shall be re-elected as auditor until the end of the next Annual General Meeting. KPMG has informed that Björn Flink will continue to be auditor in charge. The auditor shall be paid in accordance with approved invoices.

It is noted that the principles for the nomination committee's composition and work that was resolved by a previous Annual General Meeting shall remain in force until a general meeting resolves otherwise. The nomination committee does not propose any such change.

The nomination committee's report of its work and its statement regarding its proposal regarding election of Board of Directors

In accordance to Section 2.6 and 4.1 of the Swedish Corporate Governance Code, the nomination committee gives the following statement prior to the Annual General Meeting's election of the Board of Directors.

The composition of the nomination committee was published on 18 September 2017. The nomination committee has had, according to a resolution by the previous Annual General Meeting, the assignment to present proposals to the Annual General Meeting regarding the number of Board members and the composition of Board of Directors including the Chairman of the Board of Directors, and to propose remuneration to the Board of Directors. The nomination committee has further had the assignment to propose Chairman of the meeting, auditors and their remuneration, as well as to propose changes in the applicable rules for the nomination committee, if considered necessary.

Information has been available on the company's website regarding that shareholders have been able to submit proposals to the nomination committee. Proposals should have been submitted to the nomination committee no later than 30 November 2017 to be treated as constructive as possible. No proposals have been submitted to the nomination committee.

The nomination committee has held six meetings with additional contacts in between. In its work, the nomination committee has taken part of the evaluation of the Board of Directors and also interviewed all Board members. Based on these contacts, the nomination committee considers that the Board of Directors' work is carried out very well. The nomination committee has discussed the demands that will be required by the Board of Directors due to the company's operation, development stage, requirements of sustainability and other circumstances, as well as governance and control in order to assess the Board of Directors' size and appropriate composition. In performing its duties, the nomination committee has taken into account the requirements set by the Swedish Corporate Governance Code regarding the diversity and breadth of the Board of Directors and to strive for gender balance. The nomination committee has in its proposal for election of the Board of Directors applied Section 4.1 of the Swedish Corporate Governance Code as its diversity policy.

The nomination committee is of the opinion that the proposed Board members have the diversity and breadth with respect to qualifications, experience and background that is necessary in order to understand and lead the company's business. Further, the proposal means that the Board of Directors will consist of four women and three men. As the proportion of men amounts to almost 43 per cent, the nomination committee concludes that the Swedish Corporate Governance Board's target of approximately 40 per cent of the least represented gender is fulfilled.

Following an assessment of the independency of the Board members, the nomination committee has found that the proposed Board of Directors in the company complies with the independence requirements in the Swedish Corporate Governance Code.

2. INFORMATION ABOUT THE PROPOSED BOARD MEMBERS¹

Bengt Kjell, f 1954

Chairman of the Board of Directors in the company since 2013 and chairman of the remuneration committee. Chairman of the Board of Directors within the group since 2009.

Education: Master of Business Administration, Stockholm School of Economics.

Other engagements: Chairman of the Board of Directors in SSAB and Expassum AB as well as deputy Chairman of the Board of Directors in Indutrade AB. Member of the Board of Directors in AB Industrivärden, ICA Gruppen AB, Pandox AB among others.

Shares in the company (incl. holdings of related persons):
2,405,000 ordinary shares.

Independent in relation to the company, the group management and the major shareholders of the company.



Jens Engwall, f 1956

Member of the Board of Directors and CEO of the company since 2013. Directorships within the group since 2009.

Education: Master of Engineering, KTH, Stockholm.

Other engagements: Member of the Board of Directors in Bonnier Fastigheter AB, Quanta fuel AS, Hemfosa Gård AB among others.

Shares in the company (incl. holdings of related persons):
3,445,275 ordinary shares.

Not independent in relation to the company and the group management. Independent in relation to the major shareholders of the company.



¹ The information regarding other engagements and holdings of shares in the company is based on information as of 31 December 2017.

Anneli Lindblom, f 1967

Member of the Board of Directors since 2013 and chairman of the audit committee. No previous engagement within the group.

Education: Master of Finance, Frans Schartau Business Institute, Stockholm.

Other engagements: CFO for Acando AB (publ), Chairman of the Board of Directors in NoClds AB and directorships within the Acando group.

Shares in the company (incl. holdings of related persons):
2,400 ordinary shares.

Independent in relation to the company, the group management and the major shareholders of the company.



Caroline Sundewall, f 1958

Member of the Board of Directors since 2013 and member of the audit committee. No previous engagements within the group.

Education: Master of Business Administration, Stockholm School of Economics

Other engagements: Member of the Board of Directors and CEO in Caroline Sundewall AB. Member of the Board of Directors in Cramo Oy (Finland), Elanders AB, Mertzig Asset Management AB and Sintercast Aktiebolag. Chairman of the Board of Directors in the foundation Streber Cup.

Shares in the company (incl. holdings of related persons):
6,000 ordinary shares and 2,000 preference shares.

Independent in relation to the company, the group management and the major shareholders of the company.



Ulrika Valassi, f 1967

Member of the Board of Directors since 2013 and member of the remuneration committee (previous member of the auditing committee). No previous engagements within the group.

Education: Master of Business Administration, Uppsala University.

Other engagements: Member and Chairman of the auditing committee for Ålandsbanken Abp and member of the Board of Directors in Hypoteket Bolån Sverige AB

Shares in the company (incl. holdings of related persons):
3,200 ordinary shares.

Independent in relation to the company, the group management and the major shareholders of the company.



Per-Ingemar Persson, f 1956

Member of the Board of Directors since 2016 and member of the remuneration committee. No previous engagements within the group.

Education: Master of Engineering, LTH, Lund.

Other engagements: Chairman of the Board of Directors in NEWS AB and ELU Konsult AB. Member and deputy Chairman of the Board of Directors in Wihlborgs Fastigheter AB. Member of the Board of Directors in a number of wholly owned companies or associated companies within the Veidekke Group, PEKE konsult AB and member of the Board of Directors in the foundation Botildenborg. In addition, Per-Ingemar Persson is proposed to be elected as a member of the Board of Directors in Faberge AB and in Finja Prefab AB during spring 2018.

Shares in the company (incl. holdings of related persons):
2,400 ordinary shares.

Independent in relation to the company, the group management and the major shareholders of the company.



Gunilla Högbom, f 1958

Member of the Board of Directors since 2017. No previous engagements within the group.

Education: Master of Engineering, KTH, Stockholm.

Other engagements: CEO in Virtuosen Fastighets AB, member of the Board of Directors in Sydholmarna Kapitalförvaltning AB, Archus AB and the foundation Danvikshem.

Shares in the company (incl. holdings of related persons):

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Independent in relation to the company, the group management and the major shareholders of the company.



3. THE PROPOSAL BY THE BOARD OF DIRECTORS REGARDING DISPOSITION OF THE COMPANY'S RESULT

In the parent company Hemfosa Fastigheter AB (publ), the following funds are available for distribution by the Annual General Meeting.

Unrestricted equity 31 December 2017

Premium reserve	SEK 9,770,637,633
Retained earnings	SEK 436,622,868
Profit for the year	SEK 922,183,306
Total unrestricted equity	SEK 11,213,807,931

Funds available for distribution by the Annual General Meeting

Dividend payable to holders of ordinary shares SEK 4.80 per ordinary share	SEK 757,095,595
Dividend payable to holders of preference shares SEK 10.00 per preference share	SEK 109,999,990
To be carried forward	SEK 10,346,712,346
Total	SEK 11,213,807,931

The Board of Directors proposes that the Annual General Meeting resolves that, until the next Annual General Meeting, a dividend to the shareholders of ordinary shares shall be paid in a total amount of SEK 4.80 per ordinary share, with quarterly payments of SEK 1.20 per ordinary share. Proposed record days for the quarterly dividends on the ordinary shares are 20 April 2018, 10 July 2018, 10 October 2018 and 10 January 2019. In the event that such day is not a banking day, the record day shall be the immediate preceding banking day. The dividend payments on the ordinary shares are estimated to be distributed by Euroclear Sweden AB on the third banking day after each record day.

The Board of Directors further proposes that the Annual General Meeting resolves that, until the next Annual General Meeting, a dividend to the shareholders of preference shares shall be paid in a total amount of SEK 10.00 per preference share, with quarterly payments of SEK 2.50 per preference share. Proposed record days for the quarterly dividends for the preference shares are 10 July 2018, 10 October 2018, 10 January 2019 and 10 April 2019. In the event that such day is not a banking day, the record day shall be the immediate preceding banking day. The dividend payments on the preference shares are estimated to be distributed by Euroclear Sweden AB on the third banking day after each record day.

The Board of Directors' proposal regarding dividend to the holders of preference shares is in accordance with the articles of association, which stipulates the conditions for preference shares.

In aggregate, the proposed dividend as set out above amounts to SEK 867,095,585.

The Board of Directors has furthermore proposed that the Annual General Meeting authorises the Board of Directors to resolve upon new issues of ordinary shares (item 13 on the agenda). The Board of Directors proposes that the new ordinary shares that may be issued pursuant to the authorisation shall entitle to dividend as set out above as of the day on which they are entered in the share register maintained by Euroclear Sweden AB. At a maximum use of the authorisation, the dividend for the new ordinary shares may amount to SEK 75,709,560.

The Board of Directors proposes that the remaining earnings are carried forward.

Nacka, March 2018
Hemfosa Fastigheter AB (publ)
Board of Directors

4. THE REASONED STATEMENT OF THE BOARD OF DIRECTORS PURSUANT TO CHAPTER 18 SECTION 4 AND CHAPTER 19 SECTION 22 OF THE SWEDISH COMPANIES ACT

As a result of the proposals by the Board of Directors to the Annual General Meeting to pay a dividend in respect of the company's ordinary shares and preference shares for the financial year 2017, and to authorise the Board of Directors to resolve on acquisition of ordinary shares in the company, the Board of Directors hereby submits the following reasoned statement pursuant to Chapter 18 Section 4 and Chapter 19 Section 22 of the Swedish Companies Act (2005:551).

Proposals regarding dividend and authorisation of the Board of Directors to resolve on acquisition of ordinary shares in the company

As set out in the proposal regarding disposition of the company's result, the Board of Directors proposes a dividend in respect of ordinary shares and preference shares as follows.

Until the next Annual General Meeting, a dividend to the shareholders of ordinary shares shall be paid in a total amount of SEK 4.80 per ordinary share, with quarterly payments of SEK 1.20 per ordinary share. Proposed record days for the quarterly dividends on the ordinary shares are 20 April 2018, 10 July 2018, 10 October 2018 and 10 January 2019. In the event that such day is not a banking day, the record day shall be the immediate preceding banking day. The dividend payments on the ordinary shares are estimated to be distributed by Euroclear Sweden AB on the third banking day after each record day.

Until the next Annual General Meeting, a dividend to the shareholders of preference shares shall be paid in a total amount of SEK 10.00 per preference share, with quarterly payments of SEK 2.50 per preference share. Proposed record days for the quarterly dividends for the preference shares are 10 July 2018, 10 October 2018, 10 January 2019 and 10 April 2019. In the event that such day is not a banking day, the record day shall be the immediate preceding banking day. The dividend payments on the preference shares are estimated to be distributed by Euroclear Sweden AB on the third banking day after each record day.

The Board of Directors' proposal regarding dividend to the holders of preference shares is in accordance with the articles of association, which stipulates the conditions for preference shares.

In aggregate, the proposed dividend as set out above amounts to SEK 867,095,585.

The Board of Directors has furthermore proposed that the Annual General Meeting authorises the Board of Directors to resolve upon new issues of ordinary shares (item 13 on the agenda). The Board of Directors proposes that the new ordinary shares that may be issued pursuant to the authorisation shall entitle to dividend as set out above as of the day on which they are entered in the share register maintained by Euroclear Sweden AB. At a maximum use of the authorisation, the dividend on the new ordinary shares may amount to SEK 75,709,560.

The proposed dividend amounts to approximately 7.7 per cent of the parent company's equity and approximately 4.9 per cent of the group's equity as of 31 December 2017.

The Board of Directors has also proposed that the Annual General Meeting authorises the Board of Directors to, on one or more occasions for the period until the end of the next Annual General Meeting, resolve on acquisition of ordinary shares in the company so that, as a maximum, the company's holding following the acquisition does not exceed 10 per cent of all the shares in Hemfosa at any time.

Nature, scope and risks of the business

The nature and scope of the business are specified in the articles of association and in the annual reports that have been issued. The business that is conducted by the company and the group does not entail any risks other than those that arise, or can be anticipated to arise, within the industry concerned, or those risks that are generally associated with operating a business. In addition, no events have occurred which have negatively affected the company's ability to distribute funds to the shareholders. The company's dependency on economic conditions does not deviate from what is otherwise prevalent in the industry concerned.

The financial position of the company and the group

The financial position of the company and the group as of 31 December 2017 is described in the latest annual report. The annual report also specifies the accounting policies that have been applied in valuating assets, provisions and liabilities.

The Annual General Meeting has SEK 11,213,807,931 available for distribution. The company's equity/assets ratio as per 31 December 2017 is 63.5 per cent and the group's equity/assets ratio is 40.4 per cent. Including committed lines of credit, the company has access to considerable liquid funds. Unrealised gains account for a small portion of the company's and the group's equity.

The company's and the group's financial position is strong. The proposed value transfer (the dividend and the authorisation of the Board of Directors to resolve on acquisition of shares in the company) does not jeopardize fulfilment of the investments deemed necessary.

The value transfer does not impact the company's and the group's ability to meet its payment obligations in a timely manner. The company's and the group's liquidity forecasts encompass preparedness to manage variations in the continuous payment obligations.

The company's and the group's financial position does not give rise to an assessment other than that the company and the group will be able to continue its business and that the company and the group can be expected to satisfy its obligations in the short term and the long term.

The Board of Directors is of the opinion that the size of the equity as reported in the latest annual report is in reasonable proportion to the scope of the company's business and the risks that are associated with carrying on the business, taking the proposed value transfer into account.

The justification of the proposals on dividend and authorisation of the Board of Directors to resolve on acquisition of ordinary shares in the company

With reference to the above and to other information that has been brought to the Board of Directors' attention, the Board of Directors considers that the company's and the group's financial position entails that the proposed dividend and the proposed authorisation to resolve on acquisition of ordinary shares in the company is justified in view of the requirements that the nature, scope and risks of the business, including effects of the general financial situation, place on the size of the company's and the group's equity as well as the company's and the group's funding requirements, liquidity and position in general.

Nacka, March 2018
Hemfosa Fastigheter AB (publ)
Board of Directors

5. AUDITOR'S OPINION PURSUANT TO CHAPTER 8 SECTION 54 OF THE SWEDISH COMPANIES ACT AS TO WHETHER THE GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES HAVE BEEN COMPLIED WITH



Translation from the Swedish original

Auditor's opinion under Chapter 8 Section 54 of the Swedish Companies Act (2005:551) as to whether the guidelines of the annual general meeting on the remuneration of senior executives have been followed

To the annual general meeting of Hemfosa Fastigheter (publ.), Corporate identity No 556917-4733

Introduction

We have audited whether the Board of Directors and the Chief Executive Officer of Hemfosa Fastigheter (publ.) during the year 2017 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 19 April 2016 and the annual general meeting on 25 April 2017.

Responsibility of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the guidelines being followed and for the internal control that the Board of Directors and the Chief Executive Officer deem necessary to ensure that the guidelines are followed.

Responsibility of the auditor

Our responsibility is to issue an opinion, based on our audit, to the annual general meeting as to whether the guidelines have been followed. We have conducted the audit in accordance with FAR recommendation RevR 8 *Audit of remuneration of senior executives of listed companies*. This recommendation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the guidelines adopted by the annual general meeting are followed in all material aspects. The audit firm applies International Standard on Quality Control 1 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.

We are independent of Hemfosa Fastigheter accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The audit has covered the company's organization for and documentation of remuneration issues for senior executives, the new decisions on remuneration that have been taken and a selection of the payments made during the financial year to the senior executives. The auditor chooses what procedures are to be performed, in part by assessing the risk of the guidelines not being followed in all material aspects. In making those risk assessments, the auditor considers internal control relevant to compliance with the guidelines in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that our audit provides a reasonable basis for our opinion set out below.

Opinion

We consider that the Board of Directors and Chief Executive Officer of Hemfosa Fastigheter (publ.) during 2017 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 19 April 2016 and the annual general meeting on 25 April 2017.

Stockholm 14 March 2018

KPMG AB

Björn Flink

Authorized Public Accountant

6. THE REPORT BY THE BOARD OF DIRECTORS PURSUANT TO SECTION 10.3 OF THE SWEDISH CORPORATE GOVERNANCE CODE ON THE REMUNERATION COMMITTEE'S EVALUATION OF REMUNERATION TO SENIOR EXECUTIVES

The Board of Directors has previously established a remuneration committee, which prepares the resolutions of the Board of Directors on issues concerning principles for remuneration, remunerations and other terms of employment for senior executives. Guidelines for remuneration to senior executives are presented by the remuneration committee to the Board of Directors, which submits a proposal on such guidelines to the Annual General Meeting for approval.

The remuneration committee is also entrusted with the task of monitoring and evaluating plans for variable remuneration for senior executives, the application of the guidelines for remuneration that the Annual General Meeting has adopted as well as the current remuneration structures and levels in the company.

Pursuant to Section 10.3 of the Swedish Corporate Governance Code, the Board of Directors hereby presents the following report on the results of the remuneration committee's evaluation.

Evaluation of programme for variable remuneration to senior executives

According to the current guidelines for remuneration to senior executives, the variable part of the remuneration shall reward clear target-related results and improvements in simple and transparent constructions as well as being maximized. An outcome shall be related to the fulfilment of targets regarding results, cash flow and growth set in advance. Variable remuneration to respective senior executive shall not exceed four months salary and shall not be pensionable. The variable remuneration for the entire group of senior executives in the group can amount to a maximum of SEK three million. Regarding right and opportunity to obtain variable remuneration the CEO and CFO of the group are excluded for which no variable remuneration shall be paid. The remuneration committee has evaluated the set goals for the variable remuneration and the results for 2017 and is of the opinion that the variable remuneration is still well balanced and is in line with the shareholders' interests and that the variable remuneration is important to motivate and retain senior executives.

At the Annual General Meeting 2017, it was resolved on a warrant program for employees within the group. The company subsidizes by way of a cash bonus up to 100 per cent of the participant's premium on certain conditions. The remuneration committee has evaluated this program and found that the participation rate in the warrant program has been high among senior executives. The program is considered to contribute positively to creating a community of interest between senior executives and shareholders and also gives senior executives increased opportunities to take part in the company's success.

The application of the guidelines for remuneration to senior executives and current remuneration structures and remuneration levels

According to the current guidelines for remuneration to senior executives, the company shall apply the remuneration levels and employment terms that are required in order to recruit and retain senior executives with high competence and capacity to reach specified goals. The remuneration committee is of the opinion that the guidelines follow their purpose to motivate senior executives to secure the

shareholders' interest as well as to promote the company's long term value creation. The evaluation of the Board of Directors has also shown that the guidelines have been applied but that the assessment of achieved outcome has been conducted discretionary. The auditor of the company has given a statement to the Board of Directors to the effect that Hemfosa has not deviated from the guidelines for remuneration to senior executives that were resolved on by the Annual General Meeting 2017.

The remuneration committee has, based on conducted market surveys, determined that the remuneration structures and remuneration levels of the company are on market terms.

Nacka, March 2018
Hemfosa Fastigheter AB (publ)
Board of Directors