

THE PROPOSALS BY THE NOMINATION COMMITTEE TO THE ANNUAL GENERAL MEETING IN HEMFOSA FASTIGHETER AB, REPORT ON ITS WORK AND STATEMENT IN RELATION TO THE PROPOSAL REGARDING THE BOARD OF DIRECTORS

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 a previous Annual General Meeting. The nomination committee has, prior to the Annual General Meeting 2016, consisted of Mats Andersson, appointed by Fjärde AP-fonden, Lennart Francke, appointed by Swedbank Robur fonder, Maria Nordqvist, appointed by Lannebo Fonder, Eva Gottfridsdotter-Nilsson, appointed by Länsförsäkringar Fondförvaltning AB, and Bengt Kjell, Chairman of the Board of Directors in the company.

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

- The lawyer Wilhelm Lüning shall be elected Chairman of the meeting.
- The Board of Directors shall consist of six 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, Anneli Lindblom, Caroline Sundewall and Ulrika Valassi. It is also proposed that Per-Ingemar Persson shall be elected as a new Board member. 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 400,000 (previously SEK 350,000) shall be paid to the Chairman of the Board of Directors and SEK 180,000 (previously SEK 175,000) 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 has further proposed 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 will be paid for work in the remuneration committee. Provided that it is cost neutral for the company, remuneration may be invoiced by a Board member through a wholly-owned company.
- The registered accounting firm KPMG AB shall be re-elected as auditor until the end of the next Annual General Meeting. KPMG AB will appoint Björn Flink as the auditor in charge. The auditors 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 the general meeting resolves otherwise.

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

The composition of the nomination committee was published on 30 September 2015. The nomination committee has had, according to a resolution by a 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 how shareholders have been able to submit proposals to the nomination committee. Proposals should have been submitted to the nomination committee not later than 30 November 2015 to be treated as constructive as possible. No proposals have been submitted to the nomination committee.

The nomination committee has held seven 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, including the company's CEO. Based on these contacts, the nomination committee considers that the Board of Directors' work is carried out 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 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 breadth and diversity of the Board of Directors and to strive for gender balance.

During its work, the nomination committee has been informed that the Board member Daniel Skoghäll has declined re-election. The nomination committee has cooperated with an external recruitment firm to secure a wide choice of candidates in the work of finding a suitable replacement for Daniel Skoghäll. In the recruitment process, the nomination committee has particularly considered the company's increased focus on community service properties. Through the proposed Board member Per-Ingemar Persson, who has extensive experience from leading positions in construction and real estate business, additional qualifications and experience from construction, project and real estate will be brought to the Board.

Per-Ingemar Persson, born in 1956, has been the CEO of Veidekke Sweden during 2005-2015. Previously, Per-Ingemar was the CEO of NVS Installation during 2002-2005 and worked during 1982-2002 within the Skanska group, among other as CEO of Skanska Sverige and Skanska Danmark. He is, among others, Board member of Wihlborgs Fastigheter AB and in companies within the Veidekke Group. Per-Ingemar Persson is an engineer with an academic degree from Lunds University, Faculty of Engineering.

The nomination committee was also informed shortly before publication of the notice to the Annual General Meeting that Magnus Eriksson, according to a press release from Fjärde AP-fonden on 19 February 2016, will leave Fjärde AP-fonden and move to London for family reasons, and that he, as a result thereof, also declines re-election as Board member in Hemfosa Fastigheter AB. Considering the limited amount of time available for the nomination committee to recruit an additional Board member with necessary competence and experience, the nomination committee has chosen not to propose an additional Board member.

The nomination committee considers that six Board members constitute a requisite number of members, even if the nomination committee deems it appropriate to aim at having seven Board members in the future.

The nomination committee is of the opinion that the proposed Board of Directors has the diversity and breadth with respect to qualifications, experience and background that is necessary in order to understand the company's business. The nomination committee has further noted that the proposal means that the Board of Directors will consist of three women and three men.

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