

Hemfosa Fastigheter presents updated strategy and new financial targets

Following the decision to distribute Nyfosa to the ordinary shareholders, Hemfosa Fastigheter has worked on preparing a strategy and business plan for the next few years. This process has resulted in new financial targets and a new dividend policy that have now been adopted by the Hemfosa Board of Directors. These targets include property portfolio growth from slightly more than SEK 35 billion to SEK 50 billion in property value within five years.

Strategic focus

The core of the new strategy is to promote Hemfosa's growth and make a good business even better. Hemfosa will strengthen its position as the market leader in Sweden and Norway and take significant steps in Finland by expanding its activities and presence in the Finnish market. The company's aim is to capitalize on growth opportunities since the need for community service properties is increasing in all three markets, driven by a growing population, changed demographics and a greater shift in community service properties from public to private ownership as government, municipalities and county councils focus on their core operations. The objective is that Hemfosa's property portfolio will increase from SEK 35 billion to SEK 50 billion within five years - growth that will take place at healthy profitability and with retained low risk.

New growth targets and dividend policy

The Board of Hemfosa Fastigheter has today decided on the following:

Growth targets:

- Grow to SEK 50 billion in property value within five years
- Distributable earnings* per share will increase on average by a minimum of 10 percent per year.

Dividend policy:

- The dividend will amount to approximately 40 percent of distributable earnings*

* Profit from property management, excluding the share in profit from joint ventures and after tax.

"The need for community service properties remains high in all three of our markets, and will increase over the next few years. This presents many opportunities for Hemfosa to strengthen its role as a long-term and driving partner for our tenants in government, municipalities, county councils and other community service operations. With a more distinct specialization in community service properties, we are now setting an ambitious plan for continued growth, through acquisitions and with a higher share of project development, with sustained healthy profitability", says Caroline Arehult, CEO of Hemfosa Fastigheter.

"Hemfosa will continue to be a company that generates healthy returns for its shareholders through both value creation and dividends at low operational risk. The strategy we are now presenting adopts a balanced approach to leveraging existing growth opportunities while retaining

Hemfosa Fastigheter AB

Street address Hästholmsvägen 28, SE-131 02 Nacka, Sweden **Telephone** +46 8 448 04 80

Postal address Box 2020 Nacka, Sweden | **Fax** +46 8 448 04 81

focus on profitability and a sustained strong financial position. We have all the conditions in place to strengthen our leading position as a specialist in community service properties in the Nordic region”, comments Bengt Kjell, Chairman of Hemfosa Fastigheter.

Growth through acquisitions and project development of community service properties

This planned growth will take place through acquisitions and project development. The vast majority of growth will take place through acquisitions of properties. The project development will represent an increasing share of Hemfosa’s growth, accounting for about a third of growth during the period. The company intends to assume a clear position in project development for community service properties through partnerships and by gradually expanding internal resources, with proprietary concepts, through land allotment and its own existing properties.

Long-term and sustainable development

Experienced employees and the company’s strong local organization will continue to generate business and further strengthen relationships with the tenants. The company will continue to work effectively with a long-term approach and a flat organization where motivated employees can assume far-reaching responsibility. Combining Hemfosa’s entrepreneurial spirit with an enhanced structure will scale up the operations, while retaining an agile and business-focused organization. Hemfosa will manage, develop and invest for the long term in a sustainable manner. Sustainability is a natural and integrated part of the operations and all business decisions.

Dividend policy

Hemfosa will continue to be a company that generates healthy returns and has low operational risk. To capture existing growth opportunities while retaining the company’s strong financial position and without any dilution for shareholders, Hemfosa is now revising its dividend policy to distribute approximately 40 percent of distributable earnings. Hemfosa’s management and Board believe that the company’s growth strategy, combined with favorable dividends, will add most value for shareholders.

Presentation of new financial objectives and strategy

- Hemfosa Fastigheter will hold a capital market presentation in Swedish today between 9:30 a.m. and 12:00 noon. A presentation (English and Swedish) from the meeting will be available at Hemfosa’s website from approx. 9.30 a.m.
- A teleconference will be held at 3:00 p.m. today with an audiocast of the presentation in English. Link to the audiocast, [click here](#).

Contact

Caroline Arehult, CEO, caroline.arehult@hemfosa.se, mobile +46 70-553 80 26,
switchboard +46 8-448 04 80
Bengt Kjell, Chairman of the Board, mobile +46 70-594 53 98

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About Hemfosa Fastigheter

Hemfosa is a Swedish property company focused on community service properties in the Nordic region, with the Swedish state and municipalities as its largest tenants. This provides stable revenue flows and a healthy yield. Hemfosa also aims to create value through active participation in the transaction market. At September 30, 2018, Hemfosa owned properties

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with a total property value of approximately SEK 35.6 billion. The company's ordinary share has been listed since March 2014, and the preference share since December 2014, both on Nasdaq Stockholm. Read more at www.hemfosa.

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