

# *Information* **BROCHURE** **TO HEMFOSA** **FASTIGHETER** *AB's* *shareholders*

prior to resolution regarding distribution of the shares in Nyfosa AB  
at the extraordinary general meeting on 13 September 2018

Hemfosa  
FASTIGHETER

This information brochure is not a prospectus. It is to be used as a basis for decision by Hemfosa Fastigheter AB's ("Hemfosa") shareholders when resolving on the board of directors' proposal regarding distribution of the shares in the wholly owned subsidiary Nyfosa AB ("Nyfosa") to the ordinary shareholders in Hemfosa. Provided that the extraordinary general meeting of Hemfosa on 13 September 2018 resolves on a distribution in accordance with the board of directors' proposal, no further actions are required by you as a shareholder in Hemfosa in order to receive shares in Nyfosa, except for being registered as an ordinary shareholder (directly registered or nominee registered) on the record date of the distribution of the shares. Provided that the extraordinary general meeting resolves on distribution in accordance with the board of directors' proposal, a prospectus will be published prior to the listing of Nyfosa's shares on Nasdaq Stockholm.

## IMPORTANT INFORMATION

The board of directors of Hemfosa has proposed that the shareholders resolve at the extraordinary general meeting on 13 September 2018 to distribute all of the shares in Nyfosa to the ordinary shareholders of Hemfosa. This information brochure contains only general information and is not a prospectus. The information brochure is to be used exclusively as basis for resolution by the shareholders. This information brochure is available in Swedish and English on Hemfosa's website, [www.hemfosa.se](http://www.hemfosa.se). In the event of discrepancies between the versions, the Swedish version shall prevail. For definitions of specific terms used in the information brochure, refer to the section "*Definitions and abbreviations*".

Provided that the extraordinary general meeting of Hemfosa on 13 September 2018 resolves to distribute all of the shares in Nyfosa in accordance with the board's proposal, a prospectus will be published prior to the distribution of Nyfosa's shares and their listing on Nasdaq Stockholm. The prospectus will contain a detailed description of Nyfosa and the risk factors that are deemed to be of significance to Nyfosa.

The information brochure is governed by Swedish law. Disputes arising in connection with the information brochure or any subsequent legal matters are to be settled exclusively by the courts of Sweden.

### Information to investors in the United States

Hemfosa publishes this information brochure only to provide information to shareholders of Hemfosa who will receive shares in Nyfosa through the distribution, provided that the extraordinary general meeting of Hemfosa on 13 September 2018 resolves to approve such a distribution. This information brochure is not, and is not to be viewed as, an invitation to purchase or sell securities in Hemfosa or Nyfosa.

The shares in Nyfosa have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "**U.S. Securities Act**") or the securities legislation of any other state or other jurisdiction in the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the United States except under an available exemption from, or by a transaction not subject to, the registration requirements under the U.S. Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States. The transaction is expected to be subject to the exemption from registration under Rule 12g3-2(b) of the United States Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), and accordingly the shares in Nyfosa will not be registered under the U.S. Exchange Act and Nyfosa will not be subject to the reporting requirements of the U.S. Exchange Act. No public offer will be made in the United States. The shares in Nyfosa have neither been approved nor rejected by the United States Securities and Exchange Commission, any state securities authority or any other authority in the United States.

### Forward-looking statements and risk factors

The information brochure contains certain forward-looking statements that reflect Hemfosa's or Nyfosa's current views on future events as well as financial and operational development. Such words as "intends", "assesses", "expects", "can", "plans", "estimates" and other expressions that relate to indications or predictions concerning future development or trends and that do not refer to historical facts constitute forward-looking statements. Forward-looking statements are, by nature, associated with known, as well as unknown, risks and uncertainties, given their dependence on future events and circumstances. Forward-looking statements are no guarantee of future results or trends, and the actual results could differ materially from those contained in the forward-looking statements. All forward-looking statements provided by Hemfosa or on Hemfosa's behalf apply only from the date on which they were provided and are based on the knowledge and information available to the board of directors of Hemfosa on the date of this information brochure.

Neither Hemfosa nor Nyfosa makes any undertaking that it will disclose updates or revisions of forward-looking statements due to new information, future events or other such matters other than what is required according to applicable laws.

There are risks involving circumstances pertaining to Nyfosa, and risks that have no specific connection with Nyfosa, but that impact the industry and market in which Nyfosa operates. Accordingly, it is important to carefully analyse the material risk factors associated with Nyfosa's future development prior to investing in Nyfosa. Such factors include those described in the section "*Risk factors associated with the distribution*" in this information brochure, the risk factors described in Hemfosa's annual report for the 2017 financial year and the factors that will be described in Nyfosa's listing prospectus.

### Industry and market information

This information brochure contains industry and market information compiled from information obtained from third parties. Neither Hemfosa nor Nyfosa assumes any responsibility for the accuracy of any industry and market information that is included in this information brochure. Such information from third parties has been accurately reproduced and, as far as Hemfosa or Nyfosa is aware and can ascertain by comparisons with other information published by a relevant third party, no information has otherwise been omitted that could render the reproduced information inaccurate or misleading.

### Presentation of financial information

Certain financial and other information that is presented in this information brochure has been rounded to make the information easily comprehensible to the reader. Accordingly, the figures contained in certain columns do not tally exactly with the total amount specified. No information in the information brochure has been audited or reviewed by Hemfosa's or Nyfosa's auditors.

## DEFINITIONS AND ABBREVIATIONS

**"Euroclear"** refers to Euroclear Sweden AB.

**"Hemfosa"** refers to, depending on the context, Hemfosa Fastigheter AB, reg. no. 556917-4377, or the group in which Hemfosa Fastigheter AB is the parent company.

**"Hemfosa Group"** refers to the group in which Hemfosa Fastigheter AB is the parent company.

**"Nasdaq Stockholm"** refers to Nasdaq Stockholm Aktiebolag's main market.

**"Nyfosa"** refers to, depending on the context, Nyfosa AB, reg. no. 559131-0833, or the group in which Nyfosa AB is the parent company.

**"Nyfosa Group"** refers to the group in which Nyfosa AB is the parent company.

**"SEK"** refers to Swedish krona; **"SEK million"** refers to millions of Swedish krona and **"SEK billion"** refers to billions of Swedish krona.

**"Sqm"** refers to square meter.

## IMPORTANT DATES

### **7 September 2018**

Record date for attendance at the extraordinary general meeting in Hemfosa

### **7 September 2018**

Final date to provide notification of attendance at the extraordinary general meeting in Hemfosa

### **13 September 2018**

Extraordinary general meeting in Hemfosa

### **During the fourth quarter 2018**

The distribution of shares in Nyfosa to Hemfosa's ordinary shareholders is executed.

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## NOTIFICATION OF ATTENDANCE AT HEMFOSA'S EXTRAORDINARY GENERAL MEETING

Information regarding the right to attend and how to register for attendance at Hemfosa's extraordinary general meeting can be found in the notice convening the extraordinary general meeting, which is published on Hemfosa's website, [www.hemfosa.se](http://www.hemfosa.se).

# BACKGROUND

## *and reasons*

In November 2017, the board of directors of Hemfosa delegated to the senior executives the task of analysing the conditions for splitting the group into two listed companies: one company to specialise in community service properties<sup>1)</sup> (Hemfosa) and one transaction-based, opportunistic company (Nyfosa) based on the portfolio of commercial properties that Hemfosa, since the company was founded, has accumulated alongside its core portfolio of community service properties. The analysis showed that a demerger of the operations will create better conditions for leveraging the potential of both businesses and thus increase the value for shareholders. Accordingly, the board of directors has proposed that an extraordinary general meeting on 13 September 2018 shall resolve to distribute all of the shares in the wholly owned subsidiary Nyfosa to the ordinary shareholders of Hemfosa. Should the general meeting resolve in accordance with the board of director's proposal, the distribution of Nyfosa will be executed in the fourth quarter 2018 and the intention is to have the Nyfosa share admitted for trading on Nasdaq Stockholm in connection therewith.

As per 30 June 2018, Hemfosa had a property portfolio of community service properties with a property value of SEK 33.9 billion, with tenants comprising schools, public authorities, the judicial system and health and care services in Sweden, Norway and Finland. On the same date, the commercial properties in the subsidiary Nyfosa had a property value of SEK 12.4 billion, primarily comprising offices in high-growth municipalities and logistics and warehouse premises in transportation hubs in Sweden. A demerger of Hemfosa and a separate listing of Nyfosa is a natural step in order to continue to develop, increase specialisation and create more favourable conditions for capitalising on business opportunities in both the commercial property market and in the market for community service properties.

Since Hemfosa was listed in 2014, the company has developed into a community service property company with a growing business in the Nordic region. With an operation concentrated on the development, management and acquisition of community service properties, Hemfosa can focus its resources on sharpening its specialist expertise in the community service segment, strengthen and expand its project development and increasing proximity to tenants and their operations.

A demerger is expected to enable Nyfosa, as a separate company, to be better able to leverage the potential in the existing commercial property portfolio, capitalise on attractive business opportunities that are continuously identified in a changing property market and create improved conditions for developing and adapting the transaction operations focusing mainly on commercial properties. A demerger is also expected to create a distinct profile that differentiates Nyfosa from other operators. It is also considered that there is good potential for creating value by continuing to make opportunistic acquisitions, based on Nyfosa's know-how and experience of identifying values, assessing risks and managing complex transactions.

Accordingly, the board of directors of Hemfosa believes that a demerger of the operations and a distribution of Nyfosa will improve conditions for leveraging the potential of the entire business and thus increase the value for shareholders.

Nacka, 21 August 2018  
**Hemfosa Fastigheter AB**  
*Board of directors*

1) Hemfosa's definition of community service properties is properties with, directly or indirectly, publicly financed tenants that account for at least 70 percent of the rental income.

# Hemfosa and Nyfosa in brief

## HEMFOSA

### Business Concept

Hemfosa's mission is to engage in the long-term ownership, development and management of community service properties and to create value through active participation in a changing property market in order to generate long-term, high and stable profitability.

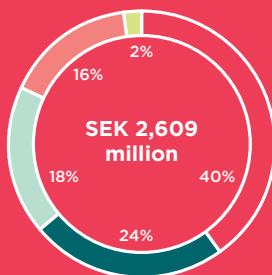
## NYFOSA

Nyfosa's mission is to be a transaction-based, opportunistic property company with strong forward momentum. Nyfosa will change in pace with the property market to always identify the best possible transactions and capitalise on business opportunities when they arise. Furthermore, Nyfosa will generate sustained and high return and be cash-flow driven with the ambition to increase both its cash flow and its property portfolio.

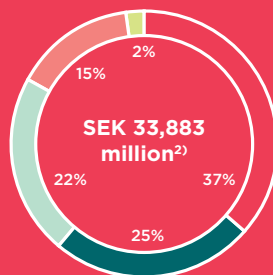
### Property Portfolio<sup>1)</sup>

SEK **33.9** billion

#### Rental value

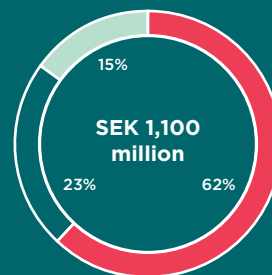


#### Property value

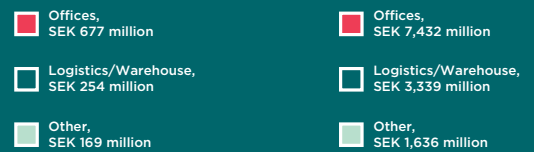
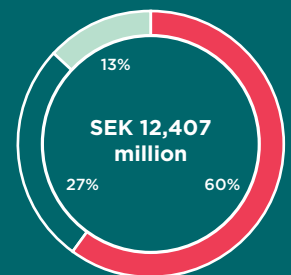


SEK **12.4** billion

#### Rental value



#### Property value



### Markets

1) Property data as per 30 June 2018 excluding joint ventures.  
2) The total property value includes SEK 2 million in ongoing projects, not included in the split on category.

## CEO COMMENTS

# Two strong and profiled companies

Just over nine years have passed since I helped found Hemfosa and Hemfosa acquired its first properties. Five years later, Hemfosa was listed on the stock exchange and is today a group with 73 employees and properties valued at nearly SEK 50 billion in Sweden, Norway and Finland. I am proud of what we have built in this relatively short time - a substantial portfolio of community service properties and a strong portfolio of commercial properties. Given the size, structure and position we have today, it is a natural step to evaluate new, strategic alternatives to continue to generate value for tenants and shareholders.



### A DEMERGER OF THE BUSINESS

Our view is that a demerger of the business into two listed companies represents the logical next chapter in Hemfosa's history. A specialised community service property company, Hemfosa, and a transaction-based opportunistic company, Nyfosa, provide us with a better platform to leverage the potential of both portfolios and create even greater efficiency in the organisations. The conditions prevailing in the market also speak for an increased degree of specialisation and we can create more favourable conditions for growth with two strongly focused companies.

### ONE SPECIALISED COMMUNITY SERVICE PROPERTY COMPANY

As a community service property company, Hemfosa will gain an even stronger position as a specialist in community service properties in the Nordics, in part by focusing more distinctly on project development and specialist expertise in the various operations conducted in our community service properties. We believe that such specialisation will become an increasingly important factor for success in the development of relationships with municipalities, county councils and other players in the community services sector and to meet their growing needs for community service properties. Hemfosa has already successfully taken steps in this direction. One example of a project in which Hemfosa has been active from the very start to tenant occupancy is the specialist hospital in Gardermoen in Norway, and

*”The aim of a demerger is to create a basis for greater shareholder value with two companies that can grow stronger as independent entities.”*

Hemfosa has several other new-build projects in the planning phase in partnership with established architects and property development companies.

#### **ONE TRANSACTION-FOCUSED PROPERTY COMPANY**

In addition to a substantial portfolio of community service properties, Hemfosa also has a solid portfolio of commercial properties and transaction expertise that will have better prospects to develop on a standalone basis. Nyfosa will therefore be a transaction-based and efficient property company in which business activities will be in focus. When many property operators are becoming increasingly niched, Nyfosa will dare to go against the tide. Imperfections will arise in the market that we can capitalise on thanks to our experience of complex transactions, swift processes and ability to assess potential and risks and to identify and complete business transactions that no one else does. Confirmation of this is our acquisition of a property portfolio containing 51 properties valued at SEK 3.6 billion that was announced on 6 July 2018.

#### **TWO CLEAR INVESTMENT OPTIONS**

The aim of a demerger is to create a basis for greater shareholder value with two companies that can grow stronger as independent entities. I am convinced that a transaction-focused company, poised to secure lucrative property transactions, and a community services-focused property company with development potential, which in addition to completing further property transactions will also have a strengthened project development organisation, will be a good match for the market we see before us. By doing this, we also create two clear investment options, both with a focus on cash flows and growth. I feel confident that Caroline Arehult, when she takes office as CEO of Hemfosa in September 2018, will succeed extremely well in administering and developing Hemfosa’s business and corporate culture. I myself am looking forward to following the next chapter in Hemfosa’s exciting history and am very enthusiastic about leading Nyfosa on its journey towards a market listing as a new, active and transaction-based property company.

Jens Engwall,  
CEO

# INFORMATION

## *regarding proposed distribution*

### RESOLUTION REGARDING DISTRIBUTION OF THE SHARES IN NYFOSA

Provided that the extraordinary general meeting of Hemfosa on 13 September 2018 resolves to approve the board of director's proposal to distribute all of the shares in the wholly owned subsidiary Nyfosa to the ordinary shareholders of Hemfosa, registered ordinary shareholders of Hemfosa on the record date of the distribution are entitled to receive one share in Nyfosa for each ordinary share held in Hemfosa. Shares in Nyfosa will be distributed to Hemfosa's ordinary shareholders in proportion to each individual ordinary shareholder's holding of ordinary shares in Hemfosa on the record date of the distribution. Aside from being registered as an ordinary shareholder on the record date of the distribution (directly registered or nominee-registered) no further actions are required in order to receive shares in Nyfosa. The distribution of the shares is expected to fulfill the requirements of the Lex ASEA rules regarding taxation. For further information, refer to the section "Taxation in Sweden".

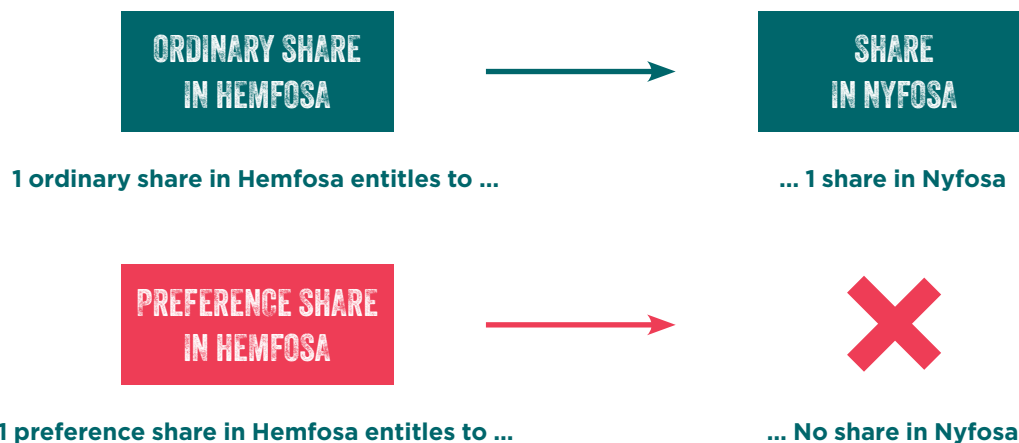
### DISTRIBUTION RATIO

The intention is to distribute the shares in Nyfosa in accordance with the Lex ASEA rules, meaning in proportion to the shareholding in Hemfosa of each individual ordinary shareholder on the record date of the distribution. Each ordinary share in Hemfosa carries entitlement to one share in Nyfosa. Preference shares carry no entitlement to distribution of shares in Nyfosa, nor do any ordinary shares held in treasury by Hemfosa on the record date. All of the shares in Nyfosa will be distributed, provided that the extraordinary general meeting resolves in accordance with the board of directors' proposal.

### RECORD DATE

The board of directors proposes that the extraordinary general meeting authorises the board of directors to determine the record date for the distribution of the shares in Nyfosa. The board of directors of Hemfosa intends to execute the distribution of the shares in Nyfosa during 2018. The record date is expected to fall close to the date when the shares in Nyfosa are listed on Nasdaq Stockholm.

## *Example – Distribution of shares*



### RECEIPT OF NYFOSA SHARES

Those entered in the share register, maintained by Euroclear, as ordinary shareholders in Hemfosa on the record date of the distribution will receive shares in Nyfosa without taking any further action. Shares in Nyfosa will be available in the CSD account (Sw. *VP-konto*) of those ordinary shareholders who are entitled to receive the distribution (or the CSD account belonging to the party who is otherwise entitled to receive the distribution) two banking days after the record date. Thereafter, Euroclear will send an account statement containing information on the number of shares registered in the CSD account of the recipient.

### NOMINEE-REGISTERED HOLDINGS

Shareholders whose holdings in Hemfosa are registered with a bank or other nominee will not receive an account statement from Euroclear. Notification and distribution of the shares in Nyfosa will instead take place in accordance with the procedures of each respective nominee.

### LISTING OF THE SHARES IN NYFOSA

The board of directors of Nyfosa intends to apply for a listing of Nyfosa's shares on Nasdaq Stockholm. The ISIN code for Nyfosa's share will be SE0011426428. Prior to the listing, Nyfosa will publish a prospectus providing further information about Nyfosa. Nyfosa does not intend to apply to have Nyfosa shares admitted for trading on any other exchange or marketplace than Nasdaq Stockholm. Nor does Nyfosa intend to register the shares under the U.S. Securities Act or another foreign equivalent, or take any other measures that may entail that Nyfosa is subject to the reporting requirements of the SEC (United States Securities and Exchange Commission).

### TRANSACTION COSTS

Hemfosa estimates that the total costs directly attributable to the transaction will amount to approximately SEK 50 million. Hemfosa and Nyfosa have agreed that all costs associated with establishing the administrative structure of Nyfosa are to be borne by Nyfosa. This includes expenses for policy documents, marketing of the new group and IT systems. In addition, Nyfosa will bear the listing costs including, for example, the costs for producing the prospectus. For its part, Hemfosa will bear the costs of this information brochure and other expenses arising to create documentation for the shareholders in advance of their resolution on the distribution of Nyfosa and costs for complying with information disclosure obligations to the market prior to the demerger and distribution.

### RISK FACTORS

Under the section *"Risk factors associated with the distribution"* a brief description of certain risk factors associated with the distribution of shares in Nyfosa are presented. Additional risks related to the operations of Hemfosa and Nyfosa are described in Hemfosa's annual report of 2017 that was published on 20 March 2018. A more detailed description of risks associated with Nyfosa will be provided in the prospectus that will be published prior to the listing of Nyfosa's shares on Nasdaq Stockholm, provided that the extraordinary general meeting approves the distribution of Nyfosa's shares in accordance with the board of directors' proposal.

# Nyfosa

## IN BRIEF

### THIS IS NYFOSA

Nyfosa is a transaction-based and opportunistic property company in which business activities are in focus. The company's business concept is based on active participation in the Swedish transaction market combined with an investment strategy that can be flexible to the property market, meaning it is not limited by property category, region, scope of the transaction nor holding period. A flexible investment strategy and an efficient and near-to-market organisation with documented transaction know-how and experience from assessing and evaluating risks provide Nyfosa with a solid foundation for creating and completing investments in properties or property portfolios that are often on the peripheral in terms of the types of investments preferred by other operators.

The emphasis is on identifying values and assessing the potential to leverage business opportunities that may lead to a portfolio of high-yielding properties, primarily commercial. Nyfosa's method of conducting property transactions and developing and adding value to properties creates a property portfolio with the potential to generate high and stable return. As per 30 June 2018, the value of Nyfosa's property portfolio corresponded to SEK 12.4 billion (SEK 16.1 billion including shares in joint

ventures), with a leasable area of 1,130 thousand sqm and mainly comprised offices in high-growth municipalities as well as logistics and warehouse properties located at transportation hubs across Sweden.

### *Business concept*

Nyfosa's mission is to be a transaction-based, opportunistic property company with strong forward momentum. Nyfosa will change in pace with the property market to always identify the best possible transactions and capitalise on business opportunities when they arise. Furthermore, Nyfosa will generate sustained and high return and be cash-flow driven with the ambition to grow both its cash flow and property portfolio.

### *Objectives, financial risk limitations and dividend policy*

#### Overall objective

- Generate long-term high and stable return with a focus on growth.

#### Growth and profitability targets

- Annual growth in earnings and the property portfolio of at least 20 percent up to a total property value of SEK 25 billion (excluding shares in joint ventures).
- At least 15 percent return on equity over time, before paid tax.

#### Financial risk limitations

- Long term, the equity/assets ratio is to amount to at least 25 percent.
- The loan-to-value ratio should not exceed 65 percent.
- The interest-coverage ratio should not fall below a multiple of two.

#### Dividend policy

- Profits generated will be reinvested to leverage business opportunities and achieve the growth target of a total property value of SEK 25 billion, after which the distributable profit primarily is intended to be paid to shareholders in the form of dividend, redemption and/or repurchase of shares.

## VISION

Nyfosa will identify and complete the most profitable transactions in a changing property market by identifying and developing values and extract the best from each investment in order to maximize the shareholder value. Furthermore, Nyfosa will generate added value by being the leader in the property industry when it comes to completing complex transactions.

## STRATEGY

Nyfosa has adopted a business plan for 2018–2022, which has been prepared to realise the company's objectives. Nyfosa's long-term strategy comprises five parts described in more detail below.

### Maintain sustained activity in the transaction market and creatively evaluate new business opportunities

Nyfosa's working method is based on active and close contact with the transaction market. To this end, the company's employees engage in continuous dialogue with a diverse range of players in the market, including transaction advisors, banks, market analysts, consultants and property owners. Nyfosa's analysis of new business opportunities and its continuous evaluation of its existing property portfolio is carried out in close cooperation with its own property management organisation, which has in-depth local knowledge and can help further increase awareness of the needs among existing and potential new tenants and of the local market. Nyfosa's broad contact network and continuous dialogue with other market operators provide the company with a solid basis on which it can assess the market trend, identify business opportunities at an early stage and make well-founded decisions concerning acquisitions and divestments of properties or property portfolios. The company's opportunistic approach to the market, together with the organisation's short and rapid decision-making procedures and well-established processes, mean that a large number of different business opportunities can be assessed and evaluated simultaneously. This gives the company a greater selection to choose from and enables Nyfosa to implement and finalise transactions quickly.

### Focus on commercial properties in high-growth municipalities<sup>1)</sup> in Sweden

With a property portfolio centered on commercial properties in high-growth municipalities in Sweden, Nyfosa can leverage favourable trends, such as a rising population and business activities in these municipalities, regardless of where they are located in Sweden. Nyfosa's

flexible approach means that the properties it acquires may not necessarily need to belong in the same category or be of the same size or in the same region as its existing properties. Instead, the focus is on identifying development potential and acquiring properties or portfolios that can generate a stable and high return and where the company can add value through active property management or follow-up transactions.

### Develop and add value to its property portfolio

By professionally, profitably and sustainably identifying, developing and adding value to its property portfolio, Nyfosa can increase the value of its properties and the company's earnings capacity as well as increase its attractiveness to both existing and potential new tenants. This active approach to property management is carried out in close dialogue with tenants, local property managers and other operators with in-depth knowledge of tenants' wishes as well as local conditions and needs.

### Be a reliable and receptive partner with a long-term approach and a broad established network

By being a responsible property owner and a reliable and receptive partner, Nyfosa helps – during its holding period – to build relationships and create value in the markets where the company is active. A critical part of this is to think in creative ways when developing new solutions, and to have a relatively small and local property management organisation with a large and established contact network to be able to identify and offer tenants what they require in an easily accessible and personal way.

### Attract the best employees

By recruiting motivated, creative and experienced employees with genuine expertise, business acumen and an established contact network, Nyfosa can develop and retain an effective, well-adapted and market-centric organisation. The structure of the organisation is a key part of the company's strategy for realising its business concept and capitalising on new business opportunities. Against this backdrop, Nyfosa's ability to attract employees with the above qualities is a priority. Nyfosa therefore works actively to be an employer that offers a creative, open and stimulating work environment with a focus on proximity to business decisions, inclusion in business development and personal development for all employees.

1) The term high-growth municipalities refers to municipalities in Sweden that have shown net population growth over the past five years and where this growth is expected to continue over time.

### **STRENGTHS AND COMPETITIVE ADVANTAGES**

Nyfosa's management believes that the company has the following strengths and competitive advantages that will enable Nyfosa to realise its strategy and achieve its long-term objectives.

#### **A transaction-based and opportunistic business model**

The company's main focus on value generation through transaction-based and opportunistic business operations makes Nyfosa stand out and sets Nyfosa apart from many other listed property companies. Nyfosa's business concept is based on active participation in the transaction market combined with an investment strategy that aims to be flexible and adaptable to the property market. By being perceived as an especially active property company in the transaction market, in terms of both acquisitions and divestments, Nyfosa will become a natural and attractive business partner for other property owners, transaction advisors and banks, thereby generating further business opportunities.

#### **Broad strategy**

Nyfosa can capitalise on business opportunities when they arise by being open to doing business irrespective of the property category, region or magnitude of the transaction. Nyfosa's emphasis on acquiring properties with a high yield and development potential also provides the company with the opportunity to acquire properties that often lie outside the primary focus or investment strategy of other property companies, which makes them less exposed to competition. One of Nyfosa's main strengths is the ability to identify transaction possibilities and properties' potential which other players perceive to be far too complex or uncertain but for Nyfosa means an opportunity to fully benefit from the employees knowledge and experience.

#### **Experienced management team with great drive**

Nyfosa has a management team with immense experience of transactions that vary in nature and complexity and is highly skilled in identifying values, assessing potential and weighing risks. Furthermore, Nyfosa has a market-centric organisation with short decision-making paths and well-established processes. Most of Nyfosa's employees come from Hemfosa and possess long experience of value-creating property management and development and a tried-and-tested way of working based on the transaction-focused activities pursued. The organisation's experience and efficient way of working enable it to act quickly to take advantage of attractive business opportunities when they arise. The efficient organisation, together with the company's broad contact network and close dialogue with tenants, transaction advisors and its own property managers, among others, also allow it to simultaneously evaluate a large number of potential transaction opportunities and thus optimise the opportunities to secure lucrative business.

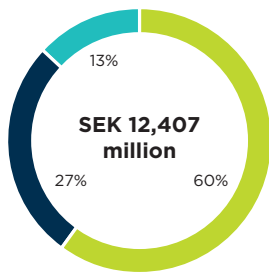


# Property Portfolio<sup>1)</sup>

Nyfosa's property portfolio is divided into the categories Offices, Logistics/Warehouses and Other. The properties are well diversified geographically and are mainly located in high-growth municipalities and transportation hubs in Sweden. As per 30 June 2018, the property portfolio comprised 126 properties with a total property value of SEK 12.4 billion and a rental value of SEK 1,100 million with a leasable area of 1,130 thousand sqm.

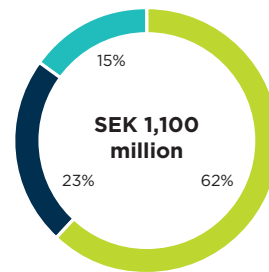
In addition to Nyfosa's wholly owned property portfolio the company also owns shares in the joint venture Söderport Holding AB, which is not consolidated in the diagrams and tables below. Söderport Holding AB is owned together with AB Sagax (publ), by 50 percent each, and as per 30 June 2018 the total property value of the joint venture amounted to SEK 7.3 billion.

## Property value per category



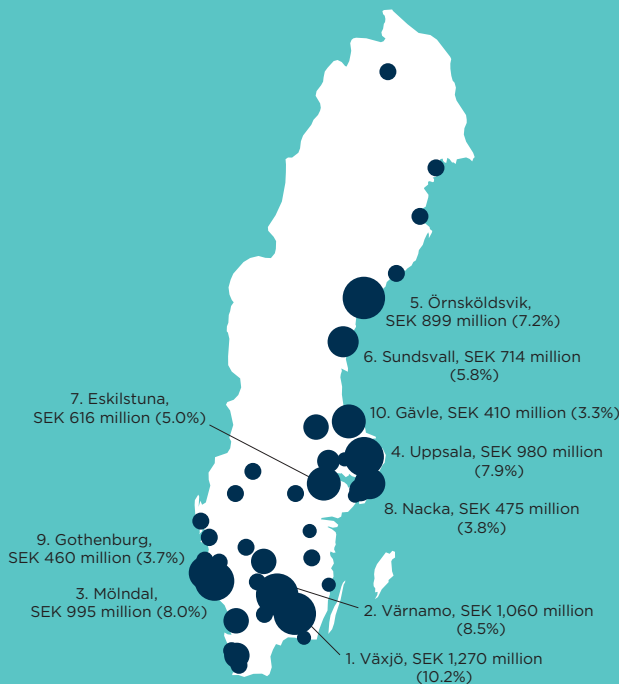
- Offices, SEK 7,432 million
- Logistics/Warehouse, SEK 3,339 million
- Other, SEK 1,636 million

## Rental value per category



- Offices, SEK 677 million
- Logistics/Warehouse, SEK 254 million
- Other, SEK 169 million

## Property value per municipality



Municipality	Property value, SEK million	Share
Växjö	1,270	10.2%
Värnamo	1,060	8.5%
Mölndal	995	8.0%
Uppsala	980	7.9%
Örnköldsvik	899	7.2%
Sundsvall	714	5.8%
Eskilstuna	616	5.0%
Nacka	475	3.8%
Gothenburg	460	3.7%
Gävle	410	3.3%
Other municipalities	4,527	36.5%
<b>Total</b>	<b>12,407</b>	<b>100%</b>



2A

# Summary of FINANCIAL INFORMATION for Nyfosa

The following tables display a summary of financial information for Nyfosa for the 2015–2017 financial years, and for 1 January–30 June 2018, with comparative figures for the corresponding period in 2017. The basis for the unaudited financial information contained in this information brochure is a property portfolio comprising commercial properties with office, logistics and warehouse premises, as well as a small number of other types of properties, such as retail properties in Hemfosa's consolidated financial statements for each financial year, albeit with some adjustments. The full combined financial statements for the 2015–2017 financial years will be published in a prospectus in advance of a listing of Nyfosa's shares on Nasdaq Stockholm<sup>1)</sup>. The financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU.

## NYFOSA GROUP'S CONDENSED STATEMENTS OF *profit/loss*

SEK million	1 Jan–30 Jun		1 Jan–31 Dec		
	2018	2017	2017	2016	2015
Rental income	486	550	1,031	842	881
Property expenses					
Operating expenses	-93	-80	-146	-145	-153
Maintenance costs	-31	-29	-66	-79	-109
Property tax	-22	-20	-42	-40	-40
Property administration	-24	-20	-39	-23	-42
<b>Net operating income</b>	<b>318</b>	<b>400</b>	<b>738</b>	<b>556</b>	<b>537</b>
Central administration	-16	-5	-9	-13	-22
Other operating income and expenses	6	4	10	10	-3
Share in profit of joint ventures	229	178	380	287	255
Financial income and expenses	-54	-49	-106	-97	-127
<b>Profit from property management</b>	<b>482</b>	<b>529</b>	<b>1,013</b>	<b>743</b>	<b>641</b>
Changes in value of properties, realised	-1	37	28	44	0
Changes in value of properties, unrealised	285	117	348	347	439
Changes in value of financial instruments, unrealised	-1	1	6	-1	-9
<b>Profit before tax for the period</b>	<b>765</b>	<b>685</b>	<b>1,394</b>	<b>1,133</b>	<b>1,071</b>
Current tax	-46	-1	-35	-27	10
Deferred tax	-58	-40	-145	70	-147
<b>Profit for the period</b>	<b>662</b>	<b>644</b>	<b>1,215</b>	<b>1,176</b>	<b>933</b>

1) The formation of the Nyfosa Group was concluded on 3 May 2018. Consolidated financial statements have been prepared as of this date.

# NYFOSA GROUP'S CONDENSED STATEMENTS OF *financial position*

SEK million	30 Jun		31 Dec		
	2018	2017	2017	2016	2015
<b>ASSETS</b>					
Investment properties	12,407	11,069	12,090	10,017	10,197
Shares in joint ventures	1,337	1,114	1,315	1,035	856
Derivatives	2	0	4	0	1
Other fixed assets	1	0	1	1	1
<b>Total fixed assets</b>	<b>13,747</b>	<b>12,183</b>	<b>13,410</b>	<b>11,052</b>	<b>11,055</b>
Rents receivables	11	13	2	14	7
Current receivables	336	49	59	32	12
Cash and cash equivalents	759	228	160	253	126
<b>Total current assets</b>	<b>1,106</b>	<b>290</b>	<b>222</b>	<b>298</b>	<b>145</b>
<b>TOTAL ASSETS</b>	<b>14,852</b>	<b>12,473</b>	<b>13,632</b>	<b>11,351</b>	<b>11,199</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Equity</b>	<b>7,415<sup>1)</sup></b>	<b>3,054</b>	<b>3,479</b>	<b>2,924</b>	<b>2,058</b>
Non-current interest-bearing liabilities	4,061	3,800	3,617	2,798	4,771
Other non-current liabilities	4	3	4	4	0
Derivatives	0	1	0	3	8
Deferred tax liabilities	461	300	404	261	372
<b>Total non-current liabilities</b>	<b>4,527</b>	<b>4,103</b>	<b>4,025</b>	<b>3,066</b>	<b>5,151</b>
Current interest-bearing liabilities	2,628	2,953	2,965	2,493	995
Other current liabilities	283	2,363	3,162	2,868	2,995
<b>Total current liabilities</b>	<b>2,911</b>	<b>5,315</b>	<b>6,128</b>	<b>5,361</b>	<b>3,990</b>
<b>Total liabilities</b>	<b>7,438</b>	<b>9,419</b>	<b>10,153</b>	<b>8,427</b>	<b>9,142</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,852</b>	<b>12,473</b>	<b>13,632</b>	<b>11,351</b>	<b>11,199</b>

1) During the third quarter 2018 Nyfosa will receive a shareholders' contribution of SEK 3.8 billion from Hemfosa by settling intra-group liabilities between Hemfosa and Nyfosa. The contribution has been taken into account in the statement of financial position per 30 June 2018 to illustrate the effect of the contribution.

# NYFOSA GROUP'S CONDENSED STATEMENTS OF *cash flow*

SEK million	1 Jan-30 Jun		1 Jan-31 Dec		
	2018	2017	2017	2016	2015
<b>Operating activities</b>					
Profit from property management	482	529	1,013	743	641
Adjustments for non-cash items	-229	-178	-379	-287	-239
Income tax paid	-4	5	-5	-2	0
<b>Subtotal</b>	<b>249</b>	<b>356</b>	<b>629</b>	<b>454</b>	<b>402</b>
Change in operating receivables	-33	-16	-19	-27	-3
Change in operating liabilities	138	-3	-133	96	198
<b>Cash flow from operating activities</b>	<b>354</b>	<b>337</b>	<b>477</b>	<b>523</b>	<b>597</b>
<b>Investing activities</b>					
Acquisition of investment properties	-16	0	0	0	0
Investments in existing properties	-87	-149	-260	-253	-235
Acquisition of subsidiaries	-203	-1,020	-1,735	-392	-62
Divestment of subsidiaries	275	271	307	1,175	0
Dividends received from joint ventures	200	0	0	0	0
Other	0	-1	-3	-6	1
<b>Cash flow from investing activities</b>	<b>169</b>	<b>-899</b>	<b>-1,691</b>	<b>524</b>	<b>-296</b>
<b>Financing activities</b>					
Loans raised	545	1,448	2,079	1,088	0 <sup>1)</sup>
Repayment of loans	-440	-910	-958	-2,008	-414 <sup>1)</sup>
Other	-129	0	0	0	0
<b>Cash flow from financing activities</b>	<b>76</b>	<b>538</b>	<b>1,121</b>	<b>-920</b>	<b>-414</b>
<b>Cash flow for the period</b>	<b>599</b>	<b>-25</b>	<b>-93</b>	<b>127</b>	<b>-113</b>
Cash and cash equivalents at the beginning of the period	160	253	253	126	239
<b>Cash and cash equivalents at the end of the period</b>	<b>759</b>	<b>228</b>	<b>160</b>	<b>253</b>	<b>126</b>

1) For the year 2015, the change in loans in the financing activities has not been divided between loans raised and repayment of loans.

# KEY FIGURES

## for the Nyfosa Group

	1 Jan-30 Jun		1 Jan-31 Dec		
	2018	2017	2017	2016	2015
<b>Key Financial Data</b>					
Loan-to-value ratio, properties, % <sup>1)</sup>	53.9	61.0	54.4	52.8	56.5
Net loan-to-value ratio, properties, % <sup>1)</sup>	47.8	58.9	53.1	50.3	55.3
Debt/equity ratio, multiple <sup>1)</sup>	0.9	2.2	1.9	1.8	2.8
Equity/assets ratio, % <sup>1)</sup>	49.9	24.5	25.5	25.8	18.4
Net asset value (EPRA NAV), SEK million <sup>1)</sup>	8,314	3,740	4,299	3,592	2,761
Return on equity, %	23.5	n.a.	37.9	47.2	58.6
Interest-coverage ratio, multiple	5.7	8.2	7.0	5.7	4.0
<b>Property-related key figures</b>					
No. of properties <sup>1)</sup>	126	123	128	115	109
Rental value, SEK million <sup>1)</sup>	1,100	1,022	1,076	900	837
Leasable area, 000s of sqm <sup>1)</sup>	1,130	1,086	1,136	1,000	969
Fair value of properties, SEK million <sup>1)</sup>	12,407	11,069	12,090	10,017	10,197
Property value, SEK per sqm of leasable area <sup>1)</sup>	10,979	10,192	10,643	10,017	10,523
Economic leasing rate, % <sup>1)</sup>	91.0	90.0	89.4	87.7	86.6
Surplus ratio, %	65.3	72.8	71.6	66.0	61.0
<b>Share-related key figures</b>					
Profit from property management, SEK per share	2.88	3.16	6.04	4.43	3.82
Cash flow from operating activities, SEK per share	2.11	2.01	2.84	3.12	3.56
Profit for the period, SEK per share	3.94	3.84	7.24	7.01	5.56
Equity, SEK per share <sup>1)</sup>	44.21	18.21	20.74	17.43	12.27
Net asset value (EPRA NAV), SEK per share <sup>1)</sup>	49.57	22.30	25.63	21.42	16.46
Average number of shares, 000s <sup>1)</sup>	167,728	167,728	167,728	167,728	167,728
Number of shares outstanding, 000s <sup>1)</sup>	167,728	167,728	167,728	167,728	167,728

1) At the end of the period.

### SIGNIFICANT EVENTS AFTER 30 JUNE 2018

On 6 June 2018 Hemfosa announced that a property portfolio had been acquired with a value of SEK 3.6 billion. The property portfolio comprises commercial properties that will be included in Nyfosa's property portfolio after closing, which is expected to take place in September 2018.

### FINANCING AND CAPITAL STRUCTURE

In advance of the distribution of the shares in Nyfosa, Hemfosa is renegotiating the group's bank loans to essentially separate Hemfosa's and Nyfosa's respective bank loans. Nyfosa's external debt financing will initially consist only of loans from a number of banks. No bonds or commercial paper (see, however, below) previously issued by Hemfosa will be transferred to Nyfosa.

In order to create a suitable capital structure in Nyfosa, Hemfosa will make a shareholder contribution of SEK 3.8 billion to Nyfosa during the third quarter 2018. Thereafter there will still be certain claims between Hemfosa and Nyfosa, which is reflected in the statement of financial position per 30 June 2018 above. Nyfosa has,

*inter alia*, an intra-group liability to Hemfosa for commercial paper previously issued by Hemfosa, which are covered by properties held by Nyfosa. The claims in the aggregate involve that Nyfosa has a debt to Hemfosa of SEK 1 billion. Ahead of any distribution of Nyfosa, this intra-group debt will be settled by Nyfosa by way of raising external bank loans.

During the second and the beginning of the third quarter Hemfosa entered into agreements regarding transactions of properties owned by, or related to Nyfosa, which have not yet been closed. Hemfosa's acquisition of a property portfolio with a value of SEK 3.6 billion, which was announced on 6 July 2018, means, together with ongoing investments and the divestment of a property in the central part of Uppsala with a value of SEK 1 billion which was announced on 29 June 2018, that Nyfosa's net investments agreed upon during the second and the beginning of the third quarter will amount to SEK 2.6 billion. The investments are financed through loans and liquid funds.

# Nyfosa's BOARD OF DIRECTORS, SENIOR EXECUTIVES *and auditor*



## Board of directors

Nyfosa's board of directors comprises seven board members elected by the general meeting. All board members elected at the general meeting are elected for the period until the close of the annual general meeting 2019. Information about the board members, including education and work experience, is presented below.

**1 Bengt Kjell**, born 1954  
Chairman of the board

**Education and professional experience:** Master in Business Administration, Stockholm School of Economics. Co-founder and chairman of the board of Hemfosa, chairman of the board of SSAB, deputy chairman of Indutrade and Pandox and board member of Industri-värden and ICA Gruppen. Previous experience includes board memberships at Kungsleden, Skånska Byggvaror and Skanska, among other companies.

**2 Lisa Dominguez Flodin**, born 1972  
Board member

**Education and professional experience:** Bachelor's degree in accounting and auditing, Mid Sweden University, Östersund, and Master in Business Administration, San Jose State University. CEO of Cibus Nordic Real Estate and CFO of Grön Bostad. Previous experience includes board memberships at NP3 Fastigheter and Hancap as well as senior positions at Oscar Properties and Cityhold Property.

**3 Johan Ericsson**, born 1951  
Board member

**Education and professional experience:** Master in Business Administration, Stockholm School of Economics. CEO of Logistea and Klockarbäcken Property Investment and chairman of the board and partner of SHH Bostad. Previous experience includes senior positions in the Catella group.

**4 Kristina Sawjani**, born 1975  
Board member

**Education and professional experience:** Science in Engineering Surveying, Lund Technical University. Senior Investment Manager at Folksam Fastigheter. Previous experience includes board memberships at Grön Bostad and senior positions at AFA Fastigheter and the Catella group.

**5 Marie Bucht Toresäter**, born 1967  
Board member

**Education and professional experience:** Master in Business Administration, Uppsala University. CEO of Novi Real Estate and board member of MVB Holding. Previous experience from senior positions at Headlight International, Skanska, NCC and Newsec, among other companies.

**6 Jens Engwall**, born 1956  
Board member and CEO

**Education and professional experience:** Master of Engineering, Royal Institute of Technology, Stockholm. Founder, CEO and board member of Hemfosa. Previous experience includes senior positions at Kungsleden and Skanska.

**7 Per Lindblad**, born 1962  
Board member

**Education and professional experience:** Master of Science in Agriculture Economics, the Swedish University of Agricultural Sciences (SLU), Uppsala. CEO of Landshypotek Bank. Has previously worked at SEB as Head of Real Estate Finance and held other positions in finance and commercial properties.



## Senior executives

Nyfosa's senior executives comprises centralised group functions. Senior executives are presented below.

**1 Jens Engwall**, born 1956  
CEO and board member  
**Employed since:** 2009<sup>1)</sup>

**2 Stina Lindh Hök**, born 1973  
COO  
**Employed since:** 2010<sup>1)</sup>

**3 Ann-Sofie Lindroth**, born 1976  
Head of Financial Control  
**Employed since:** 2012<sup>1)</sup>

**4 Anders Hörnqvist**, born 1966  
Acting Head of Property Management  
**Employed since:** 2018

**5 Ylva Hult Palmryd**, born 1976  
Head of Legal  
**Employed since:** 2010<sup>1)</sup>

**6 Jenny Lindholm**, born 1978  
Head of Transactions  
**Employed since:** 2014<sup>1)</sup>

**7 Johan Ejerhed**, born 1976  
Head of Finance  
**Employed since:** 2018

1) Pertains to date of employment in Hemfosa.

## Auditor

### KPMG AB

The auditor-in-charge is Björn Flink, born 1959, authorised public accountant and member of FAR (institute for the accountancy profession in Sweden).

# NYFOSA'S SHARES

## and ownership structure

### SHARE INFORMATION

The number of shares in Nyfosa on the date of the execution of the distribution will correspond to the number of ordinary shares in Hemfosa that carry entitlement to distribution.

### Voting rights

Each share in Nyfosa carries one vote at general meetings.

### Preferential right to new shares

If Nyfosa issues new shares, warrants or convertibles in a cash or set-off issuance, the shareholders have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issuance. The articles of association do not restrict Nyfosa's ability to issue new shares, warrants or convertibles with deviation from the shareholders' preferential rights under the Swedish Companies Act (*Sw. Aktiebolagslagen*).

### Rights to dividends and surplus in the event of liquidation

All of the shares in Nyfosa carry equal rights to dividends and to the company's assets and any surpluses in the event of liquidation. The shares in Nyfosa will carry entitlement to dividends for the first time on the record date for dividends occurring closest after the shares in Nyfosa have been distributed. Resolutions regarding any dividends are to be made by the general meeting. Shareholders who are registered in the share register, maintained by Euroclear, on the record date determined by the general meeting, are entitled to receive dividends. The payment of any dividends will be administered by Euroclear or, should the shares be nominee-registered, in accordance with the procedures of the individual nominee. Dividends are normally paid to shareholders through Euroclear as a cash amount per share, but may also comprise forms other than cash dividends (distribution in kind).

### Central securities depository

Prior to distribution, Nyfosa's shares will be registered in a central securities depository register in accordance with the Swedish Financial Instruments Accounts Act

(1998:1479) (*Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). This register is maintained by Euroclear. No share certificates have been issued for Nyfosa's shares. The ISIN code for Nyfosa's shares will be SE0011426428.

### Convertibles, warrants and other share-based instruments

There are no outstanding warrants, convertibles or other share-based financial instruments issued by Nyfosa. A number of employees of Nyfosa may retain warrants that were previously issued by Hemfosa as part of the warrants program that was established for employees of Hemfosa according to a resolution by the 2017 annual general meeting of Hemfosa.

### OWNERSHIP STRUCTURE

The table below presents Hemfosa's largest ordinary shareholders as per 31 July 2018. The information is based on data from Euroclear. If the record date for the distribution of the shares in Nyfosa had been 31 July 2018, the largest shareholders in Nyfosa would initially reflect the ownership structure below.

Shareholders	Number of shares	Percentage of	
		Capital	Votes
Länsförsäkringar Fondförvaltning AB	9,148,724	5.5%	5.5%
Kåpan Pensioner	8,716,274	5.2%	5.2%
Försäkringsförening Swedbank Robur Funds	8,228,375	4.9%	4.9%
Fourth AP Fund	7,167,554	4.3%	4.3%
JPM Chase NA	6,891,670	4.1%	4.1%
SEB Investment Management	4,948,451	3.0%	3.0%
CBNY-Norges Bank	4,774,446	2.8%	2.8%
ICA-handlarnas Förbund Finans AB	4,601,517	2.7%	2.7%
Handelsbanken Funds	4,540,000	2.7%	2.7%
Euroclear Bank S.A/N.V, W8-IMY	4,012,870	2.4%	2.4%
Other shareholders	104,698,368	62.4%	62.4%
<b>Total</b>	<b>167,728,249</b>	<b>100%</b>	<b>100%</b>



EDGE

# HEMFOSA

## *in brief, excluding Nyfosa*

### THIS IS HEMFOSA

Hemfosa is a Swedish property company specialising in developing, managing and acquiring community service properties in the Nordics. As per 30 June 2018, the value of Hemfosa's portfolio of community service properties corresponded to SEK 33.9 billion, making Hemfosa one of the largest private owners of community service properties in Sweden and a growing player in Norway and Finland. The properties include premises for schools, offices for public authorities and municipalities, judicial institutions such as the police and courts, as well as healthcare and care services.

Hemfosa's business model is to combine long-term management of a growing property portfolio with

project development, specialist know-how in community service properties, close and strong customer relationships and property transactions. The aim is to continue to develop and, using its own resources, to manage an extensive and balanced property portfolio with a stable and high yield through acquisitions and projects, and to increase the value of existing properties through continued development and improvement. The position as a specialised community service property company will increase Hemfosa's competitiveness and Hemfosa's assessment is that the growth potential in the community service segment remains favourable through acquisitions and project development.

### *Business Concept*

Hemfosa's mission is to engage in the long-term ownership, development and management of community service properties and to create value through active participation in a changing property market in order to generate long-term, high and stable profitability.

### *Being there to serve the community*

#### **Hemfosa shall be there to serve the community by:**

- creating and promoting growth by being a flexible, agile and knowledgeable property owner in the community services segment;
- being the preferred choice of operators in the community services sector as a long-term, sustainable business partner for premises, properties and infrastructure;
- accumulating expertise and specialist know-how to meet our tenants' needs for expansion and development; and
- being one of the leading community service property companies in the Nordics.

### *Current financial objectives and dividend policy*

#### **Financial objectives**

- Hemfosa aims to deliver the highest return among listed Swedish property companies over a five-year period in terms of return on equity.
- Long term, the equity/assets ratio is to amount to at least 30 percent.
- Long term, the interest-coverage ratio is to be at least a multiple of two.

#### **Dividend policy**

Considered long term, the dividend is to amount to 60 percent of profit from property management excluding shares of the profit/loss in joint ventures and after tax. Dividends paid on preference shares are deducted from this amount first; the remaining amount can be distributed to holders of ordinary shares.

*N.B. The financial objectives and dividend policy of Hemfosa will be reviewed by the company's board of directors and senior executives and adapted to the company's operations following the demerger and the distribution of all shares in Nyfosa.*



## FOCUS AREAS

### Property Management

Ensure and offer customer-centric and long-term property management operations.

### Project development

Satisfy existing and future needs for properties and premises through sustainable project development of new builds, extensions or renovations of properties, and ensure specialist expertise and know-how from a tenant perspective.

### Transactions

Be a flexible counterparty that completes transactions to generate growth, value and to improve the property portfolio.

### Sustainability

Play a part in the sustainable development of the community services segment and meet the future needs of the tenants in the community services sector.

### Financing

Ensure long-term, favourable and flexible access to capital and strive to achieve the lowest risk-weighted borrowing cost.

## STRENGTHS AND COMPETITIVE ADVANTAGES

### Leading market position

Hemfosa is currently one of the largest private owners of community service properties in Sweden and a growing player in Norway and Finland. Hemfosa is also the only publicly traded company on Nasdaq Stockholm that focuses on community service properties in these markets.

### Long-term, close relationships with stable tenants

Publicly financed tenants, who can be both state/municipally owned and privately owned companies, are stable and creditworthy. The leasing rate for community service properties is generally high and the potential for long-term leases is greater than for other property categories. Taken together, this means that Hemfosa has stable cash flows, lower leasing costs and a limited risk, which in turn allows Hemfosa to continue to invest in new, modern and functional properties where these are needed. The long leases also create conditions for long-term collaborations and partnerships with tenants for the development of existing and new premises.



### Experience creates understanding

Hemfosa possesses a wealth of knowledge and has long-standing experience of having tenants that conduct community service operations. As a result, the organisation understands the particular requirements and needs that frequently characterise such operations, and is thus able to create suitable solutions, for instance, in connection with the development of the premises. Depending on the type of activities being conducted, certain community service properties are subject to more meticulous requirements governing the customisation of premises in terms of, for example, security of police buildings, the design of care centers or the layout of a school. A larger degree of customisation usually also results in lease renewal at higher rent levels and longer leases.

### Growing need for new community service properties

Demand for functional and customised community service properties is rising, not least in health and care services, driven by an aging population, as well as in the education and child care segments. There is thus a distinct need for premises that will facilitate the expansion of operations in these areas, particularly in high-growth regions. Hemfosa has both the expertise and capacity to pursue new-build and refurbishment projects for community service properties, which it can implement on a proprietary basis or in collaboration with established property developers. The company believes that new-build and refurbishment projects in which the company becomes involved to a greater extent in the entire value chain – from planning to completion and thereafter serving as property owner and landlord – will become an increasingly important competitive advantage. Hemfosa therefore plans to further strengthen the organisation in this area moving forward.

### Efficient, secure and flexible property management

To create long-term relationships with tenants, Hemfosa offers property management that is personal, efficient and market-oriented. The point of departure must always be that the tenants feel comfortable and secure in conducting their operations in Hemfosa's premises, regardless of the type of property, location or use. For Hemfosa, this involves being accessible, providing service within the agreed time and ensuring the quality of maintenance and upkeep. Property managers

must be easy to contact and tenants should receive quick and straightforward responses. Hemfosa's organisation is therefore decentralised and agile, enabling it to offer tenants the most flexible and efficient service possible, while tenants should feel secure in the knowledge that Hemfosa nurtures a long-term approach in terms of property management and building relationships.

### Specialist expertise and resources to capitalise on transaction opportunities in the community service segment

The possibility to carry out property transactions at the right price and at the right time is crucial if Hemfosa is to continue growing and creating value. Hemfosa has both the necessary specialist expertise and resources to be able to act swiftly and capitalise on the business opportunities that arise. The know-how that exists within Hemfosa about the community service segment in general and the potential tenants' operational activities in particular makes it easier for Hemfosa to identify and assess the transaction opportunities that arise, which represents an important competitive advantage. Hemfosa's focus on community service properties does not prevent it from acquiring portfolios containing individual properties in categories other than community service properties should this be considered beneficial for the business.

### BOARD OF DIRECTORS

The board of directors of Hemfosa comprises seven board members, Bengt Kjell (chairman), Jens Engwall, Annelie Lindblom, Caroline Sundewall, Ulrika Valassi, Per-Ingemar Persson and Gunilla Högbom. The board members are presented in the 2017 annual report of Hemfosa and on the company's website and are elected for the period until the end of the annual general meeting in 2019.

### SENIOR EXECUTIVES

Caroline Arehult will join the senior executives of Hemfosa in September 2018 as the new CEO and during the fall 2018 Peter Andersson will replace Karin Osslind as CFO. Anna Alsborger (Head of Transactions) will join in September 2018 and in addition the senior executives of Hemfosa already consist of Annika Ekström (Head of Property Management), Linda Eriksson (Head of Finance), Simon Venemyr Ottersland (COO Norway) and Bengt Claesson (Head of Business Development).

# Property portfolio<sup>1)</sup>

Hemfosa's property portfolio comprises primarily of community service properties, which are broken down into five property categories: Offices, Schools, Health/Personal care, Judicial institutions and Other – and seven geographic regions: Stockholm, Gothenburg, Malmö, Norrland coast, Oslo, Helsinki and Other. As per 30 June 2018, the property portfolio comprised 363 properties with a property value of SEK 33.9 billion and a rental value of SEK 2,609 million with a leasable area of 1,875 thousand sqm. Most of the property portfolio is located in the metropolitan regions of Sweden, Norway and Finland. Hemfosa has also a strong market position along the coast of Norrland. Hemfosa's largest tenants are the Swedish Police Authority, the Municipality of Härnösand, LHL Eiendom AS, the Courts of Sweden and the Norwegian Labour and Welfare Administration.

In addition to Hemfosa's wholly owned property portfolio, the company also owns shares in the joint venture Gardermoen Campus Utvikling AS, which is not consolidated in the diagrams and tables below and on the following page. Gardermoen Campus Utvikling AS owns land, parking facilities and certain infrastructure close to the Gardermoen airport in Norway and is owned together with Aspelin Ramm. Hemfosa's shareholding is 65 percent.

## Property value per city<sup>2)</sup>

### Sweden

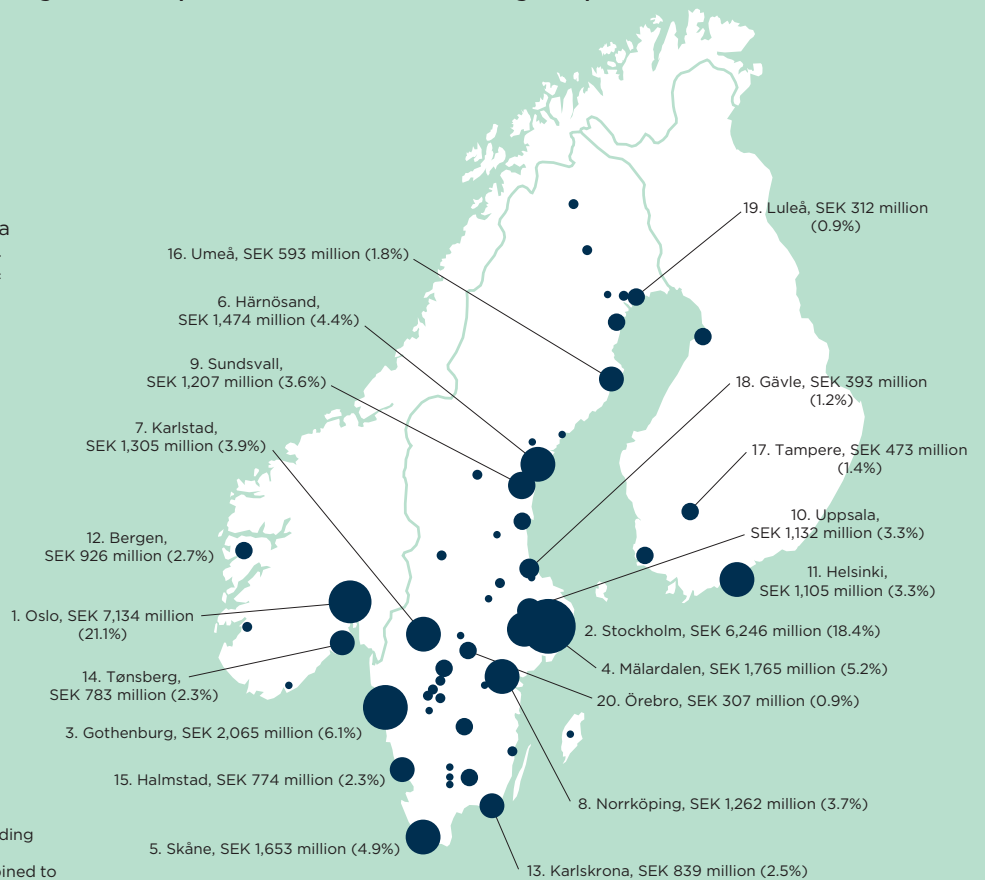
Hemfosa's core market comprises community service properties and a focus on the regions around Stockholm, Gothenburg and the coast of Norrland.

### Norway

The property portfolio is primarily located in the Oslo region and consists of community service properties.

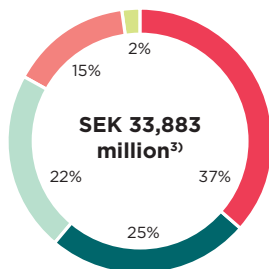
### Finland

The property portfolio in Finland comprises community service properties, with the focus on Helsinki.



- 1) Property data as per 30 June 2018 excluding joint ventures.
- 2) Adjacent municipalities have been combined to form urban areas.

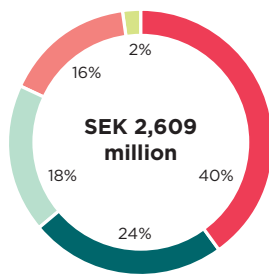
## Property value per category



- Offices, SEK 12,460 million
- Schools, SEK 8,307 million
- Health/Personal care, SEK 7,327 million
- Judicial institutions, SEK 5,096 million
- Other, SEK 692 million

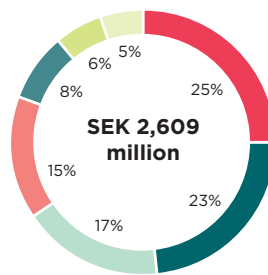
<sup>3)</sup> The total property value includes SEK 2 million in ongoing projects, not included in the split on category.

### Rental value per category



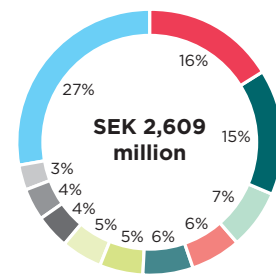
- Offices, SEK 1,053 million
- Schools, SEK 616 million
- Health/Personal care, SEK 469 million
- Judicial institution, SEK 416 million
- Other, SEK 56 million

### Rental value per region



- Stockholm, SEK 649 million
- Other, SEK 610 million
- Oslo, SEK 453 million
- Norrland coast, SEK 386 million
- Gothenburg, SEK 208 million
- Helsinki, SEK 167 million
- Malmö, SEK 136 million

### Rental value per urban area, 10 largest<sup>1)</sup>



- Stockholm, SEK 422 million
- Oslo, SEK 401 million
- Gothenburg, SEK 192 million
- Mälardalen, SEK 161 million
- Härnösand, SEK 153 million
- Skåne, SEK 136 million
- Karlstad, SEK 127 million
- Helsinki, SEK 117 million
- Norrköping, SEK 113 million
- Karlskrona, SEK 85 million
- Other, SEK 702 million

1) Adjacent municipalities have been combined to form urban areas.

## 10 LARGEST TENANTS

Tenant	Rental income (SEK million)
The Swedish Police Authority	159
Härnösand Municipality	116
LHL Eiendom AS	113
The Courts of Sweden	108
Norwegian Labour and Welfare Administration	68
Swedish Migration Agency	63
Haninge Municipality	61
Pysslingen	57
Høgskolen i Oslo og Akershus	56
Mid Sweden University	44

# Summary of FINANCIAL INFORMATION for Hemfosa excluding Nyfosa

Set out below and on the following pages is a summary of the financial information for the 2017 financial year and for January-June 2018 for Hemfosa, Nyfosa and Hemfosa excluding Nyfosa (which constitutes the continuing operations following the distribution). The basis of the financial information for Hemfosa excluding Nyfosa is Hemfosa's annual report for the 2017 financial year, excluding the unaudited combined financial information for Nyfosa for the 2017 financial year, and Hemfosa's interim report for January-June 2018 excluding financial information for January-June 2018 for Nyfosa adjusted for intra-group liabilities.

The information which is displayed in the tables below and on the following pages does not comprise financial statements prepared in accordance with IFRS, as adopted by the EU, and is thus not necessarily comparable with similar calculations in other companies and has certain limitations as a tool for analysis.

## CONDENSED STATEMENTS OF *profit/loss*

	Hemfosa		Nyfosa		Hemfosa excl. Nyfosa	
	1 Jan – 30 Jun 2018	1 Jan – 31 Dec 2017	1 Jan – 30 Jun 2018	1 Jan – 31 Dec 2017	1 Jan – 30 Jun 2018	1 Jan – 31 Dec 2017
<b>SEK million</b>						
Rental income	1,684	3,134	486	1,031	1,198	2,103
Property expenses						
Operating expenses	-323	-488	-93	-146	-230	-342
Maintenance costs	-109	-221	-31	-66	-78	-154
Property tax	-58	-108	-22	-42	-36	-66
Property administration	-54	-85	-24	-39	-30	-46
<b>Net operating income</b>	<b>1,140</b>	<b>2,232</b>	<b>318</b>	<b>738</b>	<b>822</b>	<b>1,494</b>
Central administration	-78	-137	-16	-9	-62	-128
Other operating income and expenses	6	11	6	10	0	1
Share in profit of joint ventures	233	548	229	380	4	168
Share in profit of associated companies	4	19	0	0	4	19
Financial income and expenses	-294	-487	-54	-106	-240	-381
<b>Profit from property management</b>	<b>1,010</b>	<b>2,186</b>	<b>482</b>	<b>1,013</b>	<b>528</b>	<b>1,173</b>
Changes in value of properties, realised	-1	22	-1	28	0	-6
Changes in value of properties, unrealised	1,031	1,629	285	348	746	1,281
Changes in value of financial instruments, realised	12	0	0	0	12	0
Changes in value of financial instruments, unrealised	-21	50	-1	6	-20	44
<b>Profit before tax for the period</b>	<b>2,030</b>	<b>3,887</b>	<b>765</b>	<b>1,394</b>	<b>1,265</b>	<b>2,493</b>
Current tax	-137	-30	-46	-35	-91	5
Deferred tax	-266	-693	-58	-145	-208	-549
<b>Profit for the period</b>	<b>1,627</b>	<b>3,163</b>	<b>662</b>	<b>1,215</b>	<b>965</b>	<b>1,949</b>

# CONDENSED STATEMENTS *of financial position*

SEK million	Hemfosa		Nyfosa		Hemfosa excl. Nyfosa <sup>1)</sup>	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
<b>ASSETS</b>						
Investment properties	46,290	41,119	12,407	12,090	33,883	29,029
Shares in joint ventures	1,403	2,096	1,337	1,315	66	781
Shares in associated companies	140	123	0	0	140	123
Other fixed assets	14	17	3	5	11	12
<b>Total fixed assets</b>	<b>47,847</b>	<b>43,355</b>	<b>13,747</b>	<b>13,410</b>	<b>34,100</b>	<b>29,945</b>
Current receivables	380	190	346	61	1,536	4,544
Cash and cash equivalents	2,269	541	759	160	1,510	380
<b>Total current assets</b>	<b>2,649</b>	<b>731</b>	<b>1,106</b>	<b>222</b>	<b>3,045</b>	<b>4,924</b>
<b>TOTAL ASSETS</b>	<b>50,496</b>	<b>44,086</b>	<b>14,852</b>	<b>13,632</b>	<b>37,146</b>	<b>34,869</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>						
Shareholders' equity attributable to parent company shareholders	19,821	17,723	7,415 <sup>2)</sup>	3,479	12,406 <sup>2)</sup>	14,244
Non-controlling interests	115	85	0	0	115	85
<b>Equity</b>	<b>19,936</b>	<b>17,807</b>	<b>7,415</b>	<b>3,479</b>	<b>12,521</b>	<b>14,329</b>
Non-current interest-bearing liabilities	22,235	15,139	4,061	3,617	18,174	11,521
Other non-current liabilities	41	52	4	4	37	48
Deferred tax liabilities	1,484	1,184	461	404	1,023	780
<b>Total non-current liabilities</b>	<b>23,759</b>	<b>16,375</b>	<b>4,527</b>	<b>4,025</b>	<b>19,233</b>	<b>12,349</b>
Current interest-bearing liabilities	4,980	8,894	2,628	2,965	3,604	7,376
Other current liabilities	1,820	1,010	283	3,162	1,787	815
<b>Total current liabilities</b>	<b>6,800</b>	<b>9,904</b>	<b>2,911</b>	<b>6,128</b>	<b>5,391</b>	<b>8,191</b>
<b>Total liabilities</b>	<b>30,560</b>	<b>26,279</b>	<b>7,438</b>	<b>10,153</b>	<b>24,624</b>	<b>20,540</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>50,496</b>	<b>44,086</b>	<b>14,852</b>	<b>13,632</b>	<b>37,146</b>	<b>34,869</b>

1) Current receivables in Hemfosa excluding Nyfosa include receivables on Nyfosa of SEK 1.5 billion respectively SEK 4.4 billion per 30 June 2018 and 31 December 2018 due to that these no longer are eliminated due to that the intra-group liability with Nyfosa becomes external.

2) During the third quarter 2018 Nyfosa will receive a shareholders' contribution of SEK 3.8 billion from Hemfosa by settling intra-group liabilities between Hemfosa and Nyfosa. The contribution has been taken into account in the statement of financial position per 30 June 2018 for Hemfosa and Nyfosa to illustrate the effect of the contribution.

# CONDENSED STATEMENTS *of cash flow*

SEK million	Hemfosa		Nyfosa		Hemfosa excl. Nyfosa	
	1 Jan – 30 Jun 2018	1 Jan – 31 Dec 2017	1 Jan – 30 Jun 2018	1 Jan – 31 Dec 2017	1 Jan – 30 Jun 2018	1 Jan – 31 Dec 2017
<b>Operating activities</b>						
Profit from property management	1,010	2,186	482	1,013	528	1,173
Adjustments for non-cash items	-240	-566	-229	-379	-11	-187
Income tax paid	-14	-8	-4	-5	-10	-3
<b>Subtotal</b>	<b>756</b>	<b>1,612</b>	<b>249</b>	<b>629</b>	<b>507</b>	<b>983</b>
Change in operating receivables	-219	-15	-33	-19	-186	4
Change in operating liabilities	188	-55	138	-133	80	78
<b>Cash flow from operating activities</b>	<b>726</b>	<b>1,542</b>	<b>354</b>	<b>477</b>	<b>401</b>	<b>1,065</b>
<b>Investing activities</b>						
Acquisition of investment properties	-281	-62	-16	0	-265	-62
Divestment of investment properties	0	7	0	0	0	7
Investments in existing properties	-325	-956	-87	-260	-238	-696
Acquisition of subsidiaries	-2,311	-4,239	-203	-1,735	-2,108	-2,504
Divestment of subsidiaries	274	288	275	307	-1	-19
Acquisition of joint ventures and associated companies	-1	-62	0	0	-1	-62
Other	232	68	200	-3	32	71
<b>Cash flow from investing activities</b>	<b>-2,412</b>	<b>-4,955</b>	<b>169</b>	<b>-1,691</b>	<b>-2,581</b>	<b>-3,264</b>
<b>Financing activities</b>						
New share issue	1,085	-	-	-	1,085	-
Loans raised	11,608	8,588	545	2,079	11,063	6,509
Repayment of loans	-8,853	-5,042	-440	-958	-8,413	-4,084
Dividend paid to parent company shareholders	-418	-799	0	0	-418	-799
Other	-16	-15	-29	0	-16	-15
<b>Cash flow from financing activities</b>	<b>3,406</b>	<b>2,732</b>	<b>76</b>	<b>1,121</b>	<b>3,301</b>	<b>1,611</b>
<b>Cash flow for the period</b>	<b>1,720</b>	<b>-681</b>	<b>599</b>	<b>-93</b>	<b>1,121</b>	<b>-588</b>
Cash and cash equivalents at the beginning of the period	541	1,221	160	253	380	968
Exchange-rate difference in cash and cash equivalents	8	0	-	-	8	0
<b>Cash and cash equivalents at the end of the period</b>	<b>2,269</b>	<b>541</b>	<b>759</b>	<b>160</b>	<b>1,510</b>	<b>380</b>

# KEY FIGURES *for the Hemfosa Group*

	Hemfosa		Nyfosa		Hemfosa excl. Nyfosa	
	1 Jan - 30 Jun 2018	1 Jan - 31 Dec 2017	1 Jan - 30 Jun 2018	1 Jan - 31 Dec 2017	1 Jan - 30 Jun 2018	1 Jan - 31 Dec 2017
<b>Key financial data</b>						
Net loan-to-value ratio, properties, % <sup>1)</sup>	53.9	57.1	47.8	53.1	56.9	58.8
Debt/equity ratio, multiple <sup>1)</sup>	1.4	1.3	0.9	1.9	1.7	1.3
Equity/assets ratio, % <sup>1)</sup>	39.5	40.4	49.9	25.5	33.7	41.1
Return on equity, % <sup>2), 3)</sup>	16.0	19.0	23.5	37.9	13.0	14.4
Interest-coverage ratio, multiple	3.6	4.3	5.7	7.0	3.2	3.6
<b>Property-related key figures</b>						
No. of properties <sup>1)</sup>	489	472	126	128	363	344
Rental value, SEK million <sup>1)</sup>	3,709	3,397	1,100	1,076	2,609	2,321
Leasable area, 000s of sqm <sup>1)</sup>	3,005	2,918	1,130	1,136	1,875	1,782
Fair value of properties, SEK million <sup>1)</sup>	46,290	41,119	12,407	12,090	33,883	29,029
Property value, SEK per sqm of leasable area <sup>1)</sup>	15,405	14,092	10,979	10,643	18,071	16,290
Economic leasing rate, % <sup>1)</sup>	93.4	92.5	91.0	89.4	94.4	93.9
Surplus ratio, %	67.7	71.2	65.3	71.6	68.7	71.1
<b>Share-related key figures, preference shares</b>						
Dividend per preference share, SEK <sup>1)</sup>	5.00	10.00	n.a.	n.a.	5.00	10.00
Equity per preference share, SEK <sup>1)</sup>	162.85	162.85	n.a.	n.a.	162.85	162.85
Number of preference shares outstanding, 000s <sup>1)</sup>	11,000	11,000	n.a.	n.a.	11,000	11,000
<b>Share-related key figures, ordinary shares</b>						
Profit from property management, SEK per ordinary share <sup>2)</sup>	6.04	13.16	2.88	6.04	2.99	6.74
Profit after tax, SEK per ordinary share before dilution <sup>2)</sup>	9.81	19.22	3.94	7.24	5.63	11.52
Profit after tax, SEK per ordinary share after dilution <sup>2)</sup>	9.80	19.21	3.94	7.24	5.62	11.52
Cash flow from operating activities, SEK per ordinary share <sup>2)</sup>	4.25	9.08	2.11	2.84	2.19	6.05
Dividend, SEK per ordinary share <sup>2)</sup>	2.30	4.35	n.a.	n.a.	2.30	4.35
Equity, SEK per ordinary share <sup>1), 3)</sup>	107.49	101.01	44.21	20.74	63.29	78.95
Net asset value (EPRA NAV), SEK per ordinary share <sup>1), 3)</sup>	119.13	112.20	49.57	25.63	69.56	84.94
Average number of ordinary shares, 000s <sup>1)</sup>	158,060	157,728	167,728	167,728	158,060	157,728
Number of ordinary shares outstanding, 000s <sup>1)</sup>	167,728	157,728	167,728	167,728	167,728	157,728

1) At the end of the period.

2) Reduced with the preference shareholders' preferential right to dividend for Hemfosa and Hemfosa excl. Nyfosa.

3) After taken into account the preference equity for Hemfosa and Hemfosa excl. Nyfosa.

## FINANCING

In advance of the distribution of the shares in Nyfosa, Hemfosa is renegotiating the group's bank loans to essentially separate Hemfosa's and Nyfosa's respective bank loans. No bonds or commercial paper (see, however, below) previously issued by Hemfosa will be transferred to Nyfosa, nor will the preference shares previously issued by Hemfosa be affected by the distribution of Nyfosa.

Hemfosa will make a shareholder contribution of SEK 3.8 billion to Nyfosa during the third quarter 2018.

Thereafter there will still be certain claims between Hemfosa and Nyfosa, which is reflected in the statement of financial position per 30 June 2018 above. Nyfosa has, *inter alia*, an intra-group liability to Hemfosa for commercial paper previously issued by Hemfosa, which are covered by properties held by Nyfosa. The claims in the aggregate involve that Nyfosa has a debt to Hemfosa of SEK 1 billion. Ahead of any distribution of Nyfosa, this intra-group debt will be settled.

# RISK FACTORS

## *associated with the distribution*

A brief description of certain risk factors associated with the distribution of the shares in Nyfosa is presented below. Additional risks related to the operations of Hemfosa and Nyfosa are described in Hemfosa's 2017 annual report that was published on 20 March 2018. A more detailed description of risks associated with Nyfosa will be provided in the prospectus that will be published prior to the listing of Nyfosa's shares on Nasdaq Stockholm, provided that the general meeting approves the distribution of Nyfosa's shares in accordance with the board of directors' proposal.

### **THE ANTICIPATED BENEFITS OF THE DISTRIBUTION OF NYFOSA MAY NOT BE REALISED**

The intended objective of the distribution is to provide greater opportunities for the respective operations to successfully realise their strategies and increase value for Hemfosa's shareholders. However, there is a risk that the anticipated benefits of the distribution will not be achieved if the assumptions on which the decision to carry out the distribution are based on, prove to be incorrect. As independent companies, Hemfosa and Nyfosa may not be able to secure external financing or other financial services on conditions that are equally as advantageous as those that can be secured by the Hemfosa Group in its current form. The results of the respective companies' operations, their financial positions and share prices could be adversely affected should each independent company incur additional costs, achieve lower profits or if cost savings are lower than expected, and the anticipated benefits from the distribution may not be realised.

### **THE PROPOSED DISTRIBUTION MAY IMPACT THE PRICE OF BOTH HEMFOSA'S AND NYFOSA'S SHARES**

The proposed distribution of the shares in Nyfosa would entail the formation of an independent Nyfosa Group, with a property portfolio accounting for approximately 26.8 percent of the value of the current Hemfosa Group's total property portfolio. There is a risk that the market price of the Hemfosa and Nyfosa shares as independent companies will not exceed the share price of the Hemfosa Group in its current form. The distribution may also have an impact on the independent companies' financial position and risk profile, and on the other conditions for conducting the respective operations. There is also a risk that the Hemfosa Group's current shareholders will sell their Hemfosa shares as a result of the distribution, which could have a negative impact on the price of the Hemfosa shares. There is a risk that the market will perceive the independent companies as less attractive investment objects than the Hemfosa Group in its current form.

### **RISKS RELATING TO SMALL AND SPECIALISED OPERATIONS**

The asset pool in Hemfosa and Nyfosa as independent companies will be smaller than the total asset pool in its current form. Accordingly, each risk that currently exists in the Hemfosa Group and that will also exist in one of the two operations (Hemfosa or Nyfosa) after the distribution will be of proportionally greater significance for that specific operation than it would be for the Hemfosa Group in its current form. This may apply to, for example, the capacity to manage unforeseen claims and expenses of material significance. In addition, the more specialised operations that will be conducted in the respective parts (Hemfosa and Nyfosa) of the current Hemfosa Group will not have same possibilities to offset the effects of certain business risks that the Hemfosa Group has in its current form.

# TAXATION

## *in Sweden*

*The following is a summary of certain tax consequences and is intended as general information only. The statements concerning Swedish tax laws set forth below are based on the laws and regulations as at today and any changes occurring after that date may have retroactive effect.*

The following is a summary of certain tax consequences that may arise from the distribution of the Nyfosa shares to the ordinary shareholders in Hemfosa. Provided that the general meeting of the shareholders resolves on the distribution of Nyfosa in accordance with the board of directors' proposal, an overall description of taxation of dividends and capital gains in relation to Swedish and foreign shareholders, both in the form of individuals and limited liability companies, will be included in the prospectus that will be published prior to the listing of the shares in Nyfosa.

### **SHAREHOLDERS WHO ARE TAX RESIDENT IN SWEDEN**

It is expected that the distribution of the shares in Nyfosa to the ordinary shareholders in Hemfosa will be distributed in accordance with the so called Lex ASEA rules. This means that the distribution will not trigger any immediate taxation for the shareholders. Instead, the tax basis for the shareholding in Hemfosa will be allocated between existing Hemfosa shares and the received Nyfosa shares. The allocation of the tax basis will be based on the change in value of the shares in Hemfosa due to the distribution of the shares in Nyfosa. Hemfosa will in this regard request general guidelines from the Swedish Tax Agency, which will be made public.

### **SHAREHOLDERS WHO ARE NOT TAX RESIDENT IN SWEDEN**

As mentioned above, it is expected that the shares in Nyfosa will be distributed in accordance with the so called Lex ASEA rules. This means that the distribution of the shares in Nyfosa to the ordinary shareholders in Hemfosa will not trigger Swedish withholding tax. The shareholders may, however, be subject to taxation in their country of residence.

# TAXATION

## *in the United States*

### **CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION OF NYFOSA SHARES TO U.S. HOLDERS**

The following is a summary of certain U.S. federal income tax consequences of the receipt of Nyfosa shares by ordinary shareholders of Hemfosa pursuant to the distribution by Hemfosa of the Nyfosa shares (referred to herein as the “**Distribution**”). This summary only applies to a Hemfosa ordinary shareholder that holds its Hemfosa ordinary shares as a “capital asset” (generally, property held for investment) and is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation, that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia or (iii) an estate or trust the income of which is subject to U.S. federal income tax regardless of its source (a “**U.S. Holder**”). This summary does not address U.S. Holders who are subject to special treatment under U.S. federal income tax laws, does not describe the consequences of the Medicare tax on net investment income or the alternative minimum tax or any consequences under any U.S. federal non-income (such as the estate or gift tax), state, local, non-U.S. or other tax laws.

For additional information with respect to the U.S. federal income tax consequences to U.S. Holders of receiving the Nyfosa shares (including the subsequent ownership and disposition thereof), please refer to the discussion set forth under the heading “Taxation – Certain U.S. Federal Income Tax Considerations” in the prospectus that will be published prior to the listing of the Nyfosa shares on Nasdaq Stockholm.

Hemfosa and Nyfosa intend to take the position that the Distribution should qualify under Section 355 of the Internal Revenue Code of 1986, as amended (the “**Code**”), as a tax-free distribution for U.S. federal income tax purposes to U.S. Holders. U.S. Holders should be aware

that neither Hemfosa nor Nyfosa has requested or intends to request a formal opinion of counsel or a ruling from the U.S. Internal Revenue Service (the “**IRS**”) with respect to the U.S. federal income tax treatment of the Distribution or any of the other conclusions expressed herein. There can be no assurance that the IRS will not take a contrary position to the views expressed herein or that a court in the event of litigation would not agree with a position of the IRS.

If the Distribution qualifies under Section 355 of the Code as a tax-free distribution for U.S. federal income tax purposes, a U.S. Holder of Hemfosa ordinary shares generally should have the following U.S. federal income tax consequences upon receipt of the Nyfosa shares: (i) such U.S. Holder should recognize no gain or loss, or have any income, upon the receipt of Nyfosa shares in the Distribution, (ii) the aggregate tax basis of the Hemfosa ordinary shares immediately before the Distribution should be allocated between the Hemfosa ordinary shares and the Nyfosa shares received in the Distribution, in proportion to their relative fair market values at the time of the Distribution, and (iii) such U.S. Holder’s holding period in its Nyfosa shares should include such holder’s holding period in its Hemfosa ordinary shares on which the Distribution was made.

If contrary to Hemfosa’s and Nyfosa’s position, the Distribution does not qualify under Section 355 of the Code as a tax-free distribution for U.S. federal income tax purposes, the Distribution generally would be treated as a taxable dividend by Hemfosa to U.S. Holders in an amount equal to the fair market value of the Nyfosa shares on the date of the Distribution.

U.S. Holders are urged to consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of their receipt of the Nyfosa shares pursuant to the Distribution, including with respect to any applicable reporting requirements.

# Financial DEFINITIONS

Key figures	Definition	Purpose
<b>Assessed market rent for vacant floor space, SEK million</b>	Assessed market rent for vacant floor space	The performance measure facilitates assessment of the potential rental income for vacant floor space
<b>Cash flow from operating activities per share, SEK</b>	Cash flow from operating activities as a percentage of the weighted average number of shares	The performance measure shows the company's ability to generate cash flow from the operations, expressed in SEK per share
<b>Debt/equity ratio, multiple</b>	Interest-bearing liabilities as a percentage of equity	The performance measure provides an indication of the company's capital structure and sensitivity to movements in interest rates
<b>Economic leasing rate, %</b>	Holding adjusted rental income as a percentage of the rental value at the end of the period	The performance measure facilitates the assessment of rental income in relation to the total value of the leased and unleased floor space
<b>Equity/assets ratio, %</b>	Equity as a percentage of total assets	The performance measure shows how large a share of total assets constitutes equity and has been included to enable investors to be able to assess the company's capital structure
<b>Equity per share, SEK</b>	Equity as a percentage of the number of shares at the end of the period	The performance measure shows how large a share of the company's recognised equity each share represents
<b>Fair value of properties, SEK million</b>	The recognised property value according to the statement of financial position at the end of the period	The performance measure facilitates better understanding of the value development in the property portfolio and the company's statement of financial position
<b>Interest-coverage ratio, multiple</b>	Profit from property management, including reversal of financial income and expenses, as well as depreciation/amortization and share in profit in joint ventures as a percentage of financial income and expenses	The interest-coverage ratio is a financial performance measure which shows how many times the company can pay its interest charges with its profit from operational activities
<b>Leasable area, 000s of sqm</b>	The total premises area which can potentially be leased	Shows the total area which the company can potentially lease
<b>Loan-to-value ratio, properties, %</b>	Interest-bearing liabilities at the end of the period in relation to the fair value of the properties in the statement of financial position	The loan-to-value ratio is a measure of risk which indicates the degree to which the operation is encumbered with interest-bearing liabilities. The performance measure provides comparability with other property companies
<b>Net asset value (EPRA NAV) per share, SEK</b>	Net asset value (EPRA NAV) as a percentage of the number of shares at the end of the period	The purpose of this performance measure is to show the fair value of net assets from a long-term perspective

<b>Key figures</b>	<b>Definition</b>	<b>Purpose</b>
<b>Net asset value (EPRA NAV), SEK million</b>	Recognised equity plus derivatives and deferred tax liabilities according to the statement of financial position	The purpose of this performance measure is to show the fair value of net assets from a long-term perspective. Accordingly, assets and liabilities in the statement of financial position which are not adjudged to be realised, such as the fair value of derivatives and deferred taxes, are excluded. The corresponding items in the company's shares in joint ventures are also excluded from the performance measure
<b>Net loan-to-value ratio, properties, %</b>	The net of interest-bearing liabilities and bank balances at the end of the period in relation to the fair value of the properties in the statement of financial position	The net loan-to-value ratio is a measure of risk which indicates the degree to which the operation is encumbered with interest-bearing liabilities, but taking into account bank balances. The performance measure provides comparability with other property companies
<b>No. of properties</b>	Properties held under title or site leasehold	The performance measure provides a greater understanding of the development of the property portfolio
<b>Profit from property management per share, SEK</b>	Profit from property management as a percentage of the average number of shares during the period	The performance measure provides a real measurement of the company's earnings capacity, expressed in SEK per share
<b>Property value, SEK per sqm of leasable area</b>	The recognised property value according to the statement of financial position at the end of the period distributed across the leasable area	The performance measure facilitates better understanding of the value development of the property's area and the company's statement of financial position
<b>Rental value, SEK million</b>	Rental income for the total leasable area	The performance measure facilitates assessment of the total potential rental income since the assessed market rent for vacant floor space is added to the rental income charged
<b>Return on equity, %</b>	Profit/loss for a rolling 12-month period in relation to average equity during the same period	The performance measure shows the return generated on the capital attributable to shareholders
<b>Surplus ratio, %</b>	Net operating income for the period as a percentage of total income	The surplus ratio shows the percentage of each Swedish krona earned which the company can keep. The performance measure is an indication of efficiency which is comparable over time and among property companies

# FAQ

## **What is the reason for the distribution of the shares in Nyfosa?**

The board of directors of Hemfosa believes that a distribution of shares and a separate listing of Nyfosa will provide better conditions to leverage the potential in the current Hemfosa Group and thereby increase shareholder value.

## **What are the terms and conditions of the distribution?**

Registered ordinary shareholders of Hemfosa on the record date for the distribution will receive one share in Nyfosa for each ordinary share held in Hemfosa. Preference shares in Hemfosa do not carry entitlement to distribution.

## **Do I need to take any actions in order to receive the distributed shares?**

No, registered ordinary shareholders of Hemfosa on the record date for the distribution will automatically receive shares in Nyfosa.

## **I own preference shares in Hemfosa, will I receive shares in Nyfosa?**

No, preference shares in Hemfosa are not eligible for distribution in kind and therefore do not carry entitlement to any shares in Nyfosa.

## **When is the record date for the distribution?**

The board of directors proposes that the extraordinary general meeting authorises the board of directors to determine the record date for the distribution. Consequently, as per the date of this information brochure, the record date has not been decided but will be announced separately at a later date. The board of directors intends to execute the distribution of shares in Nyfosa in 2018. The record date is expected to fall close to the date on which the shares in Nyfosa are listed.

## **Will the distribution have any tax consequences for me as an ordinary shareholder?**

According to written confirmation from the Swedish Tax Agency (*Sw. Skatteverket*), shares received in connection with the distribution of Nyfosa are exempted from taxation in Sweden under the Lex ASEA rules. The tax basis for the shares in Hemfosa that carry distribution rights will be allocated among the existing Hemfosa shares and shares received in Nyfosa. The allocation of the tax basis will be based on the change in value of the shares in Hemfosa arising from the distribution of the shares in Nyfosa. Hemfosa will request general guidelines from the Swedish Tax Agency regarding the allocation of the tax basis. Information regarding the Swedish Tax Agency's general guidelines will be published as soon as possible on the websites of Hemfosa, Nyfosa and the Swedish Tax Agency.

## **QUESTIONS REGARDING THE DISTRIBUTION**

will be answered per telephone: +46 8 448 04 80

The information brochure can be ordered: • via e-mail to [info@hemfosa.se](mailto:info@hemfosa.se) • per telephone: +46 8 448 04 80

The information brochure can also be downloaded from Hemfosa's website, [www.hemfosa.se](http://www.hemfosa.se)

# Hemfosa

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