

Press release

February 16, 2018

Updated information regarding demerger process

The process involving an in-depth analysis of the opportunities and structure for a split of the Hemfosa Group into two listed companies with the aim of creating greater shareholder value is progressing as planned. A decision has been taken to create a subsidiary comprising Hemfosa's other properties.

Background

Hemfosa currently has a substantial property portfolio with a growing share of community service properties and a strong portfolio of commercial properties. A dedicated, specialized community service property company is deemed to offer the potential to increase competitiveness and strengthen the conditions for growth as well as better safeguard the interests of tenants. It is also believed that a demerger will create better opportunities to leverage the potential of Hemfosa's other property portfolio through the formation of a transaction-based opportunistic company. Hemfosa is thus considering splitting the company into two parts and potentially distributing the new company to the company's holders of ordinary shares.

Work on evaluating the demerger moving forward

Evaluation of a demerger is progressing and activities to form a new independent unit within Hemfosa comprising the company's other properties is ongoing, which may potentially be distributed to holders of Hemfosa's ordinary shares and listed on Nasdaq Stockholm. If a decision is made to distribute the new company, the Board of Directors will call an Extraordinary General Meeting. The distribution and listing is expected to take place in the second half of 2018.

It is the ambition of the Board of Directors to provide more information in connection with the forthcoming Annual General Meeting and the interim report for the first quarter of 2018.

Hemfosa has appointed SEB Corporate Finance and Swedbank Corporate Finance as financial advisors and Advokatfirman Cederquist as legal advisor in connection with the preparation process.

Updated financial information

*Community service properties*¹ in Hemfosa's portfolio had a value of MSEK 26,377 on December 31, 2017, corresponding to approximately 64.1 percent of the total property value. The 321 community service properties had, on the same date, rental income of MSEK 2,009 and net operating income of MSEK 1,485 according to the earnings capacity at December 31, 2017. The properties encompass premises for schools, offices for public authorities and municipalities, the judicial system such as the police and courts, as well as health and care services.

On December 31, 2017, Hemfosa's *other property portfolio* comprised 151 commercial properties with office, logistics and warehouse premises, plus a small number of other types of properties, such as retail properties. The value of these properties totaled MSEK 14,742 at year-end, and the properties had rental income of MSEK 1,182 and net operating income of MSEK 820 according to the earnings capacity at December 31, 2017.

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.

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About Hemfosa Fastigheter

Hemfosa is a Swedish property company focused on community service properties in the Nordic region, with the Swedish state and municipalities as its largest tenants. This provides stable revenue flows and a healthy yield. Hemfosa also aims to create value through active participation in the transaction market. At December 31, 2017, Hemfosa owned properties with a total property value of SEK 41.1 billion. The company's ordinary share has been listed since March 2014, and the preference share since December 2014, both on Nasdaq Stockholm. Read more at www.hemfosa.se

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