

*The English text is an unofficial translation of the Swedish original and in case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.*

## **NOTICE TO ATTEND THE ANNUAL GENERAL MEETING**

**The shareholders of Hemfosa Fastigheter AB (publ) ("Hemfosa") are hereby invited to the Annual General Meeting on Tuesday 25 April 2017 at 3.00 p.m. CET at Hotel Rival, Mariatorget 3, in Stockholm, Sweden. Entry to the Annual General Meeting will commence at 2.00 p.m. CET.**

### **NOTIFICATION ETC.**

Shareholders who wish to attend the Annual General Meeting

shall be entered in the share register maintained by Euroclear Sweden AB on Wednesday 19 April 2017,

shall give notice of their attendance no later than on Wednesday 19 April 2017. Notification shall be submitted in writing to Hemfosa Fastigheter AB (publ), c/o Euroclear Sweden AB, "Annual General Meeting 2017", Box 191, 103 98 Stockholm, Sweden, or by telephone to +46 (0)8-402 92 96. Notification can also be made via Hemfosa's website, [www.hemfosa.se](http://www.hemfosa.se). The notification shall state the name, personal identification number or company registration number, address, telephone number and accompanying advisors, if any (not more than two).

Shareholders whose shares are registered in the name of a nominee must temporarily re-register the shares in their own name in order to be entitled to attend and vote at the Annual General Meeting. Such re-registration must be effected with Euroclear Sweden AB on Wednesday 19 April 2017, which means that the shareholder must inform its nominee well before this date.

Shareholders attending by proxy or a representative should send powers of attorney in original, certificates of incorporation and any other documents of authorisation to the company at the address above well before the Annual General Meeting. A template proxy form is available on the company's website, [www.hemfosa.se](http://www.hemfosa.se). Shareholders cannot vote or in other ways attend the Annual General Meeting by remote access.

### **PROPOSED AGENDA**

1. Opening of the meeting
2. Election of Chairman of the meeting
3. Preparation and approval of the voting register
4. Election of one or two persons to check and verify the minutes
5. Determination of whether the meeting has been duly convened
6. Approval of the agenda

7. Presentation of the annual report and the auditor's report and the consolidated financial statements and the auditor's report for the group
8. Report by the Chairman of the Board on the work of the Board
9. Presentation by the CEO
10. Resolutions regarding
  - a) adoption of the income statement and the balance sheet and the consolidated income statement and the consolidated balance sheet,
  - b) disposition of the company's result in accordance with the adopted balance sheet, and
  - c) whether the Board members and the CEO should be discharged from liability
11. Determination of remuneration to be paid to the Board members and the auditor
12. Election of Board members and auditor
13. Resolution regarding approval of new issue of shares in the subsidiary Hemfosa Samfunnsbygg AS
14. Resolution regarding authorisation for the Board of Directors to resolve upon new issue of ordinary shares
15. Resolution regarding authorisation for the Board of Directors to resolve upon acquisitions and transfers of ordinary shares in the company
16. Resolution regarding guidelines for remuneration to the senior executives
17. Resolution regarding warrant program including issue and transfer of warrants
18. Closing of the meeting

## **PROPOSED RESOLUTIONS**

### *Item 2 – Election of Chairman of the meeting*

The nomination committee proposes that Wilhelm Lüning, member of the Swedish Bar Association, is elected Chairman of the Annual General Meeting.

### *Item 10 b – Resolution regarding disposition of the company's result in accordance with the adopted balance sheet*

The Board of Directors proposes that the meeting resolves that, until the next Annual General Meeting, a dividend to the shareholders of ordinary shares shall be paid in a total amount of SEK 4.40 per ordinary share, with quarterly payments of SEK 1.10 per ordinary share. Proposed record days for the quarterly dividends on the ordinary shares are 27 April 2017, 10 July 2017, 10 October 2017 and 10 January 2018. In the event that such day is not a banking day, the record day shall be the immediate preceding banking day. The dividend payments on the ordinary shares are estimated to be distributed by Euroclear Sweden AB on the third banking day after each record day.

The Board of Directors further proposes that the meeting resolves that, until the next Annual General Meeting, a dividend to the shareholders of preference shares shall be paid in a total amount of SEK 10.00 per preference share, with quarterly payments of SEK 2.50 per preference share. Proposed record days for the quarterly dividends for the preference shares are 10 July 2017, 10 October 2017, 10 January 2018 and 10 April 2018. In the event that such day is not a banking day, the record day shall

be the immediately preceding banking day. The dividend payments on the preference shares are estimated to be distributed by Euroclear Sweden AB on the third banking day after each record day.

In aggregate, the proposed dividend as set out above amounts to SEK 804,004,286.

The Board of Directors has furthermore proposed that the Annual General Meeting authorises the Board of Directors to resolve upon new issues of ordinary shares (item 14 on the agenda). The Board of Directors proposes that the new ordinary shares that may be issued pursuant to the authorisation shall entitle to dividend as set out above as of the day on which they are entered in the share register maintained by Euroclear Sweden AB. At a maximum use of the authorisation, the dividend for the new ordinary shares may amount to SEK 69,400,430.

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

*Item 11 – Determination of remuneration to be paid to the Board members and the auditor*

The nomination committee proposes that an annual remuneration of SEK 450,000 (previously SEK 400,000) shall be paid to the Chairman of the Board of Directors and that SEK 200,000 (previously SEK 180,000) shall be paid to each of the other Board members elected by the Annual General Meeting who are not employed by the company. The nomination committee has further proposed that an annual remuneration of SEK 60,000 (unchanged) shall be paid to the Chairman of the audit committee and SEK 35,000 (unchanged) to each of the other members of the audit committee. No remuneration will be paid for work in the remuneration committee. Provided that it is cost neutral for the company, remuneration may be invoiced by a Board member through a wholly-owned company.

The nomination committee proposes that remuneration to the company's auditor shall be paid in accordance with approved invoices.

*Item 12 – Election of Board members and auditor*

The nomination committee proposes that the Board of Directors shall consist of seven ordinary members and that Bengt Kjell, Anneli Lindblom, Caroline Sundewall, Ulrika Valassi, Per-Ingemar Persson and Jens Engwall are re-elected as Board members for the period until the end of the next Annual General Meeting, and that no deputy directors are elected. The nomination committee proposes that Gunilla Högbom shall be elected as a new member of the Board.

The nomination committee further proposes that Bengt Kjell is re-elected as Chairman of the Board.

A report on the nomination committee's proposals and further information regarding the proposed Board members is available on the company's website, [www.hemfosa.se](http://www.hemfosa.se).

The nomination committee further proposes that the registered accounting firm KPMG AB is re-elected as auditor until the end of the next Annual General Meeting. KPMG AB will appoint Björn Flink to be auditor in charge.

*Item 13 - Resolution regarding approval of new issue of shares in the subsidiary Hemfosa Samfunnsbygg AS*

The Board of Directors proposes that the Annual General Meeting approves the resolution previously adopted by the general meeting of the subsidiary Hemfosa Samfunnsbygg AS ("Samfunnsbygg") on 4 July 2016 regarding a new issue of shares in Samfunnsbygg. The background to the proposed resolution is set out below.

Hemfosa has since 2015 conducted business in Norway. Simon Venemyr Ottersland, who is responsible for the Norwegian business, acts as consultant through his wholly owned company Immob Holding AS ("Immob"). The business in Norway is conducted through Samfunnsbygg which nowadays is a subsidiary of Hemfosa. Simon Venemyr Ottersland is the CEO (*No. daglig leder*) of Samfunnsbygg. In connection with Hemfosa establishing a presence in Norway, Hemfosa acquired an equity interest in Samfunnsbygg, which, previously, had been wholly owned by Immob. After the acquisition, Hemfosa was owner to 97.23 per cent of the shares and the votes in Samfunnsbygg and Immob owned 2.77 per cent of the shares and the votes.

To provide incentive and a shared risk-taking during the building up of the business in Norway, Immob, has had the right and obligation, under certain circumstances, to subscribe for shares in Samfunnsbygg, up to a maximum of five percent of the total number of shares in Samfunnsbygg. Such new share issues shall be made at market value in connection with Samfunnsbygg's acquisitions of real estate in Norway. The general meeting of Samfunnsbygg resolved on 4 July 2016 to issue shares with deviation from the shareholders' preferential rights. The new share issue resulted in the number of shares in Samfunnsbygg being increased with 1,704,377 shares. Hemfosa subscribed for 1,619,159 shares and Immob subscribed for 85,218 shares. The subscription price per share was NOK 214. Immob increased its relative shareholding in Samfunnsbygg from 2.77 per cent to 4.18 per cent through the new share issue. The new share issue was carried out at an estimated market value and there was no value transfer to Immob. Since Simon Venemyr Ottersland was the CEO of Samfunnsbygg at the time of the resolution to issue new shares, the share issue to Immob falls within the scope of Chapter 16 of the Swedish Companies Act, which means that the resolution requires approval also by the Annual General Meeting of Hemfosa.

*Item 14 – Resolution regarding authorisation for the Board to resolve upon new issue of ordinary shares*

The Board of Directors and management see continued good potential to carry out acquisitions of real property in order to increase company growth and improve results and cash flow, and thereby attend to the interests of the shareholders.

The Board of Directors therefore proposes that the Annual General Meeting resolves to authorise the Board of Directors to, on one or more occasions for the period until the end of the next Annual General Meeting, with or without deviation from the shareholders' pre-emption right, resolve upon a new issue of ordinary shares to the extent that such new issue can be made without amending the articles of association. The total number of ordinary shares that may be issued pursuant to the authorisation may not exceed ten per cent of the total ordinary shares in Hemfosa, at the time of exercising the authorisation. Such new ordinary shares shall be issued at a subscription price corresponding to market terms and payment can be made, except for payment in cash, by assets contributed in kind or by set-off.

The purpose of the authorisation, and the reason for any deviation from the shareholders' pre-emption right, is that the Board of Directors shall be able to resolve on new issues in order to finance acquisitions of real property or real property companies, or part of real property or real property companies, or in order to finance investments in new or existing real property.

The Board of Directors proposes that the CEO, or any person appointed by the CEO, shall be authorised to make minor adjustments of the resolution mentioned above, as may be required in connection with the registration of the decision with the Swedish Companies Registration Office.

*Item 15 – Resolution regarding authorisation for the Board to resolve upon acquisitions and transfers of ordinary shares in the company*

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board to, at one or more occasions for the period until the end of the next Annual General Meeting, acquire ordinary shares in the company so that, as a maximum, the company's holding following the acquisition does not exceed 10 per cent of all the shares in Hemfosa at any time. Acquisitions may only be conducted at Nasdaq Stockholm and at a price that is within the registered range for the share price prevailing at any time, that is, the range between the highest ask price and the lowest bid price. In the event that acquisitions are effected by a stock broker as assigned by the company, the price for the ordinary shares may, however, correspond to the volume weighted average price during the time period within which the ordinary shares were acquired, even if the volume weighted average price on the day of delivery to Hemfosa falls outside the price range. Payment for the ordinary shares shall be made in cash.

The Board of Directors further proposes that the Annual General Meeting resolves to authorise the Board to, at one or more occasions for the period until the end of the next Annual General Meeting, resolve upon transfers of the company's ordinary shares. The number of ordinary shares transferred may not exceed the total number of shares held by the company at any time. Transfers may be conducted on or outside Nasdaq Stockholm, including a right to resolve upon deviations from the shareholders' pre-emption right. Transfers of ordinary shares on Nasdaq Stockholm shall be conducted at a price within the registered price range. Transfers of ordinary shares outside Nasdaq Stockholm shall be conducted at a price in cash or value in property that corresponds to the, at the time of the transfer, current market share price of the ordinary shares in Hemfosa that are transferred, with such deviation that the Board of Directors considers appropriate in each case.

The purpose of the authorizations is to provide the Board of Directors with greater flexibility to adapt the company's capital structure to the capital needs from time to time as well as to enable the financing of acquisitions of real property or real property companies, or part of real property or real property companies in a cost efficient way through payment with the company's ordinary shares.

*Item 16 – Resolution regarding guidelines for remuneration to the senior executives*

The Board of Directors proposes that the Annual General Meeting resolves on the following guidelines for remuneration to the company's senior executives.

Hemfosa shall apply the remuneration levels and employment terms necessary in order to attract and retain a highly competent management with capacity to achieve set goals. The forms of remuneration shall motivate the senior executives to do their utmost to secure the shareholders' interests.

Accordingly, the remuneration structure shall be in line with market terms and be competitive. It shall also be simple, long-term and measurable. The remuneration to senior executives may comprise of a fixed and a variable part. The fixed salary for senior executives is to be adapted to market conditions and based on competence, responsibility and performance. A variable part shall reward results clearly linked to targets and improvements in simple and transparent structures and shall be maximised. Any outcome must relate to the fulfilment of pre-determined goals with respect to results, cash flow, growth, value and individually measurable goals. Variable remuneration to each senior executive may not exceed four months' salary and shall not entitle to pension benefits. The variable salary for all senior executives in the group, taken as a whole, may not exceed SEK three million. Regarding the right and possibility to receive variable remuneration, the group CEO and CFO are excluded during 2017.

Senior executives' non-monetary benefits shall facilitate the work of the senior executives and correspond to what may be deemed reasonable in relation to standard practices on the market in which each senior executive is active.

Senior executives may be offered incentive schemes which shall primarily be share based or related to the share price. Any incentive scheme must ensure long-term commitment to the company's development and be implemented on market terms. Share based incentive schemes and incentive schemes related to the share price shall be resolved by the general meeting of shareholders. The company shall be able to pay remuneration in cash linked to senior executives' acquisitions of shares or share-related instruments. Such remuneration in cash shall not generally exceed 15 per cent of the fixed salary.

The terms for pension benefits for senior executives will be based on defined contribution pension plans and comply with or correspond to general pension plans, the ITP1 plan in Sweden. Salary during the notice period upon termination and severance pay for a senior executive is not to exceed a total of 18 months' salary, if the company terminates the employment and six months if a senior executive resigns. In this context, senior executives are defined as the CEO, CFO and other members of the group executive management.

The Board of Directors shall be entitled to deviate from the guidelines for remuneration to senior executives set out above if there are special reasons in an individual case. In such a case, the Board of Directors shall give an account for the reason for deviation from the guidelines for remuneration to senior executives at the next Annual General Meeting.

#### *Item 17 – Resolution regarding warrant program including issue and transfer of warrants*

##### **1. Issue of warrants**

- 1.1 The board proposes that the general meeting resolves to carry out a directed issuance in respect of not more than 1 450 000 warrants, entailing an increase in the share capital of not

more than SEK 725 000 if the issuance is fully taken up. The resolution shall otherwise be governed by the following terms and conditions.

- 1.2 The right to subscribe for the share warrants shall, with deviation from the shareholders' preferential right, be vested in the company's wholly owned subsidiary Bråtaberggen Fastighets AB, 556811-5298 (the "Subsidiary"), with the right and obligation for the Subsidiary to transfer the share warrants to employees pursuant to Section 2 below. Over-subscription is not possible. The warrants shall be issued at no consideration to the Subsidiary.
- 1.3 The reason for not applying the shareholders' pre-emption rights is to introduce an incentive program and thereby a remuneration element which is competitive within each market the company operates, to provide alignment for the management team with company strategy, to create focus amongst employees on delivering exceptional performance which contributes to value creation for shareholders and to give employees the opportunity to take part in the company's success.
- 1.4 Subscription must be completed no later than three weeks after the resolution on issue of warrants. The board shall be entitled to extend the subscription period.
- 1.5 Each warrant entitles a right to subscribe for one common share in the company. The warrants may be exercised to subscribe for new common shares, in accordance with the terms and conditions of the warrants, during the following periods:
  - (i) from 1 May 2022 up to and including 31 May 2022; and
  - (ii) from 1 August 2022 up to and including 31 August 2022.
- 1.6 The new shares which may be issued due to subscription are not subject to any restrictive provisions.
- 1.7 The subscription price (strike price) shall correspond to 115 per cent of the volume weighted average rate of the common share according to the official list of Nasdaq Stockholm during the period between 2 May 2017 up until and including 15 May 2017.
- 1.8 Shares which are newly issued following subscription shall carry an entitlement to participate in dividends for the first time on the next record date for dividends which occurs after subscription is effected.
- 1.9 The board of the company may by means of a board resolution and with the consent from the board of directors in the Subsidiary cancel the warrants held by the Subsidiary's and which are not transferred in accordance with Section 2. Cancellation shall be registered with the Swedish Companies Registration Office.
- 1.10 The board of directors or a person appointed by the board of directors is authorized to make such minor adjustments to the general meeting's resolution which may prove necessary in order to register the warrants with the Swedish Companies Registration Office.

1.11 Other terms and conditions according to the full text warrant terms.

## 2. Approval of transfer of warrants

2.1 The board proposes that the general meeting approves of the Subsidiary's transfer of warrants on the following conditions.

2.2 The right to purchase warrants from the Subsidiary shall vest in the following categories of employees:

Category	Minimum number of warrants/person	Guaranteed number of warrants/person	Maximum number of warrants/person
A. Managing director (not more than 1 person)	50 000	100 000	150 000
B. Management (not more than 10 persons)	20 000 (Category: 200 000)	50 000 (Category: 500 000)	75 000 (Category: 750 000)
C. Key employees and regional management (not more than 14 persons)	10 000 (Category: 140 000)	25 000 (Category: 350 000)	40 000 (Category: 560 000)
D. Other employees (not more than 50 persons)	3 000 (Category: 150 000)	10 000 (Category: 500 000)	15 000 (Category: 750 000)

2.3 The right to purchase warrants from the Subsidiary shall only vest in employees who have not terminated their employment or whose employment have not been terminated at the end of the application period.

2.4 Warrants may also be offered to future employees. For such acquisitions, the conditions shall be the same or equivalent to what is stated in this resolution. This means that acquisitions shall be made to the market value at the time of the acquisition. The board of the company shall be entitled to set a corresponding application period for new employees whose acquisitions are made after the expiration of the initial application period.

2.5 Allotment is conditional upon it being legally possible to purchase the warrants, and that such transfers can be done using reasonable administrative and financial resources according to the

assessment of the board. Furthermore, the board of the company shall be entitled to, with regard to certain participants, alter the program in to a cash based program or a program based on synthetic warrants, should this according to the board be motivated due to for instance tax and/or legal reasons.

#### **Application and allotment**

- 2.6 Application for acquisition of warrants shall be made during the period from 16 May 2017 up until and including 23 May 2017. The board of the company shall however be entitled to extend the application period for acquisitions and to set a corresponding application period for new employees whose acquisitions are made after the expiration of the initial application period.
- 2.7 Should warrants remain with the Subsidiary after all applications have been satisfied up to the guaranteed level as set out in Section 2.2 above, the remaining warrants shall be available for allotment to participants regardless of category. Such distribution shall however at the most result in the maximum number of warrants per person within certain category amounting to the maximum number of warrants set out in the table under Section 2.2 above. Should not all participants who wish to subscribe for the maximum number of warrants set out in the table under Section 2.2 above be able to do so, the remaining warrants shall be allotted to these participants pro rata in relation to the number of warrants subscribed for, however not more than the maximum number of warrants as set out in the table under Section 2.2. The board of the company shall determine the final allotment.

#### **Price and payment etc.**

- 2.8 The warrants shall be transferred on market terms at a price (premium) established on the basis of a market value of the warrants calculated by an independent valuation institute using the Black & Scholes valuation model. A new market value shall be established in an equivalent way for acquisitions made by new employees after the expiration of the initial application period. The value has preliminary been calculated to be SEK 3.34 per warrant based on a share price of SEK 79.00 and a subscription price per share of SEK 90.90.
- 2.9 Payment for the allocated warrants shall be made in cash no later than five days following notification of the allotment. The board shall establish a corresponding date of payment for acquisitions made by new employees.
- 2.10 The company will by means of a cash bonus subsidize up to 100 per cent of the participants premium. The bonus consists of two payments, each of 50 per cent, during the term of the warrant program, one after two years and one after four years. The total cost for the subsidy, based on assumptions of the value of the warrants as set out above, is calculated to amount to not more than SEK 6.4 million including social security contributions, for the entire term of the warrant program of five years. Accrued payroll taxes due to the bonus shall be paid by the participants.
- 2.11 In order to be eligible for the bonus the participant shall, at the time of the payment of the bonus, remain an employee of the company and not having transferred his or her warrants.

Furthermore, only the participants premium as regards warrants up to the guaranteed level as set out in Section 2.2 is subsidized.

2.12 The warrants shall be subject to market terms and conditions.

### **2.13 Pre-emption and termination of employment**

The warrants shall be subject to an obligation for participants who wish to transfer or otherwise dispose of his or her warrants to a third party, to first offer the warrants to the company. Furthermore, the warrants shall be subject to a right for the company to repurchase the warrants should a participant's employment with or assignments for the company be terminated within two years after the day of the resolution on final allotment. Should a participant's employment with the company be terminated later than two years after the day of the resolution on final allotment, the participant shall be entitled to keep the warrants he or she has acquired, irrespective of the reason for termination. However, the termination of a participant's employment can result in the right to subsidization as regards the premium being limited in accordance with Section 2.11 above.

## **3. Further information on the warrant program**

### **3.1 Dilution**

Upon full exercise of all warrants, 1 450 000 new shares can be issued, which corresponds to a dilution of approximately 0.85 per cent of the total number of shares and 0.90 per cent of the total number of votes in the company, however, subject to the adjustment which may occur as a result of the terms and conditions of the warrants.

### **3.2 Impact of financial ratios and costs for the company etc.**

The warrant program is expected to have a marginal impact on the company's financial ratios.

The costs before taxes for the company associated with the warrant program, including the directed issuance, the subsequent transfer of warrants and the subsidy, includes administrative costs and costs relating to social security contributions. The total cost of the warrant program, assuming full participation, is expected to amount to approximately SEK 6.4 million during a period of five years.

### **3.3 Preparation of the matter**

The principles of the warrant program have been prepared by the board of the company. The proposal has been prepared with the assistance of external advisors and after consultation with shareholders. The board has thereafter decided to submit this proposal to the Annual General Meeting. Except for the officials who prepared the matter pursuant to instructions from the board, no employee that may be included in the program has taken part in the preparation thereof.

### **3.4 Other share related incentive programs etc.**

Except from the current proposal to the general meeting as regards the issue of warrants series 2017:1, the company has no outstanding share related incentive programs.

### **3.5 Instruction to the board of directors**

The board proposes that the general meeting instructs the company's board of directors to execute the resolution in accordance with Section 1 above and to ensure that the Subsidiary's board of directors carries out the transfer of the warrants in accordance with Section 2 above.

## **MISCELLANEOUS**

### **Shares and votes**

As of the date of this notice, there is a total number of 168,728,248 shares in Hemfosa, of which 157,728,249 are ordinary shares carrying one vote per share and 10,999,999 are preference shares, carrying one-tenth of a vote per share, corresponding to a total number of 158,828,249 votes in the company. The company does not hold any own shares.

### **Majority requirements**

The resolutions under items 13 and 17 are valid only if supported by shareholders holding not less than nine-tenths of the votes casted and the shares represented at the Annual General Meeting.

The resolutions under items 14 and 15 are valid only if supported by shareholders holding not less than two-thirds of the votes casted and the shares represented at the Annual General Meeting.

### **Shareholders' right to request information**

The Board of Directors and the CEO shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation and the company's relation to other companies within the group and the consolidated accounts.

### **Documentation**

The annual report, audit report and the auditor's report regarding whether the previously adopted guidelines for remuneration to the senior executives have been complied with, the complete proposals for resolutions such as complete warrant terms and conditions (item 17) and the reasoned statement of the Board of Directors pursuant to Chapter 18 Section 4 and Chapter 19 Section 22 of the Swedish Companies Act (2005:551) (items 10 b and 14) will be available at the company's premises at the address Håstholmsvägen 28 in Nacka, Sweden, and at the company's website, [www.hemfosa.se](http://www.hemfosa.se), no later than on Tuesday 4 April 2017 and will be sent to those shareholders who so request and state their address. All of the above mentioned documents will be presented at the Annual General Meeting.

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Nacka, March 2017  
HEMFOSA FASTIGHETER AB (PUBL)  
*Board of Directors*

**Other information**

Schedule for the Annual General Meeting:

2.00 p.m. CET - The doors open for shareholders.

3.00 p.m. CET – The Annual General Meeting commences.

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