

Proposal for guidelines for remuneration to senior executives

The Board of Directors proposes that the AGM resolves on the following guidelines for remuneration to the Company's senior executives.

The previous guidelines were adopted at the 2022 Annual General Meeting. The main amendment concerns that the Chief Executive Officer's variable remuneration may be pensionable.

These guidelines shall apply to commitments regarding remuneration to senior executives, and changes to such commitments, which are decided after the Annual General Meeting at which these guidelines are adopted. The guidelines thus have no effect on previously binding obligations.

The Board of Directors has not received any comments from shareholders on previously applicable guidelines.

Senior executives

Senior executives refers to the Company's Chief Executive Officer and executives who report directly to the Chief Executive Officer and who are part of the Group management.

Basic principles for remuneration

The Company's business strategy is based on the following four cornerstones:

- a) An overall perspective to property management and close customer relationships.
- b) Adding value to properties through upgrades and conversions.
- c) Infill development on the Company's own land and adjacent to its existing properties.
- d) Acquiring properties with development potential in attractive market locations in the Stockholm region.

A prerequisite for successful implementation of the Company's business strategy and achievement of the Company's long-term interests, including its sustainability initiatives, is that the Company is able to recruit and retain qualified employees. The Company shall therefore offer remuneration and other terms of employment that enables the Company to ensure access to senior executives with the skills needed by the Company. Conformity to market conditions and competitiveness shall be general principles for remuneration to senior executives of the Company. When determining the guidelines and when evaluating compliance with the guidelines, information regarding the total remuneration to the employees, the components of said remuneration, and the increase and rate of increase of the remuneration over time is included in the Remuneration Committee's and the Board of Directors' decision-making data for assessing the reasonableness of the guidelines.

The decision-making process

The Company's Remuneration Committee is tasked with preparing remuneration-related issues concerning the Chief Executive Officer and senior executives for the Board of Directors. The Remuneration Committee shall further evaluate and present the application of these guidelines as well as current remuneration structures, remuneration levels and, if applicable, incentive programs to the Board of Directors.

The Remuneration Committee must approve compensation and other employment terms decided by the Chief Executive Officer for other senior officers in comparable positions.

With the recommendations of the Remuneration Committee as a basis, the Board of Directors shall, when the need for any material change in the guidelines arises, or at least every fourth year, prepare a proposal for new guidelines to be resolved on by the Annual General Meeting.

If the Board of Directors considers it more appropriate, the tasks of the Remuneration Committee may be carried out by the Board of Directors in its entirety, provided that members of the Board of Directors which are a part of the Company's management do not participate in the work. In the case of remuneration-related matters pertaining to the Chief Executive Officer or other members of Group management, these individuals shall not participate in the Board of Directors' preparation of and decisions on such matters.

Principles for fixed and variable remuneration

Remuneration paid to senior executives can comprise a fixed base salary, variable cash remuneration, pension and other benefits. In addition, the General Meeting can resolve on share-based incentive programmes.

Principles for fixed base salary

Each senior executive receives a fixed base salary intended to attract and retain qualified employees. Fixed base salaries are based on the competence, responsibilities and performance of the senior executive, and must be market-based and competitive.

Principles for variable remuneration

Variable cash remuneration is based on predetermined and measurable criteria, which may or may not be financial. The financial criteria are linked to growth in the Group's net asset value and to growth in the Company's income from property management. The non-financial criteria are linked to business targets, such as customer satisfaction and sustainability initiatives. The criteria for variable remuneration are prepared by the Remuneration Committee and determined by the Board of Directors, with the intent that they will align with the Company's business strategy, long-term interests and sustainability. Variable cash remuneration to the Chief Executive Officer may not exceed six months' salary, in other words, 50 per cent of the fixed base salary. Variable remuneration to other senior executives may not exceed four and a half months' salary, in other words, 37.5 per cent of the fixed base salary. For other employees (*i.e.* employees not covered by these guidelines) the Company's policy is currently that variable remuneration may not exceed one and a half months' salary, in other words, 12.5 per cent of the fixed base salary.

Senior executives and other employees have the opportunity to choose to acquire shares in the Company on the stock market for the variable cash remuneration. If the relevant individual chooses to do this, variable cash remuneration increases by 0.5 times. However, variable cash remuneration must never exceed the levels that are specified above. Employees are expected to own shares on a long-term basis and for a minimum of three years. An agreement concerning these, and other, conditions should be entered into with each respective employee.

Pension

The senior executives are offered pension conditions and pension levels in line with market rates. Pension benefits to senior executives are either defined-contribution or defined-benefit if the individual in question is encompassed by a defined-benefit pension in accordance with the provisions of a collective bargaining agreement. Variable remuneration is, for senior executives apart from the Chief Executive Officer, only pensionable to the extent it is required pursuant to the applicable provisions of collective bargaining agreements or law. The Chief Executive Officer's variable remuneration may be pensionable. For each senior executive, pension premiums may not exceed 50 per cent of the fixed base salary unless a higher provision is applicable according to the relevant collectively agreed pension plan.

Other benefits

Senior executives can be offered other benefits, for example a company car and healthcare insurance. The benefits must be compatible with market rates and the cost of such benefits for the respective senior executive may not exceed an amount corresponding to 10 per cent of the fixed base salary.

Notice period and severance pay

As a general rule, the employment agreements entered into between the Company and senior executives apply until further notice. In cases where the Company terminates employment of a senior executive, the notice period may not exceed 12 months. Severance pay shall only apply in the case of termination by the Company and may not exceed an amount corresponding to the fixed base salary and other contractually agreed employment benefits during 12 months.

The notice period may not exceed six months without any right to severance pay when notice to terminate employment is given by the senior executive.

Departures from the guidelines

The Board of Directors may temporarily resolve to depart from these guidelines, in whole or in part, if in a specific case there is special cause for the departure and the departure is necessary to serve the Company's long-term interests, including sustainability, or to ensure the Company's financial viability. As indicated above, the Remuneration Committee's tasks include preparing decisions of the Board of Directors on remuneration-related issues, which includes decisions on departures from the guidelines. Any departure is reported and motivated each year in the remuneration report.