

The Board's proposal concerning guidelines for remuneration of senior executives

The Board of Directors of John Mattson Fastighetsföretagen AB (publ) (the "Company") proposes that the Annual General Meeting resolve on the following guidelines for remuneration of the Company's senior executives.

Senior executives

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

Basic principles for remuneration

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

- An overall perspective to property management and close customer relationships.
- Adding value to properties through upgrades and conversions.
- Infill development on the Company's own land and adjacent to its existing properties.
- 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 offers remuneration and other terms of employment that enable the Company to ensure access to senior executives with the skills the Company needs. Conformity to market conditions and competitiveness are general principles for remuneration of senior executives of the Company. Information regarding the total remuneration of the employees, the components of said remuneration, and the increase and rate of increase of the remuneration over time are included in the Remuneration Committee's and the Board's decision-data for assessing the reasonableness of the guidelines when determining the guidelines and when evaluating compliance with the guidelines.

The decision-making process

The Company has a Remuneration Committee. The members of the Remuneration Committee comprise three Board Members appointed by the Board of Directors. The Remuneration Committee is tasked with preparing remuneration-related issues concerning senior executives for the Board of Directors. The Committee ensures that the Board is provided with decision-data for issues pertaining to principles for remuneration, compensation and other terms of employment for the Chief Executive Officer and other senior executives.

The Committee evaluates the application of the guidelines for remuneration of senior executives as resolved by the AGM, as well as current remuneration structures and levels.

Not later than four weeks prior to the AGM, the Committee prepares and submits a report on the evaluation of the aforementioned items to the Board.

The Committee must approve compensation and other employment terms decided by the Chief Executive Officer for other senior officers in comparable positions. When applicable, the Committee is responsible for ensuring that the incentive program is evaluated each year.

When the need arises of any material change in the guidelines, or at least every fourth year, the Board uses the recommendations of the Remuneration Committee as a basis to prepare proposed guidelines for resolution by the AGM.

The guidelines are applied to all undertakings in terms of remuneration to senior executives, and to any change in such undertakings, decided after the AGM at which the guidelines were adopted. Accordingly, the guidelines have no impact on already pre-existing contractually binding commitments. In the case of remuneration-related matters pertaining to the CEO or other members of company management, these individuals do not participate in the Board of Directors' processing of and decisions on such matters.

For each financial year, the Board prepares a remuneration report and, not later than three weeks prior to the AGM, makes the report available to the shareholders on the Company's website.

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 is 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 established by the Board, with the intent that they will align with the Company's business strategy, long-term interests and sustainability. Variable cash remuneration for the CEO may not exceed six months' salary, in other words, 50 per cent of fixed base salary. Variable remuneration for other senior executives may not exceed four months' salary, in other words, one third of the fixed base salary.

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, unless the individual in question is encompassed by a defined-benefit pension in accordance with the provisions of a collective bargaining agreement. Variable remuneration is only pensionable to the extent it is required pursuant to the applicable provisions of collective bargaining agreements. 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 5 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 applies only 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 the notice period. The period of notice 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.

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Lidingö, March 2020

John Mattson Fastighetsföretagen AB (publ)

Board of Directors