

## **The Board of Directors’ report on paid and outstanding remuneration to senior executives pursuant to item 13 of the proposed agenda for the annual general meeting 2021**

### **Introduction**

Pursuant to Chapter 8, Sections 51–53 of the Swedish Companies Act (2005:551) (the “**Companies Act**”), the Board of John Mattson Fastighetsföretagen AB (publ) (the “**Company**”) shall prepare guidelines for remuneration and other benefits to Board members, the Chief Executive Officer (the “**CEO**”) and deputy Chief Executive Officer (the “**Guidelines**”). Pursuant to the Swedish Corporate Governance Code, these Guidelines also includes other 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. The Guidelines encompass all remuneration, irrespective of type, that is payable to such senior executives, however, the Guidelines do not include Board fees and other remuneration resolved by the general meeting pursuant to Chapter 8, Section 23 a of the Companies Act or such issues and transfers encompassed by Chapter 16 of the Companies Act (the so-called LEO Act).

Chapter 8, Section 53 a of the Companies Act stipulates that, for each financial year, the Board shall prepare a report on paid and outstanding remuneration covered by the Guidelines (the “**Remuneration Report**”). Since the Company has no deputy CEO and the Board members do not receive any remuneration other than resolved by the general meeting, this Remuneration Report on paid and outstanding remuneration to senior executives only includes the Company’s CEO. In addition, the Remuneration Report shall contain a summary of each of the variable remuneration schemes, both outstanding and concluded during the year, in compliance with the Swedish Corporate Governance Board’s rules on remuneration to senior executives and on incentive programs.

The Report is to be presented before the annual general meeting for approval.

Further information on remuneration to Board members, the CEO and other senior executives during the previous financial year are included in note 7 of the Company’s annual report.

### **Summary of the financial year 2020**

Income from property management in 2020 amounted to SEK 94.7 million, corresponding to an annual growth of 46 per cent. Consequently, the Company achieved the annual target of a minimum of 10 per cent growth in income from property management per share. The growth was primarily attributable to an improved net operating income as a result of new builds and acquisitions. At the end of the year, long-term net asset value amounted to SEK 129.25 per share, representing an annual growth of 16 per cent. The target is to achieve average growth in net asset value of not less than 10 per cent over a business cycle. At the end of 2020, the property value increased to SEK 8 billion, an increase of just over SEK 1.6 billion compared

with 2019. This was mainly attributable to investments of around SEK 1.1 billion, primarily consisting of property acquisitions in the municipality of Sollentuna, as well as unrealised increases in value of approximately SEK 500 million. The unrealised value increase has been partly impacted by lowered yield requirements attributable to the substantial interest in the transaction market for rental properties, and partly due to a large number of apartments being upgraded during the year. The goal is for the group's property value to amount to at least SEK 10 billion by the end of 2023.

For more information on the Company's performance and operations during the financial year 2020, reference is made to the comments from the CEO on page 4 of the year-end report 2020 and to pages 2–3 of the annual report 2020.

During the previous financial year, the Guidelines adopted at the annual general meeting held on 21 April 2020 applied.

### **Variable remuneration schemes, both outstanding and concluded in the previous financial year**

The following bonus schemes for 2020 were directed towards all employees and entitled to bonus of up to one month's salary.

- Increase in income from property management per share of not less than 10 per cent
- Sustainability targets
  - Weight reduction of waste
  - Cost reduction on waste management
- Service index in the upper quartile compared with industry

The bonus outcome was 62.5 per cent of one month's salary for all employees of the Company.

In 2020, the management group had the possibility of earning two further months' salary, pursuant to the following criteria, which could thus result in a total bonus payment of three months' salary.

- Increase in net asset value per share of not less than 10 per cent
- Individually set targets

Bonus amounted in an average of 82% of three monthly salaries for all members of the Company's management group.

## Total remuneration of senior executives

### *Total remuneration*

| Executive's name and role | 1 – Fixed remuneration |      |          | 2 – Variable remuneration |            | 3 – Other | 4 – Pension | 5 – Total remuneration | 6 – Proportion of fixed and variable remuneration |
|---------------------------|------------------------|------|----------|---------------------------|------------|-----------|-------------|------------------------|---|
|                           | Salary                 | Fees | Benefits | Annual                    | Multi-year |           |             |                        |   |
| Siv Malmgren, CEO         | 2,564                  | –    | 59       | 368                       | –          | –         | 1,004       | 3,995                  | 91 per cent fixed remuneration                    |
| <b>Total</b>              | 2,564                  | –    | 59       | 368                       | –          | –         | 1,004       | 3,995                  | 91 per cent fixed remuneration                    |

### *Remuneration from other group companies*

During the previous financial year, no senior executives received remuneration from any other company within the John Mattson group. The group is defined as John Mattson Fastighetsföretagen AB (publ) and all of its subsidiaries pursuant to Chapter 1, Section 11 of the Companies Act.

### *Total remuneration in relation to the Guidelines*

The fixed base salary is based on the competence, responsibilities and performance of the CEO, and must be market-based and competitive in accordance with the Guidelines. Variable cash remuneration is based on predetermined and measurable criteria as described in this Remuneration Report. The paid remuneration was within the scope of the Guidelines, that is, it did not exceed six months' salary (or 50 per cent of the fixed base salary).

The CEO's pension solution is on market-based pension terms and levels, and is within the scope of 50 per cent of the fixed base salary. The benefits are market-based and the cost amounts to a maximum of 5 per cent of the fixed base salary.

## Share-based remuneration

The Company has no current share-based incentive or remuneration schemes that accrue to senior executives.

## Recovery of variable remuneration

No variable remuneration paid to former senior executives was subject to recovery in the previous financial year.

## Deviations from the decision-process for setting remuneration

No deviations from the Guideline's established process to determine remuneration for senior executives occurred in the previous financial year.

## Departures from the guidelines

The board of directors may temporarily be entitled 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. The remuneration committee's tasks include preparing decisions for the board of directors on remuneration-related issues, which includes decisions on departures from the Guidelines. Any departure is reported and justified each year in the Remuneration Report.

## Annual changes

The following table presents the changes in remuneration to the CEO linked to the Company's performance and the average remuneration to the Company's employees over the last four financial years ("FY").

| Annual changes   | FY 2020 vs<br>(2019) | FY 2019 vs<br>(2018) | FY 2018 vs<br>(2017) | FY 2017 vs<br>(2016) | Information about<br>FY<br>2020 |
|--|----------------------|----------------------|----------------------|----------------------|---------------------------------|
| <b>Remuneration of senior executives</b>   |                      |                      |                      |                      |                                 |
| Siv Malmgren, CEO  |                      |                      |                      |                      |                                 |
| - Change, %  | 30%                  | -19%                 | 13%                  | 24%                  |                                 |
| - Total remuneration, KSEK   | 3,995 (3,070)        | 3,070 (3,796)        | 3,796 (3,356)        | 3,356                | 3,995                           |
| <b>Company's results</b>   |                      |                      |                      |                      |                                 |
| Growth in net asset value/share  | 16% (7%)             | 7% (7%)              | 7% (11%)             | 11% (8%)             | 16%                             |
| Growth in income from property management/share  | 46% (159%)           | 159% (-21%)          | -21% (-37%)          | -37% (13%)           | 46%                             |
| <b>Average remuneration per FTE for employees of the Company (that is, the management group) (Excl. the CEO)</b> |                      |                      |                      |                      |                                 |
| Employees of the Company (that is, the management group) (Excl. the CEO)   |                      |                      |                      |                      |                                 |
| - Change, %  | 60%                  | -19%                 | 78%                  | -11%                 |                                 |
| - Total remuneration, KSEK   | 1,799 (1,544)        | 1,544 (1,823)        | 1,823 (1,022)        | 1,022                | 1,799                           |

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Lidingö, March 2021

**John Mattson Fastighetsföretagen AB (publ)**

*Board of Directors*