

Remuneration report 2022

Introduction

This report describes how the guidelines for executive remuneration of Stendörren Fastigheter AB (publ), adopted by the annual general meeting 2021, were applied during 2022. The report also provides information on remuneration to the chief executive officer and the deputy chief executive officer and a summary of the company's outstanding share-related incentive plan. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 5 (Employees and personnel costs) on pages 114 – 115 in the annual report 2022. Information on the work of the remuneration committee in 2022 is set out in the corporate governance report available on pages 81 – 94 in the annual report 2022. Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 5 on pages 114 – 115 in the annual report 2022.

Key developments 2022

The chief executive officer summarizes the company's overall performance in his statement on page 8 – 9 in the annual report 2022.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability work, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration.

According to the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits.

The variable cash remuneration shall be linked to predetermined criteria which can be measurable financial and/or non-measurable non-financial. The criteria may be generalized and/or individualized, quantitative or qualitative objectives that take into account, among other things, the internal controls within the company, budgetary controls, quality and timeliness of reporting, implementation of new and improved IT systems, the interaction between the various teams of the company as well as the development of leadership abilities of the various team leaders and the overall sustainability work of the company. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability work, by for example being clearly linked to the business strategy or promote the senior executive's long-term development.

The board of directors has a discretionary right to resolve upon variable cash remuneration in accordance with these guidelines. The variable cash remuneration may amount to not more than 200 per cent of the fixed annual cash salary. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year.

The guidelines are found on pages 87 – 88 in the annual report 2022. During 2022, the company has complied with the applicable remuneration guidelines, which were adopted by the annual general meeting 2021. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor’s report regarding the company’s compliance with the guidelines is available on the company’s website among other documents relating to the annual general meeting 2023. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the company has, on an extra shareholder’s meeting in September 2020, resolved to implement a long-term share-related incentive plan.

Tabel 1 – Total remuneration to chief executive officer and deputy chief executive officer in 2022 (kSEK)*

Name	Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense	Total remuneration	Proportion fixed/variable***
	Base salary	Other benefits**	One-year variable	Multi-year variable				
Erik Ranje****	2 265	109	3 000	-	-	735	6 109	51/49
Anders Nilsson*****	1 667	-	1 700	-	-	1 372	4 739	64/36

* The table reports remuneration earned in 2022.

** Car benefit.

*** The pension expense stated in column "Pension expense", which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration.

**** The amount reported as "Base salary" includes holiday supplement of kSEK 44.

***** The amount reported as "Base salary" includes holiday supplement of kSEK 24.

Share-based remuneration

Outstanding share-related incentive plans

The company has a share-related incentive plan (2020/2025). This plan was aimed at the company's employees and includes issues of warrants, which the participants in the plan acquired for cash payment to the company. The warrants were acquired in November 2020 at a price of SEK 19.93 per warrant, which at this time corresponded to the market value of the warrants calculated in accordance with the Black & Scholes valuation method performed by independent valuers.

For a period of two weeks from the date of publication of the interim report for the period 1 January - 31 September 2025, each warrant entitles the holder to subscribe for a new Series B share in the company at a subscription price of SEK 175. For full terms and conditions for incentive plan 2020/2025, please refer to the company's website "www.stendorren.se/investorrelations/bolagsstyrning/incitamentsprogram/".

In connection with the transfer of warrants to the participants, the company and each participant have, in accordance with the terms and conditions decided by the general meeting, entered into agreements governing a so-called vesting model, meaning that five percent of the participants' warrants are "vested" every quarter from the date the warrants were transferred to the participant. It is also stated in the agreement that the company reserves the right to repurchase warrants if the participant's employment or assignment in the Stendörren Fastigheter Group ceases or if the participant wishes to transfer the warrants to a third party. The company's right to repurchase warrants varies depending on whether the participant's warrants are "vested" or "unvested".

In connection with the subscription offer to the employees in November 2020, the chief executive officer of the company acquired 100,000 warrants related to incentive plan 2020/2025 and the deputy chief executive officer acquired 95,000 warrants relating to this plan, all in accordance with the terms set out above.

Upon full exercise of the warrants in the outstanding incentive plan, the share capital will increase by SEK 151 350 through the issue of 252 250 Series B shares, each with a quota value of SEK 0,6. The dilution effect at full utilization corresponds to approximately 0,9 % of the capital and 0,5 % of the voting rights based on the number of outstanding shares as per 31 December 2022.

Application of performance criteria

The performance measures for the chief executive officer's variable remuneration and the deputy chief executive officer's variable remuneration have been selected to deliver the company's business strategy and safeguarding of its long-term interests, including its sustainability work, by having a clear link to the business strategy and the company's long-term interests. The criteria have been measurable financial as well as non-measurable non-financial. The company's remuneration committee has evaluated the chief executive officer's and the deputy chief executive officer's work during 2022 and the extent to which the chief executive officer and the deputy chief executive officer, respectively, has contributed to the realization of the company's business strategy and long-term interests.

The remuneration committee has determined that both the chief executive officer and the deputy chief executive officer has achieved a very good fulfilment of the relevant performance criteria for variable remuneration. Upon recommendation from the remuneration committee, the board of directors of the company has resolved that the chief executive officer shall receive SEK 3 000 000 in variable cash remuneration attributable to 2022 the that the deputy chief executive officer shall receive SEK 1 700 000 in variable cash remuneration attributable to 2022.

Comperative information on the changes of remuneration and company performance

Table 5 - Changes of remuneration and company performance over the last five reported financial years (RFY) (kSEK)*

	2020	2021	2022
CEO Remuneration	8 925	5 713	6 109
Deputy CEO Remuneration**	-	4 044	4 739
Group NOI	254 378	267 295	286 940
Avarage remuneration on full time equivalent basis of employees*** of the parent company	617	708	683

* The company lacks data for the comparison years 2018 – 2019, which is why only year 2020 – 2023 is reported.

** The Company's deputy CEO's first date of employment was 13 November 2020. During the period 1 April 2020 – 12 November 2020, the company did not have a deputy CEO.

*** Excluding members of the group executive management.