

Stendörren Fastigheter AB (publ)

Remuneration report 2023

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 2023. 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 programmes. The report has been prepared in accordance with the Swedish Companies Act and the rules on *Remuneration of the Board and Executive Management and on Incentive Programmes* issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 5 (Employees and personnel costs) in the annual report 2023. Information on the work of the remuneration committee in 2023 is set out in the corporate governance report available in the annual report 2023.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and is disclosed in the annual report 2023.

Key developments 2023

The chief executive officer summarizes the company's overall performance in his statement on page 9 – 10 in the annual report 2023.

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 achieve this, the company must be able to 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 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 in the annual report 2023. During 2023, 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 will, no later than three weeks before the annual general meeting, be available on the company's website among other documents relating to the annual general meeting 2024,. No remuneration has been reclaimed.

In addition to remuneration covered by the remuneration guidelines, the company has resolved to implement long-term share-related incentive programmes.

Remuneration to chief executive officer and deputy chief executive officer

Table 1 – Total remuneration to chief executive officer and deputy chief executive officer in 2023 (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****	2 390	108	3 300	-	-	710	6 508	49/51
Anders Nilsson*****	1 951	-	1 400	-	-	820	4 171	56/44

* The table reports remuneration earned in 2023.

** 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 59.

***** The amount reported as "Base salary" includes holiday supplement of kSEK 497.

Share-based remuneration

The company currently has two outstanding share-related incentive programs; incentive program 2020/2025 and incentive program 2023/2028.

Incentive Program 2020/2025

On 30 September 2020, the extraordinary general meeting adopted a long-term share-related incentive program. This program is directed to the company's employees and includes issues of warrants, which the participants in the program have acquired against cash payment to the company. The warrants were acquired in November 2020 at a price of SEK 19.93 per warrant, which at that time corresponded to the market value of the warrants calculated in accordance with the Black & Scholes valuation method performed by independent valuers.

Each warrant entitles the holder to, for a period of two weeks from the date of publication of the interim report for the period 1 January - 31 September 2025, subscribe for a new Series B share in the company at a subscription price of SEK 175. For complete terms and conditions for incentive program 2020/2025, please refer to the company's website www.stendorren.se/en/investors/governance/incentive-programs/.

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 an agreement that regulates a so-called vesting model, entailing that five percent of the participants' warrants are "vested" every quarter from the date the warrants were transferred to the participant. The agreement also stipulated that the company reserves the right to repurchase warrants, if the participant's employment or assignment in the Stendörren Fastigheter group is terminated or if the participant wishes to transfer the warrants to a third party. The company's right to repurchase warrants depends 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 attributable to incentive program 2020/2025 and the deputy chief executive officer acquired 95,000 warrants attributable to this program, all in accordance with the terms set out above.

Upon full exercise of the warrants in incentive program 2020/2025, 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 2023.

Incentive Program 2023/2028

At the annual general meeting 2023, the company adopted an additional long-term share-related incentive program. The terms and conditions of incentive program 2023/2028 are similar to those of incentive program 2020/2025.

Incentive program 2023/2028 is directed to the company's employees and includes issues of warrants, which the participants in the program have acquired against cash payment to the company. The warrants were acquired in May/June 2023 at a price of SEK 25.27 per warrant, which at that time corresponded to the market value of the warrants calculated in accordance with the Black & Scholes valuation method performed by independent valuers.

Each warrant entitles the holder to, for a period of two weeks from the date of publication of the interim report for the period 1 January - 31 March 2028, subscribe for a new Series B share in the company at a subscription price of SEK 285. For complete terms and conditions for incentive program 2023/2028, please refer to the company's website www.stendorren.se/en/investors/governance/incentive-programs/.

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 an agreement that regulates a so-called vesting model, entailing that five percent of the participants' warrants are "vested" every quarter from the date the warrants were transferred to the participant. The agreement also stipulated that the company reserves the right to repurchase warrants, if the participant's employment or assignment in the Stendorren Fastigheter group is terminated or if the participant wishes to transfer the warrants to a third party. The company's right to repurchase warrants depends on whether the participant's warrants are "vested" or "unvested".

In connection with the subscription offer to the employees in May/June 2023, the company's chief executive officer and deputy chief executive officer each acquired 20,000 warrants attributable to incentive program 2023/2028, all in accordance with the terms set out above.

Upon full exercise of the warrants in incentive program 2023/2028, the share capital will increase by SEK 30,036 through the issue of 50,060 Series B shares, each with a quota value of SEK 0.6. The dilution effect at full utilization corresponds to approximately 0.2 % of the capital and 0.1 % of the voting rights based on the number of outstanding shares as per 31 December 2023.

Upon full exercise of the warrants in the two outstanding incentive programs, the share capital will increase by SEK 181,386 through the issue of 302,310 Series B shares, each with a quota value of SEK 0.6. The dilution effect at full utilization corresponds to approximately 1.1 % of the capital and 0.6 % of the voting rights based on the number of outstanding shares as per 31 December 2023.

Application of performance criteria

The performance criteria for variable remuneration of the chief executive officer and the deputy chief executive officer, respectively, have been selected to realize the company's business strategy and long-term interests, including its sustainability work. The criteria, which have constituted both general and individualized quantitative and qualitative targets, have, inter alia, been based on the development and performance of the company's return on equity, EPRA NAV and actual return vs budget. The company's remuneration committee has evaluated the work of the chief executive officer and the deputy chief executive officer during 2023 and the extent to which they have contributed to the goals set.

The remuneration committee has determined that both the chief executive officer and the deputy chief executive officer have achieved a fulfilment of 70% of the 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 3,300,000 in variable cash remuneration attributable to 2023 the that the deputy chief executive officer shall receive SEK 1,400,000 in variable cash remuneration attributable to 2023.

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	2023
CEO Remuneration	8 925	5 713	6 109	6 508
Deputy CEO Remuneration**	-	4 044	4 739	4 171
Group NOI	254 378	267 295	286 940	287 112
Avarage remuneration on full time equivalent basis of employees*** of the parent company	617	708	683	731

* The company lacks data for the comparison year 2019, which is why only year 2020 – 2023 are 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. Hence, no data has been reported for 2020.

*** Excluding members of the group executive management.

Stockholm, April 2024
Stendörren Fastigheter AB (publ)
The board of directors