

## **THE BOARD OF DIRECTORS' REMUNERATION REPORT FOR 2021**

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### **INTRODUCTION**

This remuneration report provides an outline of Nyfosa's guidelines for remuneration to senior executives (the "**remuneration guidelines**"), adopted by the Annual General Meeting 2020 to apply until further notice, but no longer than until the Annual General Meeting 2024, and which have been applied during 2021. The report also provides details on the remuneration to Nyfosa's CEO as well as remuneration to directors of the board in 2021 that is in addition to the ordinary board fee resolved by the Annual General Meeting. Furthermore, the report contains a summary description of Nyfosa's existing share and share-price related incentive plans.

### **OVERVIEW OF THE APPLICATION OF THE REMUNERATION GUIDELINES IN 2021**

The remuneration committee monitors and evaluates programs for variable remuneration, both ongoing and those that have been completed during the year, for the CEO and the actual and expected outcome of such have been reported to the board of directors and discussed at meetings with the board of directors.

Based on the remuneration committee's evaluation of the CEO's remuneration, the board of directors has determined that the current remuneration structure and remuneration level is appropriate, reflects market practice and is competitive and suitable for achieving Nyfosa's targets. Both the remuneration committee and the auditor have, after evaluation, concluded that Nyfosa has complied with current remuneration guidelines and no deviations or derogations from the remuneration guidelines or from the decision-making process, that according to the remuneration guidelines must be applied to determine remuneration, have been made during 2021.

The remuneration guidelines do not currently contain any provisions on the right to reclaim remuneration, so-called clawback provisions, and the board of directors has made the assessment that such provisions are not currently justified. After monitoring and evaluating Nyfosa's programs for variable remuneration, how the remuneration guidelines have been applied, and after evaluating the current remuneration structures and remuneration levels in Nyfosa, the board of directors has decided that the remuneration guidelines shall remain unchanged.

According to Nyfosa's remuneration guidelines, remuneration to senior executives must be adapted to market conditions and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. In addition to the remuneration covered by the remuneration guidelines, the Annual General Meeting of Nyfosa may decide on the implementation of long-term share-based incentive plans and on remuneration to the board of directors.

## Total remuneration to the CEO

The table below sets out the total remuneration (SEK) paid to Nyfosa's CEO during 2021 and to directors of the board who have received remuneration in addition to the ordinary board fee resolved by the Annual General Meeting.

Name, position (during the start/end of the period)	Financial year	1 Fixed remuneration		2	3	4	5	6
		Base salary (SEK)	Other benefits (SEK)	Variable remuneration - One-year variable (SEK)	Extraordi- nary items (SEK)	Pension expenses (SEK)	Total remuneratio n (SEK)	Proportion of fixed and variable remuneration
Stina Lindh Hök (CEO)	2021	3,600,000	91,279	1,194,600	-	483,368	5,369,247	78% fixed
Jens Engwall (former CEO, senior advisor, Director) <sup>1</sup>	2021	1,841,300	36,155	589,200	-	80,561	2,547,216	77% fixed

## Application of performance criteria

According to the company's guidelines for remuneration, variable remuneration shall reward target-related results and improvements in simple and transparent structures and shall be maximized. Any outcome must relate to the fulfilment of the company's financial targets and other measurable performances related to sustainability which will support long-term shareholder value. Established performances shall mainly be the same for all senior executives, but may also, to a lesser extent, refer to individual performance. As a general rule, the measurement period for variable remuneration is based on performance for a period of approximately twelve months.

The performance criteria for variable cash remuneration to the CEO Stina Lindh Hök in 2021 were principally divided in three different parts. The first part has been based on the company's share price development in relation to other real estate companies. In 2021, Nyfosa's share price increased with 88.4 percent, compared to Carnegie's real estate index (CREX) 46.9 percent. Stina Lindh Hök is considered to have met the performance criteria in full. The second part has been related to the fulfilment of the company's financial target of an annual growth in the distributable cash flow per share of at least 10 percent per year. Growth in the distributable cash flow per share amounted to 11 percent in 2021 in comparison with 2020. Stina Lindh Hök is considered to have met the performance criteria in full. The third part refers to a number of different internal targets where, for example, sustainability as well as development of and stability within the company's organization have been addressed. Stina Lindh Hök is considered to have met 87.5 percent of the performance criteria.

## Outstanding share and share-price related incentive plans

### LTIP 2019

The board of directors presented a proposal to the Annual General Meeting 2019 to introduce a warrant plan for all employees in Nyfosa (LTIP 2019), which was adopted by the Annual General Meeting. LTIP 2019 is based on warrants where allocation to employees takes place according to set categories. The

<sup>1</sup> Jens Engwall resigned as CEO on October 26, 2020, taking up a position as senior advisor with unchanged salary up until and including February 28, 2021. Thereafter, in 2021, Jens has provided advisory services on the basis of a consulting agreement. The assignment includes an advisory function to primarily the company's CEO, but also to represent the company on the board of directors of Söderport Property Investment AB and Torslanda Property Investment AB

warrants have been transferred to the participants on market terms at a price (premium) determined on the basis of an estimated market value of the warrants. The company subsidizes part of the participant's premium through a cash bonus. The bonus consists of two payments, each of 50 percent, during the term of the warrants. A participant's entitlement to bonus requires that the participant at the time of payment of the bonus is still employed by the company, has not resigned or been terminated and that he or she has not transferred his or her warrants. The subscription price per share when exercising the warrant is based on the average share price at the time of the issue of the warrants and thereafter follows Carnegie's Real Estate Index (CREX) up until September 2022. The warrants will thus be valuable, ("in the money"), if Nyfosa's price development exceeds the average for the listed real estate companies during the term. The average price of the Nyfosa share at the time of the issue of the warrants amounted to SEK 60.46.

Each warrant entitles the holder to subscribe for one (1) new share in the company. Subscription of shares in accordance with the terms of the warrants may take place over a two-week period from the day following the press release of the interim report for January-September 2022, the year-end report for 2022 and the interim report for January-March 2023, however no later than June 10, 2023. The current CEO, Stina Lindh Hök, has acquired 120,000 warrants and the former CEO, Jens Engwall, has acquired 250,000 warrants in LTIP 2019 (all allotted on May 28, 2019).

#### *LTIP 2021*

The board of directors presented a proposal to the Annual General Meeting 2021 to introduce an additional warrant plan for all employees in Nyfosa (LTIP 2021), which was adopted by the Annual General Meeting. LTIP 2021 is based on warrants of two different series where allocation to employees takes place according to set categories. The warrants have been transferred to the participants on market terms at a price (premium) determined on the basis of an estimated market value of the warrants. The company subsidizes part of the participant's premium through a cash bonus. The bonus consists of two payments, each of 50 percent, during the term of the warrants. A participant's entitlement to bonus requires that the participant at the time of payment of the bonus is still employed by the company, has not resigned or been terminated and that he or she has not transferred his or her warrants. The subscription price per share when exercising a warrant of the Series I is based on Nyfosa's future share price development and shall amount to SEK 124.10 per share (corresponding to 122.5 percent of the calculated average volume-weighted price paid for Nyfosa's share on Nasdaq Stockholm during the period from and including April 22, 2021 up until and including May 4, 2021). The subscription price per share when exercising a warrant of Series II was initially set at SEK 101.32, but must be recalculated with the average price development for the listed real estate companies on Nasdaq Stockholm according to a total return index, meaning that the Series II warrants become valuable ("in the money") if Nyfosa's price development (taking into account dividends paid) exceeds the average for the listed real estate companies during the term.

Each warrant, regardless of Series, entitles the holder to subscribe for one (1) new share in the company. Subscription of shares in accordance with the terms of the warrants may take place over a two-week period from the day following the press release of the interim report for January 1 - March 31, 2024, the interim report for January 1 - June 30, 2024 and the interim report for January 1 - September 30, 2024, however no later than December 9, 2024. The current CEO, Stina Lindh Hök, has acquired 38,000 warrants of Series I and 38,000 warrants of Series II in LTIP 2021 (all allotted on May 7, 2021).

Additional information on outstanding share and share price-related incentive plans can be found in note 8 in the annual report for 2021, available at Nyfosa's website, [www.nyfosa.se/en/investor-relations/finansiella-rapporter-eng/](http://www.nyfosa.se/en/investor-relations/finansiella-rapporter-eng/).

## COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND NYFOSA'S PERFORMANCE

Change of remuneration and company performance over the last three reported financial years (RFY)<sup>2</sup>

Annual change	2021 vs 2020	2020 vs 2019	(Information regarding 2021)
<b>Remuneration</b>			
CEO	- TSEK 194 (-3%)	+ TSEK 158 (+3%)	TSEK 5,369
<b>The company's performance</b>			
Profit from property management	+ TSEK 639 (+48%)	+ MSEK 222 (+20%)	MSEK 1,973
Profit from property management excluding changes in value and tax in joint ventures	+ TSEK 157 (+14%)	+ MSEK 331 (+41%)	MSEK 1,302
Distributable cash flow	+ TSEK 182 (+15%)	+ MSEK 426 (+54%)	MSEK 1,436
<b>Average remuneration on a full time equivalent basis of employees<sup>3</sup></b>			
Per employee in the company	+ TSEK 40 (+3%)	- TSEK 525 (-34%)	Average number of employees has increased from 63 (2020) to 70 (2021)

**ADDITIONAL INFORMATION IS AVAILABLE IN THE 2021 ANNUAL REPORT OR AT NYFOSA'S WEBSITE**

Nyfosa's remuneration guidelines, which were adopted at the Annual General Meeting 2020, are available on Nyfosa's website [www.nyfosa.se/en/about-nyfosa/corporate-governance/remuneration/](http://www.nyfosa.se/en/about-nyfosa/corporate-governance/remuneration/). Nyfosa's website also contains a statement by the auditor on whether Nyfosa have complied with the adopted guidelines, [www.nyfosa.se/en/annual-general-meeting-2022/](http://www.nyfosa.se/en/annual-general-meeting-2022/).

Further information on Nyfosa's remuneration during 2021 that is not covered by this report is available in the annual report for 2021. The information can be found at:

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The remuneration committee's work during 2021.

Note 8 on page 101

Such information required by Chapter 5, Sections 40-44 of the Swedish Annual Accounts Act (1995:1554), including detailed information regarding remuneration to other senior executives covered by the remuneration guidelines adopted at the Annual General Meeting 2020

<sup>2</sup> Nyfosa was listed on Nasdaq Stockholm on November 23, 2018, following distribution of the shares in Nyfosa to the holders of ordinary shares in Hemfosa Fastigheter AB. 2019 is therefore the first full financial year in which the CEO has been employed by Nyfosa.

<sup>3</sup> The average remuneration for employees includes the following components: base salary, other benefits, variable remuneration and pension expenses.

and information regarding Nyfosa's share and share-price related incentive plans.

Note 8 on page 101

Remuneration to the board of directors.

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Nacka in March 2022

**Nyfosa AB**

*The Board of Directors*