

## The Board of Directors' remuneration report for the financial year 2020

*This is an unofficial translation of the Swedish remuneration report. In case of any discrepancies between the Swedish report and this English translation, the Swedish report shall prevail.*

### Introduction

This report describes how the guidelines for executive remuneration of Eastnine AB, adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to executive management and a summary of the company's outstanding long-term 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, staff expenses and executive management compensation) on pages 72-74 in the annual report 2020. In view of the limited number of employees in the Company, the Board has decided that no remuneration committee is needed. The duties that would have been performed by a remuneration committee are instead performed by the Board as a whole. For the Board's work on remuneration see pages 96-97 in the annual report 2020.

Remuneration to 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 page 73 in the annual report 2020.

### Key developments 2020

The CEO summarizes the company's overall performance in his statement on pages 6-7 in the annual report 2020.

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

Eastnine's vision is to create and provide the best meeting places where ideas can flow, people can meet and successful business operations develop. The company's business concept is to be the leading, long-term supplier of modern and sustainable office space in prime locations in the Baltic capitals. A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, 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. Under 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 financial and/or non-financial criteria. They may be individualized quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines are found on pages 96-97 in the annual report 2020. During 2020, the company has complied with the applicable remuneration guidelines adopted by the general meeting. There have been no deviations from the guidelines and no derogations from the procedure for

implementation of the guidelines. The auditor's report regarding the company's compliance with the guidelines is available on [www.eastnine.com/en/annual-general-meetings](http://www.eastnine.com/en/annual-general-meetings). No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive programmes.

## Remuneration to the CEO and deputy CEO

Table 1 – Total remuneration to executive management in 2020 (EUR k)<sup>1</sup>

|                               | 1                         |                             | 2                     |                                  | 3                             | 4                  | 5   |
|-------------------------------|---------------------------|-----------------------------|-----------------------|----------------------------------|-------------------------------|--------------------|---|
|                               | Fixed remuneration        |                             | Variable remuneration |                                  |                               |                    |   |
|                               | Fixed salary <sup>2</sup> | Other benefits <sup>3</sup> | One-year variable     | Multi-year variable <sup>4</sup> | Pension expenses <sup>5</sup> | Total remuneration | Proportion of fixed and variable remuneration |
| Executive management          |                           |                             |                       |                                  |                               |                    |   |
| Kestutis Sasnauskas, CEO      | 238                       | 8                           | 100                   | -                                | 57                            | 403                | 75/25   |
| Britt-Marie Nyman, deputy CEO | 163                       | 0                           | 79                    | -                                | 36                            | 278                | 71/29   |
| <b>Total</b>                  | <b>401</b>                | <b>8</b>                    | <b>179</b>            | <b>-</b>                         | <b>93</b>                     | <b>681</b>         | <b>74/26</b>                                  |

<sup>1</sup> Multi-year variable remuneration is reported if vested in 2020. However, in note 5 of the annual report 2020, provision for long-term incentive programs is reported in accordance with IFRS 2.

<sup>2</sup> Including holiday pay of EUR 8k.

<sup>3</sup> Refers to parking benefit and health insurance.

<sup>4</sup> No share rights have been vested as the performance period continues to run in all long-term incentive programs.

<sup>5</sup> Pension expense (column 3), which in its entirety relates to Fixed salary and is premium defined, has been counted entirely as fixed remuneration.

## Share-based remuneration

### Outstanding share-related incentive programmes

Eastnine has two ongoing long-term incentive programmes (LTIP) available to employees in the Group (LTIP 2018 and LTIP 2020).

#### LTIP 2018

The Annual General Meeting on 24 April 2018 approved the Board's proposal to introduce a long-term incentive programme (LTIP 2018) available to all permanent employees in the Company as of 1 January 2018. The incentive programme is divided into three categories: i) the CEO, ii) investment managers and lease managers, and iii) other employees. Participants were required to purchase shares in the Company for an amount corresponding to at most two monthly salaries by 1 April 2018. Each savings share gives the participants the right to receive a share in the Company (the matching share) without additional payment, and to receive up to five shares (performance shares) without additional payment, depending on participant category and contingent on predetermined conditions. In order to receive matching shares and performance shares, the Participant must remain in employment with the Company and must also have held the savings shares throughout the vesting period. Matching shares and performance shares are awarded to the employees within 45 days of publication of the interim report for the third quarter 2021. In total, ten

employees are part of the programme. In aggregate, a maximum of 58,685 shares in the Company, of which 13,902 are matching shares and 44,783 are performance shares, may be allotted to the Participants.

*Criteria for performance shares*

Each performance criteria represents 50 per cent of the total allocation of performance shares to LTIP 2018.

Requirement 1: The profit from property management in the Real Estate Direct segment for the period 1 October - 31 December 2020 shall amount to EUR 3.75m (corresponding to an annual amount of EUR 15m).

Requirement 2: The average annual return on equity in the Real Estate Direct segment during the period 1 July 2018 - 30 June 2021 shall exceed 13 percent.

**LTIP 2020**

The Annual General Meeting on 12 May 2020 approved the Board's proposal to introduce a long-term incentive programme (LTIP 2020) for all staff employed by the Group on 1 January 2020. The incentive programme is divided into three categories: Category A (CEO), Category B (CFO and other management) and Category C (other employees). Participation required participants to hold shares in Eastnine equivalent in value to one twelfth of the participant's annual, fixed gross salary, by 1 April 2020. Each participant is thereafter granted rights to performance shares, which confer to the participant the right to acquire shares in the Company, provided that certain performance preconditions are fulfilled. In order to receive performance shares, the Participant must remain in employment with the Company and must also have held the participation shares throughout the vesting period. Performance shares will be awarded to the employees within 45 days of publication of the interim report for the period 1 January - 30 June 2023. In total, 17 employees are part of the programme. In aggregate, a maximum of 44,102 shares in the Company may be awarded to Participants.

*Criteria for performance shares*

Each performance criteria represents one third (1/3) of the total allocation of performance shares to LTIP 2020. If the minimum level of a performance criteria is not met, no performance shares relating to that criteria will be distributed. If the maximum level is reached, a third (1/3) of the maximum number of performance shares in LTIP 2020 will be awarded.

Requirement 1: The development of the Company's return on equity, i.e. the average earnings in relation to average equity, for the period 1 July 2020 to 30 June 2023.

- Maximum level: 12 per cent per year
- Minimum level: 8 per cent per year

Requirement 2: The size of the Company's profit from property management during the period 1 April 2023 - 30 June 2023.

- Maximum level: EUR 5.75m (corresponding to an annual amount of EUR 23m)
- Minimum level: EUR 5.00m (corresponding to an annual amount of EUR 20m)

**Requirement 3:** The percentile ranking of the Company’s total return, i.e. the average share price development including dividends, for the period 1 April 2023 to 30 June 2023, in relation to a number of comparable companies, specifically 20 European real estate companies.

- Maximum level: Total return corresponding to the uppermost quartile in the reference group
- Minimum level: Total return corresponding to the median in the reference group

**Table 2(a)– Share-related incentive programmes (CEO)**

|                             | The main conditions of share-related incentive programmes |                    |            |              |                         | Opening balance                        | Information regarding the reported financial year <sup>1</sup> |                        |                                    |                                  |                                    |
|-----------------------------|---|--------------------|------------|--------------|-------------------------|--|--|------------------------|------------------------------------|----------------------------------|------------------------------------|
|                             | 1   | 2                  | 3          | 4            | 5                       | 6                                      | 7  | 8                      | 9                                  | 10                               | 11                                 |
|                             | Name of programme   | Performance period | Award date | Vesting date | End of retention period | Share rights held at beginning of year | Awarded during the year  | Vested during the year | Subject to performance requirement | Awarded and unvested at year end | Shares subject to retention period |
| <b>Executive management</b> |   |                    |            |              |                         |  |  |                        |                                    |                                  |                                    |
| Kestutis Sasnauskas, CEO    | LTIP 2018   | 2018-2021          | 2018-06-30 | 2021-11-15   | 2021-11-15              | 27,450                                 | 0  | 0                      | 22,875                             | 27,450                           | 0                                  |
|                             | LTIP 2020   | 2020-2023          | 2020-06-30 | 2023-07-14   | 2023-07-14              | 0                                      | 11,055 <sup>2</sup>  | 0                      | 11,055                             | 11,055                           | 0                                  |
| <b>Total</b>                |   |                    |            |              |                         | <b>27,450</b>                          | <b>11,055</b>  | <b>0</b>               | <b>33,930</b>                      | <b>38,505</b>                    | <b>0</b>                           |

<sup>1</sup> No changes occurred regarding LTIP 2018, where the CEO holds 27,450 share rights (4,575 matching shares and 22,875 performance shares). In LTIP 2020 the CEO was awarded 11,055 performance shares during 2020. Savings shares, in which the CEO has invested to become eligible to participate in the programmes, are not included in the table.

<sup>2</sup> Value: EUR 121k, calculated as the market price per share at the time of award (SEK 114.20) multiplied by the number of share rights (11,055). 1 EUR = 10.46 SEK on 30 June 2020 (source: Reuters).

**Table 2(b) – Share-related incentive programmes (deputy CEO)**

|                               | The main conditions of share-related incentive programmes |                    |            |              |                         | Opening balance                        | Information regarding the reported financial year <sup>1</sup> |                        |                                    |                                  |                                    |
|-------------------------------|---|--------------------|------------|--------------|-------------------------|--|--|------------------------|------------------------------------|----------------------------------|------------------------------------|
|                               | 1   | 2                  | 3          | 4            | 5                       | 6                                      | 7  | 8                      | 9                                  | 10                               | 11                                 |
|                               | Name of programme   | Performance period | Award date | Vesting date | End of retention period | Share rights held at beginning of year | Awarded during the year  | Vested during the year | Subject to performance requirement | Awarded and unvested at year end | Shares subject to retention period |
| <b>Executive management</b>   |   |                    |            |              |                         |  |  |                        |                                    |                                  |                                    |
| Britt-Marie Nyman, deputy CEO | LTIP 2020   | 2020-2023          | 2020-06-30 | 2023-07-14   | 2023-07-14              | 0                                      | 5,896 <sup>2</sup>   | 0                      | 5,896                              | 5,896                            | 0                                  |
| <b>Summa</b>                  |   |                    |            |              |                         | <b>0</b>                               | <b>5,896</b>   | <b>0</b>               | <b>5,896</b>                       | <b>5,896</b>                     | <b>0</b>                           |

<sup>1</sup> In LTIP 2020 the deputy CEO was awarded 5,896 performance shares during 2020. Savings shares, in which the deputy CEO has invested to become eligible to participate in the programmes, are not included in the table.

<sup>2</sup> Value: EUR 64k, calculated as the market price per share at the time of award (SEK 114.20) multiplied by the number of share rights (5,896) 1 EUR = 10.46 SEK on 30 June 2020 (source: Reuters).

### Application of performance criteria

The CEO and deputy CEO are entitled to a short-term incentive programme decided each year by the Board of Directors. The programme for 2020 was 100% based on individual performance targets, and the outcome was as set out in table 3. Since the performance period is still ongoing for all long-term incentive programmes, in which the CEO and deputy CEO holds instruments, there is nothing to report in this section.

Table 3 – Performance of the CEO and deputy CEO in the reported financial year: variable cash remuneration

| Executive management          | Description of the criteria related to the remuneration component   | Weighting | Measured performance | Remuneration outcome |
|-------------------------------|---|-----------|----------------------|----------------------|
| Kestutis Sasnauskas, CEO      | Individual performance targets in different areas such as streamlining of the company, customer satisfaction, growth and profitability. | 100%      | 83.33%               | EUR 100k             |
| Britt-Marie Nyman, deputy CEO | Individual performance targets in different areas such as IR, processes and financing.  | 100%      | 100%                 | EUR 79k              |

### Comparative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last five reported financial years (EUR k)

|   | 1      | 2             | 3               | 4                  | 5             | 6             |
|---|--------|---------------|-----------------|--------------------|---------------|---------------|
|   | 2020   | 2020 vs 2019  | 2019 vs 2018    | 2018 vs 2017       | 2017 vs 2016  | 2016 vs 2015  |
| Remuneration to the CEO <sup>1</sup>  | 403    | +33 (+9%)     | +1 (+0%)        | -89 (-19%)         | +162 (+55%)   | +45 (+18%)    |
| Remuneration to the deputy CEO <sup>2</sup>   | 278    | -             | -               | -                  | -             | -             |
| Profit from property management <sup>3</sup>  | 10,011 | +4,522 (+82%) | +2,309 (+73%)   | +4,524 (2017 neg.) | N/A           | N/A           |
| Net profit  | 36,155 | +889 (+3%)    | +19,625 (+125%) | -1,444 (-8%)       | +3,782 (+28%) | +6,035 (+83%) |
| Average remuneration on a full-time equivalent basis of employees <sup>4</sup> of the Group | 106    | -3 (-3%)      | 4 (+4%)         | -14 (-12%)         | -2 (-2%)      | +76 (+166%)   |

<sup>1</sup> The current CEO started on July 3, 2017. The amount for 2017 is remuneration to the current CEO after this date and to the former CEO before that date.

<sup>2</sup> The current deputy CEO started on May 20, 2019. The group did not have a deputy CEO before that date. The comparison 2020 versus 2019 will therefore not be relevant.

<sup>3</sup> Profit from property management for year 2017 and 2018 are pro-forma.

<sup>4</sup> Excluding members of the executive management.