

The Board of Directors' remuneration report for the financial year 2023

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 2023, were implemented in 2023. 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 Stock Market's Self-Regulation Committee.

Further information on executive remuneration is available in note 5 (Employees, staff expenses and executive management compensation) on pages 76-79 in the annual report 2023. Information on the work of the Remuneration Committee in 2023 is set out in the corporate governance report available on page 103-104 in the annual report 2023. 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 77 in the annual report 2023.

Key developments 2023

The CEO summarizes the company's overall performance in his statement on pages 6-8 in the annual report 2023.

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 premises in prime locations in selected markets in the Baltics and Poland. 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 104 in the annual report 2023. During 2023, the CEO has received an annual bonus according to specified criteria. Additionally, the CEO has been awarded an extraordinary bonus for his highly professional execution in the sale of the holding in Melon Fashion Group in Russia. The Board has the possibility to deviate from the guidelines decided by the Annual General Meeting if there are specific reasons for it in an individual case and a deviation is necessary to serve the company's long-term interests and sustainability. The Board has considered and decided to deviate from the compensation guidelines upon recommendation from the remuneration committee, as the CEO, with tireless dedication, successfully managed this highly complex transaction, significantly increasing the total shareholder return in 2023 and creating long-term growth opportunities for Eastnine. The auditor's report regarding the company's compliance with the guidelines is available on 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 (a) – Total remuneration to executive management in 2023 (EUR k)¹

Executive management	1		2		3	4	5
	Fixed remuneration		Variable remuneration				
	Fixed salary ²	Other benefits ³	One-year variable	Multi-year variable ⁴	Pension expenses ⁵	Total remuneration	Proportion of fixed and variable remuneration
Kestutis Sasnauskas, CEO	236	7	241	69	60	613	49/51
Britt-Marie Nyman, deputy CEO	167	2	84	37	38	327	63/37
Total	403	8	325	106	98	940	54/46

Table 1 (b) – Total remuneration to executive management in 2022 (EUR k)¹

Executive management	1		2		3	4	5
	Fixed remuneration		Variable remuneration				
	Fixed salary ²	Other benefits ³	One-year variable	Multi-year variable ⁴	Pension expenses ⁵	Total remuneration	Proportion of fixed and variable remuneration
Kestutis Sasnauskas, CEO	247	7	112	–	85	451	75/25
Britt-Marie Nyman, deputy CEO	172	2	85	–	38	297	71/29
Total	419	8	197	–	123	748	74/26

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

² Including holiday pay of EUR 6k (8).

³ Refers to parking benefit, lunch benefit and health insurance.

⁴ Refers to the value of share rights vested during 2023 as indicated in column 8 of Table 2. No share rights vested in 2022 as the performance period continued to run in all long-term incentive programs.

⁵ 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 2021 and LTIP 2022).

LTIP 2020

Eastnine's 2020 Annual General Meeting decided to introduce a long-term incentive programme for all the Company's employees (LTIP 2020). The term of the programme was just about three years. At the end of this term, on 7 July 2023, the combined fulfilment rate of the conditions was 59.1 per cent, and allocation took place in August 2023. A total of 23,262 shares were allocated. The weighted average share price at the time of the final allocation of shares on conclusion of the programme was SEK 125.36. The outcome of the conditions is shown in Table 3(b).

LTIP 2021

The Annual General Meeting on 5 May 2021 approved the Board's proposal to introduce a long-term incentive programme (LTIP 2021) 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 positions deemed to be business critical) 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 2021. 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 2024. In total, 15 employees are part of the programme. In aggregate, a maximum of 31,425 shares in the Company may be awarded to Participants.

Criteria for performance shares

Each performance criteria represents half (1/2) of the total allocation of performance shares to LTIP 2021. 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, half (1/2) of the maximum number of performance shares in LTIP 2021 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 2021–30 June 2024.

- Maximum level: 12 per cent per year
- Minimum level: 10 per cent per year

Requirement 2: The percentile ranking of the Company's total return, i.e. the average share price development including dividends, for the period 1 July 2021–30 June 2024, 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

LTIP 2022

The Annual General Meeting on 26 April 2022 approved the Board's proposal to introduce a long-term incentive programme (LTIP 2022) for all staff employed by the Group on 1 May 2022. The incentive programme is divided into three categories: Category A (CEO and CFO), Category B (country managers and other positions deemed to be business critical) 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 May 2022. 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 to 30 June 2025. In total, 18 employees are part of the programme. In aggregate, a maximum of 49,019 shares in the Company may be awarded to Participants.

Criteria for performance shares

If the minimum level of a performance requirement is not reached, no Performance Shares under that performance requirement will be allotted. If the maximum level is reached, for requirement 1, 80 per cent of the maximum number of Performance Shares and, for Requirement 2, 20 per cent of the maximum number of Performance Shares under LTIP 2022 will be allotted.

Requirement 1: The development of the Company's return on equity, excluding the effect from Eastnine's holding in Melon Fashion Group (MFG), *i.e.* average profits/losses, excluding the profits/losses from MFG, related to the average shareholder's equity, excluding shareholder's equity relating to MFG, during the period 1 July 2022–30 June 2025.

- Maximum level: 12 per cent per year
- Minimum level: 10 per cent per year

Requirement 2: The percentile ranking of the Company's total return, *i.e.* the average share price development including dividends, for the period 1 July 2022 to 30 June 2025, in relation to a number of comparable companies, specifically 22 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 ¹				
	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
Executive management											
Kestutis Sasnauskas, CEO	LTIP 2020	2020–2023	2020-06-30	2023-07-07	2023-07-07	11,055	–	6,537 ²	–	–	–
	LTIP 2021	2021–2024	2021-06-30	2024-07-04	2024-07-04	9,490	–	–	9,490	9,490	–
	LTIP 2022	2022–2025	2022-06-30	2025-07-07	2025-07-07	12,099	–	–	12,009	12,009	–
Total						32,554	–	6,537	21,499	21,499	–

¹ LTIP 2020 ended during the year in which the CEO vested 6,537 shares. No changes occurred regarding LTIP 2021 and LTIP 2022, where the CEO holds 21,499 performance share rights in total. Savings shares, in which the CEO has invested to become eligible to participate in the programmes, are not included in the table.

² Value: EUR 69k, calculated as the market price per share at the time of transferring of shares (SEK 124.4) multiplied by the number of shares (6,537). 1 EUR = 11.76 SEK on 8 August 2032 (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 ¹				
	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
Executive management											
Britt-Marie Nyman, deputy CEO	LTIP 2020	2020–2023	2020-06-30	2023-07-07	2023-07-07	5,896	–	3,486 ²	–	–	–
	LTIP 2021	2021–2024	2021-06-30	2024-07-04	2024-07-04	5,163	–	–	5,163	5,163	–
	LTIP 2022	2022–2025	2022-06-30	2025-07-07	2025-07-07	8,169	–	–	8,169	8,169	–
Total						19,228	–	3,486	13,332	19,228	–

¹ LTIP 2020 ended during the year in which the deputy CEO vested 3,486 shares. No changes occurred regarding LTIP 2021 and LTIP 2022, where the deputy CEO holds 13,332 performance share rights in total. Savings shares, in which the deputy CEO has invested to become eligible to participate in the programmes, are not included in the table.

² Value: EUR 37k, calculated as the market price per share at the time of transferring of shares (SEK 124.4) multiplied by the number of shares (3,486). 1 EUR = 11.76 SEK on 8 August 2023 (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 2023 was 100% based on individual performance targets, and the outcome was as set out in table 3(a). For the fiscal year 2023, variable remuneration to the CEO amounted to a total of EUR 241k, of which half relates to additional compensation for extraordinary efforts in the sale of the holding in MFG. The additional compensation is not included in table 3(a).

The vesting period for LTIP 2020 expired during the year. The outcome was as set out in table 3(b).

Table 3(a) – 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	Relative weighting of the performance criteria	Outcome goals	Measured performance	Remuneration outcome, EUR k	
					Kestutis Sasnauskas, CEO	Britt-Marie Nyman, deputy CEO
Kestutis Sasnauskas, CEO & Britt-Marie Nyman, deputy CEO	Surplus ratio > 90 %	40 %	93 %	100 %	48	33
	Profit from property management per share to increase by 20 % ¹ during 2023 <i>Profit from property management share share 2022: 0.60 EUR per share Target 2023 > 0.72 EUR/share</i>	40 %	0.80 ¹	100 %	48	33
	Net promotor score (NPS) > 50 % <i>NPS 2022: 44 %</i>	10 %	LFL 51 % (Total 61 %)	100 %	12	8
	Energy efficiency ² to improve by 4 % during 2023	10 %	Improvement: 14 %	100 %	12	8
		100 %		100 %	120	84

¹ Key ratio calculated on average number of shares during the year.

² Degree days adjusted. Excluding tenant electricity. Directly managed properties only. Comparison basis: entire property portfolio

Table 3(b) – Performance of the CEO and deputy CEO in the reported financial year: share-based incentives paid

Executive management	Conditions	Target	Outcome	Vested	Kestutis Sasnauskas, CEO		Britt-Marie Nyman, deputy CEO	
					Number of shares	Value, EUR k	Number of shares	Value, EUR k
Kestutis Sasnauskas, CEO & Britt-Marie Nyman, deputy CEO	Performance shares - requirement 1	8–12 %	16,7%	100 %	3,685	39	1,965	21
	Performance shares - requirement 2	5.00–5.75 EURk	EUR 4,1m	0 %	–	–	–	–
	Performance shares - requirement 3	>median	Achieved 77.4 % from the minimum level to the maximum level	77.4 %	2,852	30	1,521	16
				59.1 %	6,537	69	3,486	37

¹ Calculated as the market price per share at the time of transferring of shares (SEK 124.4) multiplied by the number of shares. 1 EUR = 11.76 SEK den 8 August 2023 (source: Reuters).

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)

	2023	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018
Remuneration to the CEO	544	+93 (21 %)	-378 (-46 %)	+426 (+106 %)	+33 (+9 %)	+1 (+0 %)
Remuneration to the deputy CEO ¹	290	-7 (-2 %)	+17 (+6 %)	+2 (+1 %)	–	–
Profit from property management ²	17,698	+4,285 (+32 %)	+3,887 (+41 %)	-484 (-5 %)	+4,522 (+82 %)	+2,309 (+73 %)
Total comprehensive income	-71,658	-180,365 (-166 %)	+36,373 (+50 %)	+36,179 (+100 %)	+889 (+3 %)	+19,625 (+125 %)
Average remuneration on a full-time equivalent basis of employees ³ of the Group	113	+4 (+4 %)	-17 (-14 %)	23 (+23 %)	0 (0 %)	-1 (-1 %)

¹ 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.

² Profit from property management for year 2017 and 2018 are pro-forma.

³ Excluding members of the executive management.