

REMUNERATION REPORT 2020



Samhällsbyggnadsbolaget i Norden AB (publ)

Introduction

This remuneration report provides an overview of how Samhällsbyggnadsbolaget i Norden AB (publ) (the "**Company**" and "**SBB**", respectively) guidelines for remuneration to senior executives, which were adopted by the Annual General Meeting 2020 (the "**Remuneration Guidelines**"), have been applied during 2020. This remuneration report also provides details on remuneration to the CEO and the deputy CEOs as well as a summary of the Company's outstanding share-related and share price-related incentive programs. The remuneration report has been prepared in accordance with the Swedish Companies Act and rules issued by the Swedish Corporate Governance Board on remuneration to the board and executive management and on incentive programs.

Further information on remuneration to senior executives is available in note 8 (Employees and personnel costs) on page 78 in the annual report for the financial year 2020 (the "**Annual Report**"). Information on the remuneration committee's work during the financial year 2020 is available in the corporate governance report on pages 63-66 in the Annual Report.

Remuneration to the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and is disclosed in note 8 in the Annual Report.

Key developments 2020

The CEO summarizes the Company's development in his statement on pages 6-7 in the Annual Report.

SBB's Remuneration Guidelines: scope, purpose and deviations

The Board of Directors regards it as critical for the successful implementation of the Company's business strategy and safeguarding of the Company's long-term interests, including its sustainability, that the Company can recruit and retain senior executives with the competence and capacity to achieve set goals. To this end, it is necessary that the Company can offer competitive remuneration to motivate senior executives to do their utmost. SBB's Remuneration Guidelines enable the Company to offer senior executives a competitive total remuneration. According to SBB's Remuneration Guidelines, remuneration to senior executives shall be based on market terms and may consist of the following remuneration components: fixed base salary, variable remuneration, pension and certain other benefits. Variable remuneration covered by the Remuneration Guidelines shall be based on criteria that aim at promoting

the Company's business strategy and safeguarding its long-term interests, including its sustainability. The total remuneration to the CEO and the deputy CEOs during 2020 has followed the Company's Remuneration Guidelines.

The Remuneration Guidelines, which were adopted by the Annual General Meeting 2020, are available on page 64 in the Annual Report. The Remuneration Guidelines has been implemented in 2020. No deviations from the Remuneration Guidelines have been decided and no exemptions from its decision-making process have been made. The auditor's report regarding whether the Remuneration Guidelines have been followed is available on the Company's website, www.sbbnorden.se. No remuneration to senior executives covered by the remuneration report has been paid from another undertaking within the same corporate group and no remuneration has been recouped. In addition to remuneration covered by the Remuneration Guidelines, the Annual General Meeting of SBB has resolved on fees to the Board of Directors.

Table 1

Total remuneration to the CEO and the deputy CEOs during the financial year 2020 (KSEK)

Name (Position)	Financial year	Fixed remuneration		Variable remuneration		Extraordinary remuneration	Pension ⁴⁾	Total remuneration	Fixed and variable remuneration as a proportion of total remuneration ⁵⁾
		Fixed base salary ¹⁾	Other benefits ²⁾	Short- term incentive programs ³⁾	Long- term incentive programs				
Ilija Batljan (CEO)	2020	3 624	144	600		-	1 203 (whereof 107 refer to variable remuneration)	5 571	87 %/13 %
Lars Thagesson (Deputy CEO)	2020	2 614	-	430		-	735 (whereof 67 refer to variable remuneration)	3 780	87 %/13 %
Krister Karlsson (Deputy CEO)	2020	1 587	39	260		-	412 (whereof 36 refer to variable remuneration)	2 299	87 %/13 %

1) Including holiday pay.

2) Other benefits refer to car benefit and wellness allowance.

3) See table 2 for further details. Pension relating to the variable remuneration is included in the amount in the column "Pension".

4) Pension refers to a pension benefit that is a defined-contribution on pensionable fixed and variable remuneration.

5) Fixed and variable remuneration as a proportion of total remuneration is calculated as follows. Fixed remuneration as a proportion of total remuneration = (fixed base salary + other benefits + fixed pension / total remuneration) x 100. Variable remuneration as a proportion of total remuneration = variable remuneration + extraordinary remuneration + variable pension / total remuneration) x 100.

Long-term incentive program (Long-term incentive LTI)

Warrant program series 2017/2020

The Company has had an incentive program for the Company's employees that ended in 2020. The incentive program was introduced in order to create a personal long-term ownership commitment among

the employees and to stimulate an increased interest in the business and profit development. In addition, the incentive program was introduced in order to increase the motivation of the employees and to create a sense of connection between them and the Company. The incentive program was based on warrants which was acquired by the participants on market terms at a market price which was established based on a calculated market value of the warrants, applying the Black & Scholes valuation model calculated by an independent valuation institute. Each warrant entitled to subscription for one ordinary class B share in the Company. Subscription of shares based on the warrants took place during October 2020. The subscription price per share corresponded to 130 percent of the average of the Company's class B shares volume-weighted latest price paid over ten trading days from October 24, 2017, to November 6, 2017. The subscription price per share was finally determined to SEK 7.93 per share.

Table 2

Long-term incentive program directed to the CEO and the deputy CEOs during the financial year 2020

Name (Position)	The main conditions for share-related programs				Information regarding 2020				
	Program	Allotment date	Exercise period	Exercise price per share (SEK)	Opening balance	During the year		Closing balance	
					Number of warrants held	Number of warrants allotted	Number of warrants exercised	Number of warrants allotted but not vested	Number of warrants subject to retention obligation for a certain period of time
Ilija Batljan (CEO)	Warrant program series 2017/2020	2017-12-29 — 2018-09-18	2020-10-01 — 2020-10-31	7.93	5 000 000	-	5 000 000	-	-
Lars Thagesson (Deputy CEO)	Warrant program series 2017/2020	2018-09-18	2020-10-01 — 2020-10-31	7.93	2 000 000	-	2 000 000	-	-
Krister Karlsson (Deputy CEO)	Warrant program series 2017/2020	2017-12-29 — 2018-09-18	2020-10-01 — 2020-10-31	7.93	1 200 000	-	1 200 000	-	-

Short-term incentive program (Short-term incentive STI) – annual performance-based remuneration

The Company has a short-term incentive program where the remuneration shall consist of three parts, each of which shall entitle to one third of the maximum amount of remuneration. Two of the parts are determined by certain performance targets for the Company being achieved, while the remaining part is determined by individual targets being achieved. In order for the remuneration to be paid out, it is required that the individual performance targets are achieved and that at least one of the parts linked to performance targets for the Company is achieved. The criteria that is to be applied regarding performance targets for the Company are NAV growth, i.e. growth of net share value for shares in the Company according to the adopted annual report, and net operating income, i.e. the Company group's rental income subtracted by property cost according to the adopted annual report. The criterion that is to be applied regarding individual performance targets shall be established before the end of the first quarter of the financial year to which the remuneration relates and must be as specific as the criteria regarding

performance targets for the Company. The criteria are designed with the intent to promote the Company's business strategy, long-term interests and sustainability, and thus the Company's long-term value creation. Any payment of remuneration shall be made in conjunction with the salary payment that falls closest to the general meeting during which the Company's annual report is adopted regarding the qualifying year. The remuneration can amount to a maximum of 50 percent of the fixed base salary and, at full outcome, up to a maximum of 40 percent of total remuneration excluding LTI. The variable remuneration grants the right to pension benefits and constitutes grounds for holiday pay. The Company has no contractual right to reclaim the remuneration.

Application of the Remuneration Guidelines and the performance criteria

After completing an evaluation of the Remuneration Guidelines and the performance criteria as well as their application, it can be concluded that these have enabled the Company to recruit and retain senior executives with the right competence and the capacity required to achieve set goals, which provide the Company with the right conditions for long-term value creation. The Remuneration Guidelines and performance criteria have also contributed to keeping the remuneration to the CEO and other senior executives well balanced. The Remuneration Guidelines have been applied correctly and without deviations and have fulfilled their purpose. Current remuneration structures and remuneration levels for the CEO and other senior executives are reasonable.

Table 3

The CEO's and the deputy CEOs' performance during the financial year 2020: short-term variable remuneration (KSEK)

Name (Position)	Performance criteria	Description of criteria	Relative weighting of the performance criteria	a) Measured performance ¹⁾ b) Outcome of remuneration ²⁾
Ilija Batljan (CEO)	Annual performance-based remuneration	1) NAV growth 2) Increase in net operating income 3) Individual target	1) 33 % 2) 33 % 3) 33 %	a) 66 % b) 600
Lars Thagesson (Deputy CEO)	Annual performance-based remuneration	1) NAV growth 2) Increase in net operating income 3) Individual target	1) 33 % 2) 33 % 3) 33 %	a) 66 % b) 430
Krister Karlsson (Deputy CEO)	Annual performance-based remuneration	1) NAV growth 2) Increase in net operating income 3) Individual target	1) 33 % 2) 33 % 3) 33 %	a) 66 % b) 260

- 1) Measured performance constitutes the total performance of the different performance criteria in relation to the maximum agreed outcome.
2) Outcome of remuneration refers to remuneration paid in 2020.

Table 4**Change in remuneration and the Company's performance during the recent financial year (KSEK)**

	Information regarding 2020	Annual change
Remuneration to senior executives		
Ilija Batljan (CEO)	5 571	681 (14 %)
Lars Thagesson (Deputy CEO)	3 780	608 (19 %)
Krister Karlsson (Deputy CEO)	2 299	410 (22 %)
The Company's performance		
Profit from property management	2 474 551	1 829 471 (284 %)
Average total remuneration based on number of full-time equivalent employees in the Company ¹⁾		
	931	839 (11 %)

1) Average total remuneration is calculated as total remuneration for the employees / average number of employees. Fees to the Board of Directors are excluded.

Information on shareholders' voting

Through an amendment of the Swedish Companies Act (2005:551) that came into force on June 10, 2019, the provision in Chapter 8, Section 53 a of the Swedish Companies Act regarding remuneration reports was, among other things, introduced. The provision in Chapter 8, Section 53 a of the Swedish Companies Act shall be applied for the first time in connection with the Annual General Meeting to be held immediately after December 31, 2020. Due to this, no previous general meeting has addressed the remuneration report. Thus, there is no information in this year's remuneration report.

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Board of Directors