

Translation of Minutes from the Annual General Meeting of shareholders of Kungsleden AB (publ), corporate identity no. 556545-1217, on 23 April 2020, 2 p.m. – 2.40 p.m. at Kungsleden AB's (publ) premises at Warfvinges väg 31 in Stockholm, Sweden.

Shareholders attending and voting list: Appendix 1

Other attendees: Appendix 2

### § 1

#### Opening of the Annual General Meeting (item no. 1 on agenda)

The Chairman of the Board of Directors, Charlotte Axelsson, declared the Annual General Meeting opened.

### § 2

#### Election of Chairman of the Annual General Meeting, Minutes (item no. 2 on agenda)

The Meeting resolved to appoint Tone Myhre-Jensen, member of the Swedish Bar Association, as Chairman of the Meeting pursuant to the Nomination Committee's proposal.

The Chairman informed that the company's general counsel Malin Axland had been asked to keep the minutes at the Annual General Meeting.

### § 3

#### Drawing up and approval of the voting list (item no. 3 on agenda)

The Meeting resolved to approve the procedure for adjusting and revising the voting list at the Annual General Meeting as presented by the keeper of the minutes, and resolved to approve the list of shareholders attending, with representatives and deputies as set out in Appendix 1, to apply as the voting list for the Annual General Meeting.

It was noted that apart from the individuals stated in the voting list – the people set out in Appendix 2 were also attending.

The Meeting resolved to approve that the people stated in Appendix 2 were welcome to attend the Meeting.

§ 4

Approval of the agenda (item no. 4 on agenda)

The Meeting resolved to approve the agenda as proposed by the Board of Directors, which had been included in the notice convening the Meeting.

§ 5

Election of one or more persons to verify the minutes (item no. 5 on agenda)

The Meeting resolved that, apart from the Chairman, the minutes would be checked and verified by one minutes-checker and appointed Ida Herdenberg, who attended the meeting on behalf of a number of foreign institutional shareholders, to check and verify the minutes in addition to the Chairman.

§ 6

Determination as to whether the Annual General Meeting had been duly convened (item no. 6 on agenda)

The Meeting concluded that the notice convening the Meeting had been issued at the time stated in the Articles of Association through an announcement in the Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) on 19 March 2020 and available on the company's website since 17 March 2020. An announcement with information that notice had been given was published in the Swedish daily newspapers Dagens Nyheter and Svenska Dagbladet on 19 March 2020.

The Meeting resolved to approve the notice procedure and declared the Meeting duly convened.

§ 7

Report on the work of the Board of Directors and the Committees of the Board of Directors (item no. 7 on agenda)

The Chairman of the Board of Directors, Charlotte Axelsson, commented briefly on the work of the Board of Directors, the Remuneration Committee, the Finance Committee and the Audit Committee for the financial year 2019.

§ 8

Presentation of the annual report and audit report and the consolidated financial statements and consolidated audit report for 2019 (item no. 8 on agenda)

The annual report, audit report, consolidated financial statements and consolidated audit report for the financial year 2019, were presented.

The auditor-in-charge, Ingemar Rindstig, Ernst & Young AB, commented briefly on the conclusions of the audit and the audit report.

§ 9a

Resolution regarding the adoption of the income statement and the balance sheet, and the consolidated income statement and the consolidated balance sheet for 2019 (item no. 9a on agenda)

The Meeting resolved to adopt the balance sheet and consolidated balance sheet as per 2019-12-31 included in the annual financial statements, as well as income statement and consolidated income statement for the financial year 2019.

§ 9b

Resolution regarding disposition of the company's profits in accordance with the approved balance sheet for 2019 (item no. 9b on agenda)

The Chairman presented the Board of Directors' amended proposal for the dispositions of the company's profits, that the funds at the disposal of the Annual General Meeting of SEK 7,824,654,731 would be carried forward and that no dividend would be distributed to the shareholders.

The Meeting resolved in accordance with the Board of Directors' proposal regarding dispositions of the company's profits.

§ 9c

Resolution regarding discharge from personal liability of the Board of Directors and the CEO for 2019 (item no. 9c on agenda)

The Meeting resolved to discharge the Board members and the CEO during 2019 from personal liability for their administration of the company's affairs during the financial year 2019.

The Meeting noted that the persons concerned did not participate in the resolution as regarded themselves and that the resolution was supported by required majority.

§ 10

Report on the work of the Nomination Committee (item no. 10 on agenda)

Charlotte Axelsson reported briefly on the work and the proposals of the Nomination Committee.

§ 11

Determination of the number of members of the Board of Directors (item no. 11 on agenda)

Pursuant to the proposal by the Nomination Committee, the Meeting resolved that the number of Board members shall consist of seven ordinary members including the Chairman and with no deputy Board members.

§ 12

Determination of remuneration to the Board of Directors, to the members of the committees of the Board of Directors and resolution regarding remuneration to the auditor (item no. 12 on agenda)

Pursuant to the Nomination Committee's proposal, the Meeting resolved to approve the following:

- annual remuneration of SEK 220,000 (unaltered) to ordinary Board members not employed by the company and annual remuneration of SEK 500,000 (unaltered) to the Chairman of the Board,
- annual remuneration of SEK 40,000 (unaltered) per assignment for work in the Board committees to ordinary Board members not employed by the company, except for the Chairman of the Audit Committee, to whom an annual amount of SEK 60,000 (unaltered) shall be paid. The total remuneration to the Board of Directors shall not exceed SEK 2,120,000 (SEK 1,860,000), and
- remuneration to the auditors during the term of office shall be paid by approved accounts.

§ 13

Election of members of the Board of Directors (item no. 13a-13f on agenda)

The Nomination Committee proposed to re-elect the ordinary Board members Charlotte Axelsson, Ingalill Berglund, Jonas Bjuggren, Charlotta Wikström and Christer Nilsson, and to elect Fredrik Wirdenius and Jonas Olavi as ordinary Board members for the period until the close of the next Annual General Meeting. Fredrik Wirdenius and Jonas Olavi presented themselves to the Meeting.

The Meeting resolved to elect the Board members proposed by the Nomination Committee for the period until the close of the next Annual General Meeting.

It was noted that the Board of Directors subsequently has the following composition:

Charlotte Axelsson  
Ingalill Berglund  
Jonas Bjuggren  
Christer Nilsson

Jonas Olavi  
Charlotta Wikström  
Fredrik Wirdenius

§ 14

Election of Chairman of the Board of Directors (item no. 14 on agenda)

The Nomination Committee proposed to re-elect Charlotte Axelsson as Chairman of the Board of Directors.

The Meeting resolved to elect the Chairman proposed by the Nomination Committee.

§ 15

Election of members of the Nomination Committee (item no. 15 on agenda)

In accordance with the current instruction for the Nomination Committee it was concluded that at least three members were to form the Nomination Committee and that the Chairman of the Board of Directors shall be included as a member of the Nomination Committee. Among the shareholders controlling the largest number of votes as per 31 January 2020, who had announced their interest to participate in the nomination work for the Annual General Meeting 2021, the following members had been nominated for the Nomination Committee. Göran Larsson (Gösta Welandson with company), Jonas Broman (Olle Florén with companies), and Niklas Johansson (Handelsbanken Funds). Further, in accordance with the instruction of the Nomination Committee, the Chairman of the Board of Directors, Charlotte Axelsson, shall be a member of the Nomination Committee.

The Meeting resolved to elect the persons stated above as members of the Nomination Committee for the period up to and until the close of the next Annual General Meeting.

§ 16

Election of auditor (item no. 16 on agenda)

The Nomination Committee proposed, in accordance with the Audit Committee's recommendation, to elect Ernst & Young AB as auditor.

The Meeting resolved to elect the registered accounting firm Ernst & Young AB as auditor until the close of the next Annual General Meeting. The Meeting noted that Ernst & Young AB has announced that Jonas Svensson will be appointed auditor-in-charge.

§ 17

Resolution on guidelines for remuneration to senior executives (item no. 17 on agenda)

The Meeting noted that the auditor had provided a statement regarding whether there had been compliance with the guidelines concerning remuneration in 2019.

The Meeting resolved, in accordance with the Board of Directors' proposal, to approve the guidelines concerning remuneration and other employment terms for the senior executives, as set out in Appendix 3.

§ 18

Resolution on approval of the Board of Directors' resolution on incentive plan 2020-2022 for senior executives (item no. 18 on agenda)

The Chairman of the Remuneration Committee, Charlotta Wikström, commented briefly on the incentive plan and responded to questions from the shareholders.

The Meeting resolved, in accordance with the Board of Directors' proposal, to approve the Board of Directors' resolution on the incentive plan 2020-2022 for senior executives, as set out in Appendix 4.

§ 19

Resolution on authorisation for the Board of Directors to resolve on repurchase and transfers of own shares (item no. 19 on agenda)

The Meeting noted that the Board of Directors had presented a reasoned statement in relation to the proposal concerning repurchase of own shares.

The Meeting resolved, with the required majority of at least two-thirds of both the votes cast and the shares represented at the Meeting, in accordance with the Board of Directors' proposal to authorise the Board of Directors to resolve on repurchase and transfers of own shares in accordance with Appendix 5.

§ 20

Resolution on authorisation for the Board of Directors to resolve on new issues of ordinary shares (item no. 20 on agenda)

The Meeting resolved, with the required majority of at least two-thirds of both the votes cast and the shares represented at the Meeting, in accordance with the Board of Directors' proposal, to authorise the Board of Directors to resolve on new issues of ordinary shares in accordance with Appendix 6.

§ 21

Resolution on amendments to the articles of association (item no. 21 on agenda)

The Meeting resolved, with the required majority of at least two-thirds of both the votes cast and the shares represented at the Meeting, in accordance with the Board of Directors' proposal of amendments to the articles of association in accordance with Appendix 7.

§ 22

Closing of the Annual General Meeting (item no. 22 on agenda)

The Chairman of the Board, Charlotte Axelsson, thanked the resigning Board member Ulf Nilsson for his commitment to the Board.

As no further matters had been submitted to the Meeting, the Chairman declared the Meeting closed.

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*Unofficial translation*

**At the Minutes**

Malin Axland

**Minutes Checkers**

Tone Myhre-Jensen

Ida Herdenberg



## **PROPOSAL BY THE BOARD OF DIRECTORS FOR RESOLUTION ON GUIDELINES FOR REMUNERATION TO THE SENIOR EXECUTIVES.**

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The Board proposes that the Annual General Meeting resolves on the following guidelines and other terms of employment for senior executives. Senior executives in this context means the CEO and other executive employees within the Kungsleden group. The guidelines shall apply to remuneration agreed after the guidelines have been adopted by the Annual General Meeting 2020. The guidelines do not apply to remuneration decided by the general meeting, such as share- and share price-related remuneration as well as fees to the Board of Directors.

### ***The guidelines' promotion of Kungsleden's business strategy, long-term interests and sustainability***

Kungsleden shall create long-term values for customers, employees, the society, shareholders and other stakeholders through three collaborative key activities - active and sustainable management, value-creating development and refinement, and strategic acquisitions and optimization. Kungsleden's long-term goal is to become one of Sweden's most profitable and successful listed real estate companies by having the market's most satisfied customers and committed employees and to deliver an attractive total return to shareholders.

For further information regarding Kungsleden's business strategy, please see the company's website [www.kungsleden.se/en/](http://www.kungsleden.se/en/).

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 is able to recruit and retain qualified personnel. This requires that the company is able to offer competitive remuneration. These guidelines enable the company to offer a competitive total remuneration to senior executives.

The Board of Directors of Kungsleden has proposed that the Annual General Meeting 2020 adopts a long-term share price-related incentive plan for the period 2020-2022 (the "LTI plan"). The proposed LTI plan shall be resolved upon by the Annual General Meeting and is therefore not covered by these guidelines. The CEO, deputy CEO and other senior executives in Kungsleden participate in the LTI plan. The performance criteria used to assess the outcome of the LTI-plan, the total return that the shareholders receive on Kungsleden's share, are distinctly linked to Kungsleden's strategy and long-term objective and thereby to the company's long-term value creation, including its sustainability. The LTI-plan further stipulates that half of the cash amount that is paid to the participants shall be invested in Kungsleden shares. For more information regarding the LTI-plan, including the criteria which the outcome depends on, please see the company's website, [kungsleden.se/en/](http://kungsleden.se/en/).

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability, and the outcome has therefore mainly been linked to Kungsleden's customer satisfaction and management results.

### ***Types of remuneration etc.***

## *Unofficial translation*

Kungsleden shall apply the levels of remuneration and employment terms required in order to recruit and retain senior executives with high competence and capacity to reach the set targets, aimed at promoting the company's long-term value creation. The forms of remuneration shall motivate the senior executives to perform at their highest level in order to safeguard the interests of the shareholders.

The types of remuneration shall be market-based, simple and transparent. The remuneration to senior executives shall normally consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration corresponding to the LTI-plan.

The fixed salary (the "annual salary") for senior executives shall be in line with the market practice and be based on competence, responsibility, experience and performance.

The short-term variable cash remuneration during one and the same financial year may amount to a maximum of 75 per cent of the annual salary for the CEO and deputy CEO, and the highest outcome for other senior executives is 50 per cent of the annual salary during one and the same financial year.

Additional variable cash remuneration may be paid in exceptional circumstances, provided that such extraordinary arrangements are made only at an individual level, either for the purpose of recruiting or retaining executives or as compensation for extraordinary work in addition to the person's ordinary duties. Such remuneration shall not exceed 100 per cent of the annual salary during one and the same financial year.

The pension terms for the senior executives shall be in line with market practice in relation to what applies to corresponding executives on the market where the respective senior executive operates and shall be based on defined contribution pension solutions or follow a general pension plan, in Sweden the ITP-plan. Variable short-term cash remuneration shall not qualify for pension benefits for the CEO or the Deputy CEO. Regarding other senior executives, variable short-term cash remuneration shall qualify for pension benefits, insofar that is agreed with the senior executive. The LTI-plan and corresponding long-term share- and share price-related remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall during one and the same financial year amount to a maximum of 30-35 per cent of the annual salary.

Other benefits may include, for example, life insurance, health insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits may amount to a maximum of 10 per cent of the annual salary during one and the same financial year.

### ***Termination of employment***

In the event of termination by the company of a senior executive, dismissal pay is applied with unchanged terms during 3-12 months. In addition, the CEO and deputy CEO may receive a severance pay of six (6) months' salaries that shall not qualify for pension benefits, which should normally be deductible against other income from a new employment or new assignment. In the event of termination by the senior executive, the notice period shall be at least three (3) months.

### ***Criteria for awarding variable cash remuneration, etc***

## *Unofficial translation*

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. There may also be individualized objectives. The fulfilment of the criteria for payment of short-term variable cash remuneration shall be measured over a period of one year. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the senior executive's long-term development. The short-term variable cash remuneration for the CEO and deputy CEO shall therefore, to a significant extent, be dependent on Kungsleden's management results and the remainder shall be dependent on Kungsleden's customer satisfaction. For other senior executives, the short-term variable cash remuneration shall, to a significant extent, be dependent on Kungsleden's management results, and the remainder shall be dependent on Kungsleden's customer satisfaction and individual objectives respectively.

To which extent the criteria for awarding variable cash remuneration have been satisfied shall be evaluated when the measurement period has ended. The Remuneration Committee is responsible for the evaluation so far as it concerns variable remuneration to the senior executives. For financial objectives, the evaluation shall be based on the latest financial information made public by the company. The remuneration committee should exercise its discretion to decide on short-term variable remuneration in a way that means that there is a link between such remuneration and the company's results. In its discretionary assessment, the Remuneration Committee shall also consider sustainability issues.

The Board of Directors shall have the right, under applicable law or contractual provisions, subject to the restrictions that may apply thereunder, to in whole or in part reclaim variable remuneration paid on incorrect grounds.

### ***Salary and employment conditions for employees***

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for the company's employees have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time in the remuneration committee's and the Board of Directors' basis for the decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report.

### ***Remuneration to board members***

Board members, elected at general meetings, may in certain cases receive compensation for services performed within their respective areas of expertise, outside of their board duties. Compensation for such services shall be paid on market terms and be approved by the Board of Directors.

### ***How matters regarding remuneration to senior executives are prepared and decided within the framework and directives resolved by the Annual General Meeting***

The Remuneration Committee processes and prepares remuneration matters concerning senior executives. The Remuneration Committee's tasks include preparing the Board of Directors' resolution on proposal for guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting for resolution. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remunera-

*Unofficial translation*

tion Committee shall also monitor and evaluate programs for variable remuneration to the senior executives, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

***Derogation from the guidelines***

The Board of Directors may resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

**PROPOSAL BY THE BOARD OF DIRECTORS FOR RESOLUTION ON APPROVAL OF THE BOARD OF DIRECTORS' RESOLUTION ON INCENTIVE PLAN 2020-2022 FOR SENIOR EXECUTIVES.**

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Subject to approval by the Annual General Meeting, the Board of Directors has resolved to introduce a new incentive plan 2020-2022 for senior executives in Kungsleden. The Board of Directors proposes that the Annual General Meeting approves the incentive plan.

The Board of Directors of Kungsleden considers it important that Kungsleden offers a remuneration structure, employment terms and the incentives required to retain and recruit key personnel with the right competence and capacity to achieve set targets and create long-term shareholder value. The Board of Directors' proposal for an incentive plan consists of two parts - a short-term variable cash remuneration based on the company's results over three independent one-year performance periods ("STI"), and a long-term share price-related cash remuneration based on the total return of the Kungsleden share over the entire three-year period ("LTI").

The proposal is for the period 2020-2022, but it is the intention of the Board of Directors that the structure of the incentive plan shall be long-term, and the Board of Directors therefore intends to return, after evaluating the program, with the corresponding proposal for the Annual General Meetings following this period. The incentive plan is designed with the aim of aligning the interests of the senior executives with the shareholders' requirements of long-term value creation as well as to enable an increased shareholding in Kungsleden for the participants by conditioning that the payment of LTI to a certain extent shall be invested in shares in Kungsleden. The proposed incentive plan sets high and challenging objectives, distinctly linked to the company's strategy and long-term value creation, while also being an important part of an attractive and competitive total remuneration package for senior executives and key personnel within Kungsleden.

Below is a description of the essential terms of the proposed incentive plan.

***Participants in the incentive plan***

The incentive plan comprises ten senior executives, which are divided into the following three levels: CEO and deputy CEO ("Level 1"), five senior executives in the management team with operational roles ("Level 2") and three senior executives with staff positions in the management team ("Level 3").

***General conditions for the incentive plan***

The essential terms of the incentive plan are as follows:

- Payment of STI and LTI requires, with certain exceptions regarding LTI, that the participant is still an employee within the Kungsleden group at the time of the payment in question and is based on the degree of fulfilment of the incentive plan's performance conditions.

## *Unofficial translation*

- STI is paid annually in cash after Kungsleden's year-end report has been published and is based on the annual salary (basic salary) that the participant had as of July of the financial year in question (i.e. the performance period).
- LTI is paid in cash, on two occasions in equal parts, at the beginning of 2023 and is based on an average of the annual salary (basic salary) that the participant had per July during the period 2020-2022. For the amount the participant receives, net after tax, in the first LTI payment, the participant shall acquire shares in Kungsleden on Nasdaq Stockholm. The second payment is conditional on the participant proving to Kungsleden that the shares have been acquired.
- The maximum annual STI outcome is limited to six months' salaries for Level 1, five months' salaries for Level 2 and three-months' salaries for Level 3. The maximum LTI outcome is limited to 18 months' salaries for Level 1, 15 months' salaries for Level 2 and 9 months' salaries for Level 3.
- For Level 1, STI shall not qualify for vacation- or pension benefits.
- For Level 2-3, STI shall qualify for pension benefits, but not for vacation benefits.
- LTI shall not qualify for vacation- or pension benefits.

### ***Performance conditions***

Payment of STI and LTI is based on the extent of achievement of targets of up to five performance conditions (maximum three for STI and two for LTI). Each of the performance conditions is measured separately. In cases where the level of achievement is between the target level and the maximum level, allocation will be made on a linear basis. If the target level is not reached, no payment will be made for the relevant performance condition.

*The participants' STI is based on the following performance conditions:*

Kungsleden's budgeted management results for the financial years 2020, 2021 and 2022 respectively; Kungsleden's customer satisfaction measured in an annual (2020, 2021 and 2022) customer survey for the real estate industry, "Fastighetsbarometerns NKI-study" (Satisfied Customer Index (Sw: Nöjd-Kund-Index)) or a corresponding customer satisfaction survey of relevant comparable companies in the real estate industry.

The target and maximum levels will be set by the Board of Directors before each year.

Individual targets related to each participant's unit/department, which shall be relevant to Kungsleden's development and results, as well as individual targets.

For Level 1, three quarters of the total outcome in STI are measured by Kungsleden's management results, and one quarter is measured by customer satisfaction within Kungsleden.

For level 2-3, half of the total outcome in STI is measured by Kungsleden's management results, one quarter is measured by customer satisfaction within Kungsleden and one quarter is measured by individual objectives.

*The participants' LTI is based on the following performance conditions:*

The total return that the shareholders receive on Kungsleden's share during the financial years 2020-2022 shall exceed 0 percent as the target level and 30 percent as the maximum level ("Absolute Total Return").

The total return that the shareholders receive on Kungsleden's share during the financial years 2020-2022 shall correspond to the average total return for the shareholders in a reference group of comparable real estate companies<sup>1</sup> (the "Reference Group") as target level and exceed the average total return for the shareholders in the Reference Group by 3 percent as a maximum level ("Relative Total Return").

Half of the total outcome in LTI is measured on Kungsleden's Absolute Total Return, and half on the Relative Total Return.

### ***Handling of the incentive plan***

The Board of Directors has decided on the detailed terms and conditions for the incentive plan in accordance with this proposal for resolution. The Board of Directors and the Remuneration Committee are entitled to resolve on minor deviations from the conditions of the incentive plan if the Board of Directors finds that there are special reasons for this in an individual case, provided that such deviations do not mean that outgoing remuneration exceeds the maximum remuneration that can be paid within the framework of each part of the incentive plan.

The maximum annual STI outcome for Level 1 participants is reduced (from 75 percent to 50 percent of the annual salary). Subject to the Annual General Meeting approving the incentive plan, the Board of Directors has therefore decided to compensate these participants with a cash remuneration corresponding to a total of nine months' salaries to be paid in 2020. Subject to the Annual General Meeting approving the incentive plan, the highest short-term variable cash remuneration that may be paid to the CEO and the deputy CEO will amount to 50 per cent of the annual salary and for other senior executives, the highest outcome for such remuneration will be 42 per cent.

### ***Costs and effects on important key ratios***

Assuming a 100 per cent achievement of the performance conditions, the maximum cost for Kungsleden for the proposed incentive plan for senior executives amounts to approximately SEK 18 million per year (including social security contributions).

Costs are expected to have a marginal impact on the Company's key figures.

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<sup>1</sup> The reference group is based on Carnegie's Real Estate Index which as of 31 December 2020 included the following shares in addition to Kungsleden: Atrium Ljungberg B, Fastighetsbolaget Balder B, Brinova Fastigheter B, Castellum, Catena, Corem Property Group A, Corem Property Group B, Diös Fastigheter, Eastnine, Fabega, Fast Partner, Heba A, Hembla B, Hemfosa Fastigheter, Hufvudstaden A, Hufvudstaden C, JM, John Mattsson Fastighetsföretag, Klöver A, Klöver B, Ljungbergföretagen B, Magnolia Bostad, NP3 Fastigheter, Nyfosa, Oscar Properties Holding, Platzer Fastigheter Holding B and Pandox.

*Unofficial translation*

***Preparation of the proposal***

The remuneration committee of Kungsleden has established the incentive plan in consultation with external advisers. The incentive plan has also been discussed at board meetings during the second half of 2019 and the first months of 2020.



**PROPOSAL BY THE BOARD OF DIRECTORS FOR RESOLUTION ON AUTHORISATION FOR THE BOARD OF DIRECTORS TO RESOLVE ON REPURCHASE AND TRANSFER OF OWN SHARES.**

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The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to pass a resolution on repurchasing and transfer of the company's own ordinary shares.

The Board of Directors proposes that repurchasing of ordinary shares can be made in accordance with the following conditions:

1. Repurchase of ordinary shares shall take place on Nasdaq Stockholm in accordance with Nasdaq Stockholm's rules regarding purchase and sale of own shares.
2. Repurchase of ordinary shares can be made at one or more occasions for the period up until the next Annual General Meeting.
3. Ordinary shares may, at the most, be repurchased so that the company's holding does not at any time exceed 10 per cent of the total number of shares in the company.
4. Repurchase of ordinary shares on Nasdaq Stockholm shall be made at a price within the share price spread registered at that time, where share price interval means the difference between the highest buying price and lowest selling price.
5. Payment for the shares shall be made in cash.

Furthermore, the Board of Directors proposes that transfer of own ordinary shares can be made in accordance with the following conditions:

1. Transfer can be made of all own ordinary shares held by the company at the time of the resolution by the Board of Directors.
2. Transfer of ordinary shares can be made at one or more occasions for the period up until the next Annual General Meeting.
3. Transfer can be made on Nasdaq Stockholm or otherwise, including a right to resolve upon deviations from the shareholders' preferential rights. Transfer on Nasdaq Stockholm shall be made at a price within the share price interval registered at the time. Transfer of shares outside Nasdaq Stockholm shall be made at market terms at the time of the transfer.
4. Payment for the transferred shares shall be made in cash, by capital contributed in kind or by set-off.

The purpose of the authorisations on repurchase and transfer of the company's own ordinary shares, and the reason for the deviations from the shareholders' preferential rights, is to give the Board of Directors flexibility to continuously decide on changes in the capital structure and thereby contribute to increased shareholder value during the upcoming year. The purpose is also to enable repurchased shares as payment for acquisitions, or to settle any deferred payments for such acquisitions, or to finance such acquisitions or deferred payments.

**PROPOSAL BY THE BOARD OF DIRECTORS FOR RESOLUTION ON AUTHORISATION FOR THE BOARD OF DIRECTORS TO RESOLVE ON NEW ISSUES OF ORDINARY SHARES.**

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The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to, at one or several occasions during the period up until the next Annual General Meeting, with or without deviation from the shareholders' preferential rights, to resolve on issue of new ordinary shares, insofar as such share issues can be made without amending the articles of association. The total number of ordinary shares issued under the authorisation may not exceed 10 per cent of the total number of ordinary shares in Kungsleden at the time of exercise of the authorisation. Share issues made under the authorisation shall be made at a subscription price in line with market terms and, in addition to cash payment, payment may be made by contribution in kind or by set-off.

The purpose of the authorisation and the reasons for any deviation from the shareholders' preferential rights is that share issues could be made to fund acquisitions of real estate or real estate companies, or parts of real estate or real estate companies, or to fund investments in new or existing real estate in situations where the Board of Directors and management of Kungsleden sees opportunities to carry out real estate acquisitions to increase the company's growth and improve profit and cash flow, and thereby safeguard the shareholders' interests.

**ARTICLES OF ASSOCIATION IN THE PROPOSED NEW WORDING**

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**ARTICLES OF ASSOCIATION  
KUNGSLEDEN AB (PUBL)  
556545-1217**

**Adopted at the Annual General Meeting on 23 April 2020**

**§ 1**

The company name is Kungsleden Aktiebolag, a public limited liability company (publ)

**§ 2**

The registered office is in the Municipality of Stockholm (Sweden).

**§ 3**

The company owns and manages shares in companies active in the property segment and conducts associated business.

**§ 4**

The share capital is a minimum of SEK 32,000,000 and a maximum of SEK 128,000,000.

**§ 5**

There will be a minimum of 76,800,000 shares and a maximum of 307,200,000 shares.

It shall be possible to issue two classes of shares, ordinary shares and preference shares. Each ordinary share entitles the holder to one (1) vote. Each preference share entitles the holder to one-tenth (1/10) of a vote. Ordinary shares may be issued up to the number corresponding to no more than one hundred (100) per cent of the share capital. Preference shares may be issued up to the number corresponding to no more than twenty-five (25) per cent of the share capital

**§ 6**

*Preference shares right to dividend*

If the General Meeting resolves on dividends, preference shares shall carry preferential rights before ordinary shares to a dividend as set out below.

*Preference Dividend*

### *Unofficial translation*

The preference shares shall confer a preferential right over the ordinary shares to an annual dividend of SEK 20 per preference share ("The Annual Preference Dividend"), with quarterly payment of SEK 5 per preference share (the "Preference Dividend"), with record days as set out below.

#### *Payment of dividends*

Payment of dividend on preference shares shall, the first time following the day of the registration of the preference shares in Euroclear Sweden AB's share register, be made quarterly in cash. The record days for the payments of dividend on preference shares shall be 30 June, 30 September, 30 December and 31 March. In the event such day is not a banking day, the record date shall be the closest preceding banking day. Dividend payments on preference shares shall be made on the third banking day after the record date. With "banking day" means a day that is not a Sunday, a public holiday or a day that in relation to the payment of debt instruments is equal to a public holiday (such equal days are at the time of the adoption of this Articles of Association Saturday, Midsummer Eve, Christmas Eve and New Year's Eve).

#### *Calculation of Outstanding Amount*

If no dividend is paid on preference shares, or if only a dividend of less than the Annual Preference Dividend has been paid, the preference shares shall carry entitlement to, in addition to future Preference Dividend, receive an amount evenly distributed on each preference share, corresponding to the difference between what should have been paid according to the above and the amount that was paid ("Outstanding Amount") before additional preference shares may be issued or value transfer to holders of ordinary shares may be made. The Outstanding Amount shall be adjusted upwards by a factor corresponding to an annual interest rate of eight (8) per cent, whereby upward adjustment shall start from the quarterly date when payment of part of the Preference Dividend was made (or should have been made, in the event that no Preference Dividend was paid at all). Dividend of the Outstanding Amount is also conditional upon that the General Meeting resolves to pay dividend.

#### *Recalculation at certain events of the company*

In the case of a change in the number of preference shares through a reverse share split, a share split or other company events that have a similar effect, the amount that the preference share is entitled to according to §§ 6-8 in these Articles of Association shall be recalculated to reflect this change.

#### *Miscellaneous*

The preference shares shall not otherwise carry entitlement to dividend.

### **§ 7**

A reduction of the share capital, although not below the minimum capital, may take place following a resolution by a General Meeting through redemption of preference shares as set out below.

The General Meeting resolves on the number of preference shares to be redeemed each time. The allocation of which preference share that shall be redeemed shall be made pro rata in relation to the number of preference shares that each preference shareholder owns at the time of the General Meeting's resolution on redemption. If the allocation as set out above does not amount to an even number of shares, the Board of Directors shall decide on allocation of the additional preference shares to be redeemed. If the resolution

## *Unofficial translation*

is approved by all holders of preference shares the General Meeting may however decide which preference shares are to be redeemed.

The redemption amount for each redeemed preference share shall be an amount calculated as follows:

- a) Up to the fifth anniversary of the first new issue of preference shares (the "Initial Issue"), an amount corresponding to (i) 120 per cent of the amount in SEK paid for each preference share at the Initial Issue ("Initial Subscription Price"), (ii) plus possible accrued part of the Preference Dividends, (iii) plus any Outstanding Amount adjusted upwards by an annual interest rate as set out in § 6 above. The redemption amount for each redeemed preference share shall however never be lower than the share's quota value.
- b) As from the fifth anniversary of the Initial Issue and for the time thereafter, an amount corresponding to (i) 110 per cent of the Initial Subscription Price, (ii) plus possible accrued part of the Preference Dividends, (iii) plus any Outstanding Amount adjusted upwards by an annual interest rate as set out in § 6 above. The redemption amount for each redeemed preference share shall however never be lower than the share's quota value.

"Accrued part of the Preference Dividends" refers to accrued Preference Dividends for the period commencing the day after the latest record day for dividend until and included the day for payment of the redemption amount. The number of days shall be calculated based on the actual number of days in relation to 90 days.

From the day when payment of the redemption amount falls due, all calculation according to §7 section 3 shall cease.

## **§ 8**

If the company is dissolved preference shares shall carry preferential rights before ordinary shares to receive from the company's assets an amount per preference share corresponding to (i) 110 per cent of the Initial Subscription Price, (ii) possible accrued part of the Preference Dividends as set out in § 7 above, and (iii) any Outstanding Amount adjusted upwards by an annual interest rate as set out in § 6 above, prior to any distribution to owners of ordinary shares. Preference shares shall otherwise not carry any entitlement to a share of distribution.

## **§ 9**

Should the company decide to issue new shares of more than one class through a cash issue or a set-off issue, holders of ordinary shares and preference shares shall have preferential right to subscribe for new shares of the same class in proportion to their existing shareholding in that class (primary preferential right). Shares that are not subscribed for with primary preferential right shall be offered to all shareholders for subscription (subsidiary preferential right). Should the number of shares offered in this way not be enough for subscription through subsidiary preferential right, said shares shall be apportioned among subscribers in proportion to their existing shareholdings, regardless of whether the shares in the company already held by them are ordinary shares or preference shares. To the extent this is not possible as regards a certain share or certain shares, the distribution shall be made by lottery.

Should the company decide to issue new shares of only one class through a cash issue or a set-off issue, the existing shareholders of the class of shares that is the subject of the new issue shall carry preferential

## *Unofficial translation*

right to such new shares in proportion to their existing shareholding in that class (primary preferential right). Shares that are not subscribed for with primary preferential right shall be offered to all shareholders for subscription (subsidiary preferential right). Should the number of shares offered in this way not be enough for subscription through subsidiary preferential right, said shares shall be apportioned among subscribers in proportion to their existing shareholdings, regardless of whether the shares in the company already held by them are ordinary shares or preference shares. To the extent this is not possible as regards a certain share or certain shares, the distribution shall be made by lottery.

Should the company decide through a cash issue or a set-off issue to issue subscription warrants or convertibles, shareholders shall have preferential right to subscribe for subscription warrants as if the issue was in respect of the shares that may be subscribed for by exercising the subscription warrants and to subscribe for convertibles as if the issue was in respect of the shares that the convertibles may be exchanged for.

The aforesaid shall not imply any limitation in the possibility of a decision on cash issue or set-off issue with divergence from shareholders' preferential rights.

An increase of the share capital by a bonus issue, where new shares are issued, may only occur by an issue of new ordinary shares. In such case, only holders of ordinary shares have preferential right to such new ordinary shares in proportion to their existing shareholding of ordinary shares. What has just been said shall not imply any limitation in the possibility to issue new classes of shares through a bonus issue, after necessary amendments to the Articles of Association.

### **§ 10**

The Board of Directors comprises between three and eight members elected by the general meeting.

### **§ 11**

One (1) or two (2) auditors with or without deputies, or one registered public accounting firm, shall be appointed. The assignment as auditor shall be valid until the end of the Annual General Meeting held during the first, second, third or fourth financial year after the year in which the auditor was appointed.

### **§ 12**

Notification of a General Meeting shall be published in the Official Swedish Gazette and at the company's website. An announcement with information that notification of the General Meeting has been issued shall be published in Dagens Nyheter. If Dagens Nyheter should cease to be a national daily newspaper, such notice shall instead be published in Svenska Dagbladet.

Shareholders intending to participate in shareholders' meeting shall notify the company no later than the day stated in the notification to attend the meeting.

### **§ 13**

The AGM is held annually within six months of the end of the financial year. The Chairman of the Board of Directors, or that party the Board appoints, opens the AGM and leads proceedings until the Chairman is elected.

*Unofficial translation*

The following matters are considered at the AGM:

- 1) Election of a Chairman of the Meeting;
- 2) Preparing and approving the voting list;
- 3) Approval of the agenda;
- 4) Election of one or more people to take the minutes;
- 5) Evaluation of whether the meeting has been duly convened;
- 6) Submission of the Annual Report and Audit Report, and where applicable, Consolidated Financial Statements and Consolidated Audit Report;
- 7) Resolution on;
  - a. adopting the Income Statement and Balance Sheet, and where applicable, the Consolidated Income Statement and Consolidated Balance Sheet
  - b. appropriation of the company's profit or loss pursuant to the adopted Balance Sheet
  - c. discharging the Board members and Chief Executive from liability;
- 8) Determination of the number of Board members and deputies to be elected by the Meeting;
- 9) Determination of the number of auditors and deputy auditors to be appointed by the Meeting or resolving that an audit firm be appointed, in those cases where auditors are elected;
- 10) Determination of Directors' and where applicable audit, fees;
- 11) Election of the Board of Directors and potential deputies;
- 12) Election of audit firm or auditor(s) and potential deputy auditors when such election occurs;
- 13) Other matters for consideration by the Meeting pursuant to the Swedish Companies Act (2005:551) or the Articles of Association.

**§ 14**

The company's financial year is the calendar year.

**§ 15**

The company's shares will be recorded in a control register pursuant to the Central Securities Depository and Swedish Financial Instruments Act (1998:1479).

That shareholder or nominee recorded in the share register, and noted in a control register on the record date pursuant to chap. 4 of the Central Securities Depository and Swedish Financial Instruments Act (1998:1479), or that party recorded in the control account pursuant to chap. 4 § 18 para. 1 clauses 6 – 8 of the above Act, will be considered authorized to exercise the rights pursuant to chap. 4 § 39 of the Swedish Companies Act (2005:551).

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