

## **THE REPORT BY THE BOARD OF DIRECTORS OF HEMFOSA FASTIGHETER AB (PUBL) ON THE REMUNERATION COMMITTEE'S EVALUATION OF REMUNERATION TO SENIOR EXECUTIVES**

---

The Board of Directors has previously established a remuneration committee which prepares the decisions of the Board of Directors on issues concerning principles for remuneration, remunerations and other terms of employment for the senior executives. Guidelines for remuneration to the senior executives are presented to the Board of Directors, which submits a proposal on such guidelines to the Annual General Meeting for approval.

The remuneration committee is also entrusted with the task of monitoring and evaluating plans for variable remuneration for the senior executives, the application of the guidelines for remuneration that the Annual General Meeting has adopted as well as the current remuneration structures and levels in the company. Pursuant to section 10.3 of the Swedish Corporate Governance Code, the Board of Directors hereby presents the following report on the results of the remuneration committee's evaluation.

According to the current guidelines for remuneration to the senior executives adopted at the Annual General Meeting in Hemfosa on 7 May 2015, the company shall apply the remuneration levels and employment terms that are required in order to recruit and maintain senior executives with high competence and capacity to reach specified goals. The remuneration committee is of the opinion that the guidelines follow their purpose to motivate the senior executives to secure the shareholders' interest as well as to promote the company's long term value creation. The remuneration is linked to competence, responsibility and performance as well as relates to the achievement of pre-determined targets regarding outcome, cash flow and growth, which contributes to an increased value for the company's shareholders.

The remuneration committee is of the opinion that the company's structures and remuneration levels are on market terms and that the remuneration to senior executives has complied with these guidelines and that the company thus have applied the guidelines properly.

---

Nacka, March 2016  
Hemfosa Fastigheter AB (publ)  
*Board of Directors*