GUIDELINES FOR REMUNERATION TO SENIOR MANAGEMENT OF KMC PROPERTIES ASA

These guidelines have been prepared by the Board of Directors of KMC Properties ASA (the "**Company**") in accordance with the Norwegian Public Limited Liability Companies Act Section 6-16a and related regulations. The original version of these guidelines was prepared for and approved by the annual general meeting in 2021 and this amended version has been prepared for approval by the Company's annual general meeting in 2022 and shall apply until the Company's annual general meeting in 2026, unless amended or replaced earlier.

These guidelines apply for the following (jointly referred to as "**senior management**"): (i) the executive management, (ii) employee elected board members, (iii) the CEO and (iv) other leading employees defined as key employees.

Remuneration to persons mentioned in (ii) are regulated by "Remuneration to employee elected board members".

1. Process for development of the guidelines, the Remuneration Committee and conflicts of interests

The Board of Directors has taken an active role in establishing, reviewing and executing these guidelines.

With support of the Company's remuneration committee (the "**Remuneration Committee**"), the Board of Directors shall prepare a proposal for guidelines for resolution by the annual general meeting at least every fourth year. The annual general meeting shall decide on such proposals. Resolved guidelines may also be amended by way of resolution of subsequent general meetings.

The Company has a Remuneration Committee appointed by the Board of Directors. The Remuneration Committee is a sub-committee of the Board of Directors. The objective is to serve as a preparatory and advisory body for the Board of Directors' consideration of matters concerning remuneration and compensation of senior management. Responsibilities include overseeing and advising on the determination of performance criteria of variable remuneration. The committee is only responsible to the whole Board of Directors of the Company and only has recommendatory authority with regard to that body.

In order to reduce the risks of conflict of interests, no senior manager shall participate in the resolution regarding remuneration-related matters which they are directly affected by.

2. Purpose and general principles for remuneration

These guidelines constitute a framework for which remuneration to senior management shall be decided by the Company during the period for which the guidelines are in force.

The main principle of the Company`s guidelines for remuneration, is that the senior management shall receive a competitive salary, including a result-based salary tied to the business results and shareholder value to ensure the desired competence and director incentives.

Remuneration is an important instrument in order to harmonize the interests of the Company and its senior management. The Company's remuneration principles are designed to ensure that the Company is able to attract and keep qualified senior management, without being a wage leader in the relevant business sector, and without the variable wage element constituting such a large proportion of the total wage compensation that it can give unfortunate incentives and short-termism.

Remuneration and employment conditions for employees of the Company have been taken into account in the preparation of these guidelines by including information on employees' total income, forms of remuneration and other salary components in the Board of Directors' basis for decision when evaluating whether the Company's remuneration practices, and guidelines and limitations set out herein are adequate and reasonable.

The remuneration shall generally stimulate to goal achievements and good risk management, counteract excessive risk-taking, and contribute to avoid conflict of interests. The remuneration shall be in line with the Company`s long term interests and economic financial sustainability. In general, the remuneration shall be equal for male and female employees for equal work or work of equal value. The Company conducts annual reviews of the practice of the remuneration principles, and the Company`s written report (the "**Remuneration Report**") is reviewed by independent control functions.

3. Elements of remuneration

Remuneration includes all benefits a person receives by virtue of his/her position as a leading person in the Company. This includes:

1. fixed base salary,
2. variable cash salary (bonuses),
3. pension schemes, early retirement schemes, fringe benefits,
4. allotment of shares, warrants, options and other forms of remuneration related to shares or the development of the share price in the Company,
5. all forms of other variable elements in the remuneration, or special benefits that are in addition to the basic salary.

3.1 Principles for fixed salary

Fixed cash salary allows the Company to attract and recruit senior management that are necessary for the long-term profitability and sustainability of the Company.

It is the Company's policy that base salaries shall reflect the individual's position and degree of responsibility. The size of the fixed cash salary shall be in line with market conditions, be competitive with comparable businesses within the industry, and shall take into account inter alia the scope and responsibility associated with the position, as well as the skills, experience, and performance of each director. The fixed cash salaries have no maximum levels.

For senior management, the base salary constitutes the most significant part of the remuneration.

3.2 Principles for variable cash salary

Variable cash salary (i.e. cash bonuses) shall be based on a set of predetermined and measurable performance criteria that reflect the key drivers for pursuing the Company's business strategy, long-term interests, and sustainable business practices.

The remuneration of the senior management shall from 1 January 2022 consist of fixed salary and a variable compensation based on adjusted annual EBITDA, annual finance cost, the annual income growth, the share price, and annual operational KPIs, including ESG (Environmental, Social and Governance) KPI's of the Company, determined by the board per year. The level of goal achievement shall be set on a discretionary basis.

The variable compensation for the Company's executive management shall be limited upwards to 50% of the executive's fixed salary.

50% of the variable compensation shall be payable at the time of grant. The remaining 50% of the variable compensation shall be payable two years from grant, on condition that the employee is employed with the Company or its subsidiaries at the end of the two-year period and has not given notice to terminate his or her employment. The deferred portion of the variable compensation shall be indexed against the share price of KMC Properties ASA (KMC), starting at market price at grant and ending on the date of payment (determined on the basis of VWAP for the previous 20 trading days before the relevant date, and adjusted for any distributions made on the shares with record date in the period).

3.3 Principles for pension benefits

Senior management's pension arrangements shall generally follow the arrangements established for the employees in KMC Properties ASA. Pension benefits shall be based on local practices and applicable law. More information concerning pension is included in the annual report.

Principles for non-financial benefits (fringe benefits)

Non-financial benefits shall be based on market terms and shall facilitate the duties of the executive management. The Company aims to have sufficiently competitive salary and incentive programs to minimize additional non-financial benefits, and such shall generally be offered only to the extent they are in line with generally accepted customs locally.

The executive management may receive certain limited benefits in kind, including telephone, internet access, and magazine/newspaper subscriptions.

3.4 Equity incentive schemes

Purchase of shares

Senior management may purchase shares in the Company at a 20% discount for an amount limited upwards to NOK 1 million per year, on condition that the employee is being obliged to hold the shares for a three-year period (lock-up period). The Board decides how the transaction shall be arranged within the authorizations granted by the general meeting.

Share Option Program

To further align the interests of senior management and other employees with those of shareholders of the Company, options to acquire shares in the Company may be granted as a part of the total remuneration package.

Rights to acquire shares in the Company (the "**Options**") are granted by the Company on an individual basis to selected recipients (each an "**Option Holder**"). Each Option gives the Option Holder the right, but not the obligation, to subscribe for or purchase (at the Company's choice) one share in the Company. The strike price shall be equal to the market price on or around the grant date (as determined by the board).

The Options vests according to the following vesting schedule; (i) 20% of the Options vest 12 months after grant date; and (ii) additional 30% of the Options vest 24 months after grant date, and (iii) the remaining 50% of the Options vest 36 months after grant date. All Options expires five years after the grant date.

The grant of Options under the Share Option Program will initially be a one-time grant in 2022, but the board will consider making annual grants of Options.

The Options will be adjusted for share splits, reverse share splits and dividends, but not for rights offerings.

The Company shall reserve the right to cash settle the Options. The board shall approve the further terms pertaining to the Options in line with the authorizations granted by the general meeting.

3.5 CEO employment agreement

The CEO has six months' notice period, and executive management have three months' notice period.

The CEO is entitled to a severance pay in case of termination of employment by the Company for a period of 6 months after expiry of the ordinary notice period. During employment and for 6 months after expiry of the notice period (or from the time of dismissal), the CEO is bound by the provisions on non-competition and recruiting the Company's customers and employees in accordance with the provisions in chapter 14A of the Working Environment Act of 2005.

4. *Remuneration to employee elected board members*

The level of remuneration to employee elected board members for their role as board members is proposed by the Remuneration Committee and is handled further by the Nomination Committee which propose a remuneration to the general meeting. The determination of the remuneration takes into consideration the workload, comparable companies and the general wages in the Company.

5. Deviations from these guidelines

The Board of Directors may, on recommendation from the Remuneration Committee, in the circumstances described below resolve to deviate from any sections of these remuneration guidelines:

- upon change of the CEO;
- upon material changes in Company's organization, ownership and/or business
- upon material change in the Company's strategy;
- upon changes in or amendments to the relevant laws, rules, or regulations (for example for regulatory, stock exchange control, tax or administrative purposes or to consider change in legislation or corporate governance requirements or guidance);
- upon other exceptional circumstances where the deviation may be required to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

Any deviation from these guidelines shall be reported in the Remuneration Report for the relevant year.

The Board's report on salary and other remuneration to leading personnel pursuant to Section 6-16b of the Public Limited Companies Act will be sent out or made available to the shareholders on the Company's web site, together with notice of the annual general meeting of the Company and the Company's annual report and accounts.

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