

**Eik fasteignafélag hf.**  
**Annual General Meeting 10 June 2020**  
**Proposals of the Board of Directors**

**1. Proposal on the confirmation of the company's annual accounts for the year 2019 (agenda item 2)**

The Board of Directors proposes to the annual general meeting of the company that it approve the company's annual accounts for 2019.

**2. Proposal on the distribution of profit for the operating year 2019 (agenda item 3)**

The Board of Directors proposes that no dividend be paid for the year 2019 and that net earnings for 2019 be added to the company's equity.

**3. Decision on the remuneration of Directors and committee members for the 2020-2021 operating year (agenda item 4)**

The Board of Directors of the company proposes to the annual general meeting of the company that for the 2020-2021 operating year the remuneration of Directors and members of committees working for the company shall be as follows:

- The monthly salary of each Director shall be ISK 335,000, of the Deputy Chairman ISK 501,500 and of the Chairman ISK 668,000.
- The salary of Directors sitting on the Remuneration Committee shall be ISK 26,000 per month. Remuneration Committee members who are not also directors shall be paid for each hour worked according to an issued invoice provided that the Board of Directors has approved the hourly rate in advance. Chairmanship is not specifically remunerated for.
- The salary of Directors sitting on the Audit Committee shall be ISK 51,500 per month. Remuneration Committee members who are not also directors shall be paid for each hour worked according to an issued invoice provided that the Board of Directors has approved the hourly rate in advance. Chairmanship is not specifically remunerated for.
- The salary of members of the Nomination Committee shall be ISK 62,000 per month and ISK 93,000 per month for the Chairman.

**4. Proposal of the Board of Directors regarding the remuneration policy (agenda item 5)**

The Board of Directors of the company proposes that clause 4.3 of the remuneration policy shall provide as follows:

*"All remuneration, regardless of whether it is base salary, compensation, additional payments, benefits or incentives shall take into account market conditions from time to*

*time. The Board of Directors decides the remuneration of the CEO and the CEO decides the remuneration of employees. It is permissible to incentivise employees in addition to base agreed salary with reference to special circumstances or results. Such incentives shall take into account performance, responsibilities and important milestones in the operations of the company. Performance linked remuneration shall be capped at 16% on the total salary of the incentivised employee, on an annual basis.”*

**5. Election of the Board of Directors (agenda item 6)**

The notice to the annual general meeting references the proposals of the Nomination Committee and the report of the Nomination Committee is accessible on the company's website. The proposals are for recommendation only and the rules for declaring candidature in the articles of association and company legislation apply unaffected for those who intend to put themselves forward for election to the Board of Directors.

According to the company's current articles of association the deadline for declaration expires seven days prior to the annual general meeting, on 3 June 2020 at 16:00. Declarations on candidature shall be made to the Board of Directors in writing.

The declaration of candidacy for the Board of Directors shall include, in addition to the candidate's name, ID number and address, information regarding primary occupation, other Board of Directors' participation, education, experience and shareholdings in the company. Information regarding interests with the company's main customers and competitors, as well as shareholders who own more than 10% in the company. Declarations shall be sent to the office of Eik fasteignafélag hf. at Sóltún 26, 105 Reykjavík or by email to [stjornun@eik.is](mailto:stjornun@eik.is).

**6. Election of nomination committee members (agenda item 7)**

The Board of Directors of the company proposes that two individuals shall be elected to the Nomination Committee by a direct vote between those who have declared candidature within the deadline for declaration. The election shall be carried out in accordance with the rules of procedure of the Nomination Committee.

**7. Election of authorised auditors or auditing firm (agenda item 8)**

The Board of Directors proposes to the annual general meeting of the company that KPMG ehf. shall be re-elected as the company's auditor for the next year, and it engaged on market terms. This reflects the proposals of Eik fasteignafélag hf.'s audit committee.

**8. Authorisation to buy back shares (agenda item 9)**

The Board of Directors proposes the following:

*“The company is authorised to buy back its own shares up to a maximum of 10% of the issued share capital in accordance with Section 55 of the Act on Public Limited Liability Companies, for the purpose of facilitating market making with shares in the company and/or to establish a formal buyback programme pursuant to Section 116 of the Act on Securities Transactions or on the basis of Section 115(3)(1) and 119(2) of the Act on*

*Securities Transactions and regulations adopted on the basis of Section 118 and 131 of the same act. This authorisation shall be valid for 18 months from its approval.”*

**9. Proposal on a share reduction (agenda item 10)**

The Board of Directors proposes the following:

*“The annual general meeting of Eik fasteignafélag hf. approves the reduction of the company’s share capital by ISK 41,317,000 nominal value, or the equivalent of 41,317,000 shares. The reduction only applies to treasury shares that the company acquired in 2019 with buybacks in accordance with the Board of Directors’ share buyback programme established on the basis of the authorisation granted by a shareholders’ meeting of the company held on 12 December 2018. The number of shares according to Article 4 of the company’s articles of association shall be amended to reflect the share reduction, and will thus be decreased from ISK 3,465,180,435 to 3,423,863,435. The share reduction will be effected upon legal conditions being met.”*

The approval of the above proposal also requires the amendment of Article 4 of the company’s articles of association so that it provides:

*“The number of the company’s shares is ISK 3,423,863,435 (ISK three billion four hundred twenty three million eight hundred sixty three thousand four hundred thirty five).*

*Each share is of nominal value ISK 1 (one ISK).”*

**Reykjavík, 19 May 2020**

**Eik fasteignafélag hf. Board of Directors**