

The Board of Directors' remuneration report for the financial year 2021

Introduction

This report describes how the guidelines for remuneration for executive management in Castellum AB (publ), adopted by the Annual General Meeting 2021, were implemented in 2021. The report also provides information on remuneration to the Managing Director and a summary of the company's outstanding profit and share price based incentive plan. The report has been prepared in accordance with the Swedish Companies Act and the rules on *Remuneration of the Board and Executive Management and on Incentive Programmes* issued by the Swedish Corporate Governance Board.

Further information on executive management remuneration is available in note 12 in the Annual Report 2021. Information on the work of the People Committee in 2021 is set out in the corporate governance report available in the Annual Report 2021.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and such information will be disclosed in note 12 in the Annual Report 2021.

The company's development during 2021

A summary of the company's overall performance and development is presented on pages 123-124 in the Annual Report 2021.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability work, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, remuneration to the executive management shall be on market terms and may consist of the following components: fixed remuneration, pension terms, variable remuneration and non-monetary benefits. The variable remuneration shall aim to create long term value within the group, by contributing to Castellum's business strategy and long term interests, including its sustainability work, and shall be rewarded within the scope of a profit and share price based incentive program. The program's structure shall be based on the objective to align the interests of the group executive management with the interests of the shareholders by way of the group executive management also being shareholders of Castellum and by increasing the share of the total remuneration which is connected to the development of the group.

During 2021, the company has complied with the applicable remuneration guidelines adopted by the Annual General Meeting, with the exception that the former CEO Henrik Saxborn in 2021 received a contractual remuneration for maintaining a non-compete obligation after the termination of employment. The Board has, on the basis of the possibility provided for in the remuneration guidelines, decided to deviate from the guidelines in this particular case as it is assessed that there are special cause to maintain the non-compete



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obligation after the termination of employment to serve the company's long term interests. In addition to what has been mentioned above, no deviations from the guidelines have been made and no deviations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines will be available on <https://www.castellum.se/investor-relations/bolagsstyrning/arsstamma/> no later than three weeks before the Annual General Meeting 2022. No remuneration to the executive management has been reclaimed by the company.

Remuneration to the Managing Director and Deputy Managing Director

Table 1 – Total remuneration to the Managing Director and Deputy Managing Director in 2021 (MSEK)¹

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Base salary ²	Non-monetary benefits ³	One-year variable	Three-year variable	Extraordinary items	Pension benefits	Total remuneration	Proportion of fixed and variable remuneration ⁴
Henrik Saxborn (CEO) up to and including 8 October 2021	4.7	0	0	0	0.6 ⁵	1.2	6.5	91% / 9%
Jakob Mörndal (acting CEO) from 8 October 2021 up to and including 8 December 2021	1.0	0	0	0	0	0.3	1.3	100% / 0%
Biljana Pehrsson (CEO) from 8 December 2021	0.3	0	0 ⁶	0 ⁶	0	0.1	0.4	100% / 0%
Ylva Sarby Westman (Deputy CEO) from 8 December 2021	0.2	0	0 ⁶	0 ⁶	0	0	0.2	100% / 0%

¹ Refers to remuneration earned in 2021.

² Including holiday payment.

³ Medical insurance, phone benefits and company car.

⁴ Pension benefits (column 4), which in its entirety relates to base salary and is premium defined, has been entirely reported as fixed remuneration. Extraordinary items has been entirely reported as variable remuneration.

⁵ Refers to contractual remuneration for maintaining a non-compete obligation after the termination of employment.

⁶ Variable remuneration has, however, been paid in accordance with the terms and conditions of Kungsleden's profit and share price based incentive program.

Profit and share price based remuneration

Currently, Castellum has a profit and share price based incentive program concerning the period 2020-2023. The incentive program is made up of two parts, one part which is based on the profit each year and one part which is based on the total return on the Castellum share over a three-year period. The participants in the incentive program undertakes to purchase Castellum shares for at least half the received remuneration after deduction for tax.

The annual profit based remuneration

The annual profit based remuneration is based on growth in income from property management per share (i.e. cash flow-based growth) and on an overall determination of the development of certain individual target factors which the Board of Directors decides to give priority to under the current financial year. In order to receive full variable remuneration linked to the



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income from property management a 10% annual growth of the income from property management is required. In the event of growth in the interval 0–10%, a linear calculation is performed in respect of the outcome and the remuneration to be paid. If remuneration is to be paid, remuneration is paid annually as salary after the closing of accounts. The remuneration has a one-year performance and earning period and maximum outcome in respect of the annual profit-based remuneration is half of the fixed remuneration for each year.

Individually determined factors

A part of the annual profit based part of the incentive program consists of individually determined factors. The individually determined factors for the Managing Director's remuneration is based on the objective to align the interests of the Managing Director with the interests of the shareholders. The individually determined factors has been based on strategic established objectives which the Board of Directors has decided to give priority to under 2021. The individually determined factors shall over time contribute to the company's sustainability targets.

The three-year share price based remuneration

The three-year share price based remuneration is based on the total return on the Castellum share in total numbers during the three-year period, as well as the total return on the Castellum share in comparison to real estate share indexes in Sweden, the United Kingdom and the Eurozone during the period of measurement. In order to receive full variable remuneration in accordance with the three-year program, the total return must amount to at least 50% during the relevant period, and the total return must further exceed the development of the indexes, respectively, with at least 5 percentage units during the relevant period. In the event of an outcome in the interval 0–50% and 0–5 percentage units, respectively, a linear calculation is performed in respect of the outcome and the remuneration to be paid. If remuneration is to be paid, payment is made as salary after the end of the three-year period of measurement. The share price based remuneration has a three-year performance and earning period and the maximum outcome in respect of the three-year share price based remuneration is one and a half annual fixed remuneration for the three-year period.

Variable remuneration to the Managing Director and Deputy Managing Director during the financial year 2021

In accordance with the terms and conditions of the profit and share price based incentive program, no variable remuneration has been paid to Henrik Saxborn as he terminated his employment before the expiration of the relevant measurement periods. Furthermore, no variable remuneration has been paid to Jakob Mörndal. Biljana Pehrsson and Ylva Sarby Westman have not received any variable remuneration under Castellum's profit and share price based incentive program.



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Comparative information on the change of remuneration and the company's income from property management

Table 2 – Change of remuneration and the company's income from property management over the last five reported financial years (MSEK)

	2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016
Remuneration to the Managing Director ¹	8.2	-1.7 (-17%)	+1.4 (+16%)	-2.2 (-21%)	+2.5 (+30%)	-0.9 (-10%)
Remuneration to the Deputy Managing Director ²	0.2	–	–	–	–	–
Income from property management	3,522	+142 (+4%)	+234 (+7%)	+194 (+7%)	+422 (+17%)	+465 (+23%)
Average remuneration on a full time equivalent basis of employees ³ in the group.	0.8	+0 (+0%)	+0.1 (+13%)	+0.0 (+4%)	+0.1 (+16%)	-0.1 (-13%)

¹ Remuneration to the Managing Director for the financial year 2021 includes remuneration to Henrik Saxborn (CEO up to and including 8 October 2021), Jakob Mörndal (acting CEO from 8 October up to and including 8 December 2021) and Biljana Pehrsson (CEO from 8 December 2021). To make comparison possible, and due to the fact that the three-year share price based remuneration is only paid every three years, the remuneration to the Managing Director presented in Table 2 corresponds to the remuneration presented in the remuneration note in the annual report for each year.

² No comparative data is presented for the previous financial years as Castellum has previously not appointed any Deputy Managing Director.

³ Excluding members of the group executive management.

Gothenburg in February 2022
 CASTELLUM AB (publ)
 The Board of Directors