

income/costs or as an effect of other tax adjustments. Total tax cost in Castellum's income statement is less than nominal tax. The effective tax on income from property management, without consideration of tax loss carry forwards, can be calculated to 9%.

Tax cost/income	Group		Parent company	
	2017	2016	2017	2016
Income before tax	7,312	5,722	1,442	4,660
Tax according to current tax rate	-1,609	-1,259	-317	-1,025
Tax effects due to:				
non-taxable dividend	-	-	827	1,206
not deductible write-down shares subsidiaries	-	-	-594	-858
taxable result in joint ventures	-	1	-	-
not deductible sales properties/subsidiaries	102	627	-	612
transaction costs	-	-28	-	-
goodwill	-	-82	-	-
derivatives	76	10	-	-
other tax adjustments	-5	-19	1	-1
Tax according to income statement	-1,436	-750	-83	-66

Note 11 Personnel and Board of Directors

Numer of employees	Group		Parent company	
	2017	2016	2017	2016
Average number of employees	416	363	38	30
of which women	167	130	27	18
of which Denmark (of which women)	9 (4)	6 (3)	-	-

Salaries, remuneration and benefits

During 2017, the parent company had 7 (7) board members, of whom 4 (4) were women, while the total number of board members in Group subsidiaries totalled 19 (19), of whom 12 (9) were women. At year-end, the Group had 9 (9) senior executives, of whom 4 (4) were women. The total number of senior executives in subsidiary managerial bodies and senior executives of the Group totalled 41 (45), of whom 17 (15) were women.

	Group		Parent company	
	2017	2016	2017	2016
Salaries, remuneration and benefits				
Chairman of the Board	0.9	0.8	0.9	0.8
Other Board members	2.2	2.0	2.2	2.0
Chief Executive Officer				
Fixed salary	4.4	4.1	4.4	4.1
Variable remuneration	2.5	3.8	2.5	3.7
Benefits	0.0	0.1	0.0	0.1
Other senior executives				
Group: 8 (11), Parent company: 4 (4)				
Fixed salary	12.8	15.2	3.5	5.7
Variable remuneration	6.9	11.1	3.8	4.7
Benefits	0.4	0.6	0.1	0.2
Other employees	204.4	201.7	29.5	15.9
Total	234.5	239.4	46.9	37.2
Contractual pensions costs				
Chief Executive Officer	1.3	1.2	1.3	1.2
Other senior executives (11 vs. 4)	5.2	4.2	2.1	1.8
Other employees	32.4	35.3	3.8	3.5
Total	38.9	40.7	7.2	6.5
Statutory social costs incl. special employer's contributions				
Chairman of the Board	0.3	0.2	0.2	0.2
Other Board members	0.5	0.4	0.5	0.4
Chief Executive Officer	2.5	2.8	2.5	2.8
Other senior executives (11 vs. 4)	7.5	9.3	2.8	3.8
Other employees	68.9	73.7	10.1	5.8
Total	79.7	86.4	16.2	13.0
Grand total	353.1	366.5	70.3	56.7

Board remuneration

Board remuneration was decided upon by the Annual General Meeting 2017 to total SEKk 3,215, of which SEKk 825 was designated to the Chairman of the

Board and SEKk 350 to each other Board member. Additional remuneration for committee work totals SEKk 290. These amounts apply from the AGM 23-03-2017 to the AGM 22-03-2018.

Executive Group Management

Executive management changed over the year, and at year-end, the executive management group consisted of the Chief Executive Officer, the Chief Financial Officer, the Head of Business Development, the Chief Investment Officer and the HR Manager at Castellum AB, as well as the four Regional Managing Directors.

Remuneration and benefits

Remuneration and benefits for executive management are prepared by the remuneration committee and decided by the Board of Directors. The remuneration comprises a fixed salary as well as a variable remuneration according to an incentive plan, described below. During the three-year period of the plan, variable remuneration can amount to a maximum of three years' salary. Executive management has an incentive plan that comprises two parts:

- One profit-based part is based on income growth from property management compared to the previous year, as well as an overall estimation of development for certain individual factors. Full outcome requires that income growth from property management per share reaches 10% per year. When growth is in the range 0-10%, a linear calculation of the incentive is made. The profit-based portion is paid out yearly as salary after the year-end closing and can total no more than six months' salary per year. The outcome for 2017 was 71%, representing a cost of SEKm 8.3 including social costs. The plan ended at the end of 2017.
- One share-price-based part based on the total return on the Castellum share during a three-year period, both in nominal figures and compared with index for real-estate shares in Sweden, the Eurozone and Great Britain. For full outcome of the incentive plan, the total return must be at least 50% during the period and the total return has to exceed index development by at least 5 percentage points during the period. When growth is in the ranges 0-50% and 0-5%-points respectively, a linear calculation of the incentive is made. Any payments due are paid as salary after the measurement period of June 2017-May 2020. During the three-year period, the share-price-based part may total no more than one-and-a-half-years' salary, equal to a Castellum cost of SEKm 35, including social costs. As of December 2017, the outcome was 75%, representing a cost of SEKm 4.3 including social costs. Final reading and set-offs will occur in May 2020. A three-year share price-related incentive program expired in May 2017, resulting in a set-off that did not lead to any cost burden for 2017.

Executives in receipt of variable remuneration according to the incentive plan must acquire Castellum shares for at least half of the amount of the payment due after tax. The paid incentive does not affect pension contributions.

The 2016 AGM decided on a new incentive plan that is basically an extension of the above plan and consists of an annual performance-based remuneration for the years 2017, 2018 and 2019, as well as a three-year share-based remuneration for the period June 2017-May 2020.

Pensions

Members of executive management have defined contribution pensions with no other obligations for the company than to pay an annual premium during the time of employment. This implies that these persons, after completed employment, have the right to decide on their own, the time-frame during which the defined payments and subsequent return will be received as pension. The retirement age for the CEO and other members of executive management is 65 years.

Notice of dismissal

When issued by the company, the period of notice will not exceed 6 months regarding the Chief Executive Officer and 12 months for any other member of Group executive management. Notice is given by the Chief Executive Officer or any other member of executive management of the company, the period of notice is six months. During the period of notice, salary and other benefits are paid, with deduction for salary and remuneration derived from another employment or activity. No deduction will occur for the Chief Executive Officer. At the company's dismissal of the Chief Executive Officer, a severance pay of 12 months' fixed salary is paid, which is not to be reduced as a result of other income that the Chief Executive Officer receives.

Pensions for other employees

Other employees at Castellum have defined contribution pensions, with no other obligations for the company than to pay an annual premium during the time of employment. This implies that these persons, after completed employment, have their own right to decide on the time-frame during which the defined payments and subsequent return will be received as pension.

However, there is an exception for about 40 employees within the Castellum Group who instead have defined ITP-plans with regular payments to Alecta. Insurance premiums paid to Alecta during the year amounted to SEKm 0 (4). The surplus in Alecta may be distributed to the insurance holder and/or to the insured. Alecta's surplus in the collective consolidation level as of December had not been made official at the time of signing of this Annual Report