

People Committee

The Board's People Committee routinely evaluates the terms of remuneration to senior executives in light of current market conditions. The Committee prepares matters in this area for decision by the Board. The members of the Remuneration Committee are appointed annually by the Board.

The People Committee consists of three Board members, including the Chairman of the Board. The Committee's rules of procedure are included in the Board of Directors' rules of procedure and are ratified annually. The tasks of the People Committee are:

- Preparing recruitments to Group Management and succession issues regarding Executive Management as well as preparing questions regarding talent supply and management expansion within the Group.
- Discussing management by objectives concerning gender equality and diversity issues.
- Preparing and proposing guidelines for remuneration principles, remuneration and terms of employment for the CEO and other senior executives, as well as a separate remuneration report. The guidelines for remuneration are to be submitted to the Board, which in turn will submit remuneration proposals for resolution at the AGM. The same applies as regards the separate remuneration report.
- The People Committee will also monitor and evaluate programmes – both ongoing and concluded during the year – for variable remuneration to Executive Management.
- Annually evaluating the efforts of the CEO, which is also done by an external expert, including interviews with both the Board of Directors and those reporting directly to the CEO.

The People Committee is to meet at least twice a year. In 2021, the Committee held four meetings. Issues addressed at the meetings included the review of remuneration to the CEO and other senior

People Committee

The People Committee consists of Chairman Anna Kinberg Batra as well as members Per Berggren and Christina Karlsson Kazeem. Previously, Rutger Arnhult was a member of the People Committee up until taking office as Castellum's Chief Executive Officer. Subsequently, Anna Kinberg Batra took over as chair (formerly Per Berggren).

The primary tasks of the People Committee are:

- Guidelines for remuneration policies.
- Remuneration to senior executives.
- Preparation of incentive plans.
- Evaluation of the CEO.
- Preparation of recruitments to Executive Management and succession issues.
- Preparation of issues concerning management expansion and talent supply.
- Management by objectives for equality and diversity.

executives; the recruitment process for a new CEO and appointment of acting CEO; proposals to the Board regarding the revision of the Executive Management's remuneration package; monitoring and evaluation of incentive plans in effect; and proposals drawn up for parameters for the individually determined factors in the annual performance-based incentive programme as well as HR and succession issues. Additionally, the People Committee has prepared suggestions for a separate remuneration report as well as guidelines for remuneration to senior executives.

CEO and Executive Management

The CEO is responsible for routine administration of the company and managing operations in accordance with the guidelines and instructions of the Board as well as for providing the Board with information and the necessary documentation for decisions. The CEO leads the work of Executive Management and takes decisions after consulting its members.

Chief Executive Officer

The CEO presents reports at Board meetings and ensures that Board members are routinely sent the information needed to monitor the Company's and the Group's financial position, earnings, liquidity and development. In October 2021, Castellum's CEO Henrik Saxborn stepped down and was replaced by acting CEO Jakob Mörndal. In conjunction with the conclusion of the public takeover bid of Kungsleden Aktiebolag (publ), its CEO Biljana Pehrsson was appointed the new CEO of Castellum. In January 2022, Biljana Pehrsson left the position as Chief Executive Officer and in conjunction with this, the Board of Directors appointed Rutger Arnhult as Chief Executive Officer of Castellum.

Executive Management

Executive Management includes the CEO, the Chief Financial Officer, Communications Director and the managing directors of the four regions. Executive Management has joint responsibility for delivering on Group-wide goals and strategies, and decisions on overall operational issues are discussed and taken at the meetings that take place. Executive Management held 17 meetings in 2021.

In 2021, Executive Management focused on initiatives for change within the Group, with a particular focus on sales and customers. Executive Management also focused on implementing more efficient work methods and cost savings within the Group.

The work of Executive Management during the year concerned a high level of activity on the transaction market in line with the strategy of increasing quality and refining the portfolio.

Key acquisitions in Finland, the public takeover bids for the Norwegian property company Entra ASA and for Kungsleden Aktiebolag (publ), the sale of a logistics portfolio to Blackstone and the further acquisition of shares in Entra ASA can be mentioned here.

Remuneration to senior executives

The 2021 AGM resolved on the following guidelines for remuneration to senior executives:

Remuneration levels must be market-based and competitive. A fixed salary shall be paid for work performed in a satisfactory manner. Pension terms will be defined-contribution and not exceed 33% of the annual salary.

In addition to fixed salary, variable remuneration will be offered that rewards clearly goal-related performances in simple, transparent constructions in accordance with an earnings and share price-related incentive plan. Variable remuneration of this kind is intended to promote long-term value creation and sustainability initiatives in the Group. Variable remuneration in accordance with the earnings and share price-related incentive plan, which cannot exceed the annual fixed salary in any given year, is determined by the extent to which objectives set in advance regarding growth in income from property management per share, and share price trend, are achieved as well as how individually determined factors have developed. The previously determined targets pertaining to variable remuneration must be clearly linked to the business strategy and Castellum's long-term value creation, including its sustainability initiatives. Variable remuneration that has fallen due will be paid in the form of salary, including holiday pay, and will not be pensionable if it does not otherwise follow from compulsory collective bargaining agreements. Additionally, the Board of Directors has the right to call in variable remuneration that was paid on the basis of information that later turned out to be incorrect and submitted with the intent to mislead.

The notice period upon termination by the Company must not exceed six months for the CEO and twelve months for the other executives.

When notice of termination is given by the Chief Executive Officer or any other senior executive, the notice period is six months. During the notice period, a full salary and other employment benefits will be paid, less salary and other remuneration received from other employment or operations that the employee has during the period of notice. Deductions of this kind will not take place as regards the CEO. Upon termination of the CEO by the Company, a severance package will be paid of twelve months' fixed salary, which is not to be reduced owing to other income the CEO receives.

The guidelines apply to senior executives in the Executive Management group in Castellum. The Board of Directors will have the right to depart from the guidelines in full or in part in individual cases if there is particular reason to do so and a departure is necessary to provide for Castellum's long-term interests, including its sustainability initiatives.

Castellum has complied with the guidelines resolved by the 2021 AGM.

For further information regarding remuneration to Executive Management, refer to Note 12.

For the 2022 AGM, guidelines have been proposed for remuneration to senior executives; refer to page 158.

Proposal of the Board of Directors in respect of guidelines for remuneration to senior executives

The Board of Directors of Castellum AB (publ) proposes that the Annual General Meeting to be held on 31 March 2022 resolves to approve the following guidelines for determining salary and other remunerations to the senior executives at Castellum, to be applicable until further notice. In relation to current guidelines, the proposal involves primarily a partially amended resolution procedure for variable remuneration, adopting the share price-related three-year incentive plan every year instead of every three years to cover one third of the previous maximum remuneration, and striking out the reinvestment requirement related to the earnings-based one-year incentive plan.

The guidelines' promotion of the company's business strategy, long term interests and sustainability

An overall objective of the operations of Castellum is to create a sound development of shareholder value over time, which shall be achieved by implementing the company's business strategy. In short, the company's business strategy is that Castellum shall create successful and sustainable workplaces in Nordic growth regions by really keeping close to customers, while staying on the cutting edge of innovation and expertise (for more information regarding Castellum's business strategy, please see <https://www.castellum.se/en/about-castellum/vision-business-concept-objectives-and-strategy/>). Castellum shall uphold such remuneration levels and terms of employment necessary to recruit and maintain a competent Executive Management group with capacity to achieve established objectives, implement the business strategy and to safeguard Castellum's long term interest, including its sustainability initiatives. The Board of Directors considers and evaluates the remuneration as a whole, consisting of fixed salary, pension terms, variable remuneration and non-monetary benefits. The overall principles in respect of the remuneration to senior executives in Castellum shall be terms adjusted to the conditions of the market and competitiveness and these guidelines enable such remuneration to be offered to executive management.

Preparation of matters regarding remuneration to senior executives

Castellum has a People Committee which consists of three Board members, including the Chairman of the Board. The members of the People Committee shall be independent of the company and its executive management. The People Committee elects one of its members to be the Chair of the People Committee. In relation to the Board of Directors, the People Committee shall have a preparatory function in respect of principles for remuneration, remuneration and other terms of employment regarding senior executives. Consequently, the People Committee shall prepare a proposal in respect of guidelines for remuneration to senior executives, which the Board of Directors shall present to, and which shall then be resolved upon by the Annual General Meeting. The People Committee shall also evaluate the application of the guidelines resolved upon by the Annual General Meeting. Further, the People Committee shall, within the scope of the guidelines resolved upon by the Annual General Meeting, prepare proposals regarding remuneration to the Chief Executive Officer and other senior executives. The People Committee shall annually evaluate the performance of the Chief Executive Officer. Further, the People Committee shall observe and evaluate programs for variable remuneration to senior executives that are current or finished during the year as well as Castellum's current remuneration structure and remuneration levels. Furthermore, the People Committee shall annually prepare a remuneration report that will be presented for adoption at the Annual General Meeting. The Chief Executive Officer or other senior executives in Executive Management shall not participate in the People Committee's and the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

The executive members and kinds of remuneration to which the remuneration guidelines apply

The guidelines apply to senior executives in the Executive Management group in Castellum. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2022 Annual General Meeting.

Fixed salary

A fixed salary shall be paid for work performed in a satisfactory manner. The fixed salary shall be based on market level conditions, and shall be determined with regard to competence, area of responsibility and performance.

Pension terms

Senior executives shall be entitled to pension terms consisting of retirement pension and premium exemption, that shall be premium defined, and health insurance, that shall be benefit defined. Variable remuneration shall not be pensionable unless required by mandatory collective agreement provisions applicable to the senior executive at the payment date (in which case the required adjustments will be made to the variable remuneration so that cost neutrality is achieved for the company). The pension benefits for senior executives shall not exceed 33% of the fixed annual remuneration (fixed and variable), including holiday pay.

Variable remuneration

In addition to the fixed salary, variable remuneration may be offered in order to reward clearly goal-referenced achievements by simple and transparent structures. The variable remuneration shall be linked to predetermined and measurable criteria. Such 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 initiatives, and shall be rewarded within the scope of an earnings and share price-related incentive plan. Total variable remuneration per year may not exceed the fixed annual salary.

Earnings and share price-related incentive plan

The earnings and share price-related incentive plan consists of two parts: a one-year remuneration based on growth in income from property management per share and the fulfilment of individually determined factors, and a three-year remuneration based on the extent to which targets that were set pertaining to share price development over a three-year period have been met. The program's

structure shall be based on the objective of aligning the interests of Executive Management with the interests of the shareholders through senior executives also being shareholders of Castellum and by increasing the share of the total remuneration which is connected to the development of the group. Therefore, the performance targets under the earnings and share price-related incentive plan are clearly linked to Castellum's business strategy and long-term interests, including its sustainability initiatives, among others by linking the remuneration to the development of shareholder value and by promoting the senior executive's long-term personal development.

Earnings-related remuneration

Earnings-related remuneration has a one-year performance and vesting period equal to the respective financial year. The outcome of the earnings-related 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 individually determined factors which the Board of Directors decides to give priority to under the current financial year. In order to receive full variable remuneration, 10% annual growth of the income from property management share and fulfilment of the individually determined factors are required. When growth of income from property management is in the 0-10% range, the remuneration to be paid is calculated on a linear basis, and the same is valid in applicable cases for the individually determined factors.

Maximum outcome for the annual earnings-related remuneration per senior executive totals one half of the annual salary per financial year, based on the annual salary of the respective participants as of July for the respective years. If remuneration is to be paid, payment is made annually as salary after the closing of accounts for the financial year in question.

Share price-related remuneration

Share price-related remuneration has a three-year performance and vesting period. The outcome of the three-year share price-related 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 one or more of the relevant real estate share indexes during the period of measurement. Full variable remuneration under the three-year plan requires the total return to be at least 50% during the period and the total yield has to exceed the respective index developments by at least 5 percentage points during the 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.

Maximum outcome for the share price-related remuneration per senior executive totals one half of the annual salary per program (three-year period), based on an average of the annual salary of the respective participants as of July for all three years covered by the respective share price-related incentive plan.

Each year, the Board of Directors may decide to adopt a share price-related incentive plan that covers three financial years. If remuneration is to be paid, payment is made as salary after the end of the respective measurement period of three financial years. The participants shall undertake to acquire Castellum shares for at least half of the amount of the share price-related remuneration to be paid, after deduction for tax.

General instructions

The Board of Directors decides on the details of the terms and conditions for the earnings and share price-related incentive plan as part of the terms and conditions indicated in these guidelines. To which extent the criteria for awarding variable remuneration have been satisfied shall be evaluated when the measurement period has ended. The Board of Directors is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by Castellum. The received remuneration according to the incentive plan shall be paid as salary, includes payment for vacation and shall not be pensionable unless required by mandatory collective agreement provisions applicable to the senior executive at the payment date. In the event the remuneration due to the senior executive is pensionable under compulsory collective bargaining agreements, the required adjustment will be made to the remuneration so that cost neutrality is achieved for the company.

Non-monetary benefits

The non-monetary benefits for senior executives may include, for example, medical insurance, phone benefits and company car. For the CEO, premiums and other costs owing to such benefits may not exceed 2% of the fixed annual salary. For other senior executives, total premiums and other costs owing to such benefits may not exceed 5% of the total fixed annual salary.

Termination of employment and severance pay

The notice period shall, upon termination by the company, not exceed six months in respect of the Chief Executive Officer, and

twelve months in respect of any other senior executive in the company. The notice period shall, upon termination by the Chief Executive Officer or by any other senior executive in the company, be six months. During the notice period, a full salary and other employment benefits will be paid, less salary and other remuneration received from other employment or operations that the employee has during the period of notice. Deductions of this kind will not take place as regards the CEO. Upon termination of the CEO by the Company, a severance package will be paid of twelve months' fixed salary, which is not to be reduced owing to other income the CEO receives.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for Castellum's other employees have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the People Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Deviation from the guidelines for specific reasons in particular cases

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve Castellum's long term interests, including its sustainability initiatives. As set out above, the tasks of the People Committee include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

Shareholder views

The Board of Directors have not received any views from the shareholders on the existing remuneration guidelines for senior executives.

Gothenburg, March 2022

CASTELLUM AB (publ)

The Board of Directors

The Board of Directors' remuneration report for financial year 2021

Introduction

This report describes how the guidelines for remuneration for senior executives in Castellum AB (publ), adopted by the 2021 Annual General Meeting, were implemented in 2021. The report also provides information on remuneration to the Chief Executive Officer and a summary of the company's outstanding earnings and share price-related incentive plans. This 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 remuneration to senior executives is available in Note 12 in the 2021 Annual Report. Information on the activities of the People Committee in 2021 is set out in the Corporate Governance Report available in the 2021 Annual Report.

Remuneration to 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 2021 Annual Report.

The company's development during 2021

A summary of the company's overall performance and development is presented on pages 100-103 in the 2021 Annual Report.

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 initiatives, 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 senior executives a competitive total remuneration. Under the remuneration guidelines, remuneration to senior executives shall be on market terms and may consist of the following components: fixed salary, 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 initiatives, and shall be rewarded within the scope of an earnings and share price-related incentive plan. The program's structure shall be based on the objective of aligning the interests of Executive Management with the interests of the shareholders through senior executives also being shareholders of Castellum and by increasing the share of the total remuneration which is connected to the development of the group.

In 2021, the company complied with the applicable remuneration guidelines adopted by the Annual General Meeting with the exception of former CEO Henrik Saxborn receiving contractual remuneration in 2021 for upholding a non-competition clause after

the termination of his employment. By virtue of the possibility that the remuneration guidelines prescribe, the Board of Directors has decided to deviate from the guidelines in this specific case, as it was felt that particular reasons existed to uphold the non-competition clause after the termination of employment in order to provide for the company's interests. Apart from the case 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 www.castellum.se/en/Investorrelations/corporate-governance/annual-general-meeting/ no later than three weeks before the Annual General Meeting 2022. No remuneration to senior executives has been reclaimed by the company.

Remuneration to the Chief Executive Officer and Deputy CEO

TABLE 1 - TOTAL REMUNERATION TO THE CEO AND DEPUTY CEO 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 terms	Total remuneration	Proportion of fixed and variable remuneration ⁴⁾
Henrik Saxborn (CEO) until 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 until 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. Pertains to remuneration that accrues in 2021.

2. Including holiday pay.

3. Medical insurance, phone benefits and company car.

4. Pension terms (column 4), which in its entirety relates to base salary and is defined-contribution, has been reported in its entirety as fixed remuneration. Extraordinary items have been reported in their entirety as variable remuneration.

5. Pertains to contractual remuneration for upholding a non-competition clause after the termination of employment.

6. However, variable remuneration has been paid in accordance with the terms for Kungsleden's earnings and share price-related incentive plans.

Earnings and share price-related remuneration

At present, Castellum has an earnings and share price-related incentive plan concerning the period from 2020 to 2023. The incentive plan consists of two parts: one part based on the earnings from each year and one part based on the total return on the Castellum share over a three-year period. Participants in the earnings and share price-related incentive plan undertake to acquire shares in Castellum for at least half of the amount of the resulting variable remuneration after tax.

Annual earnings-related remuneration

The annual earnings-related 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 individually determined factors that the Board of Directors, after consulting the Chief Executive Officer, decides to prioritise during the financial year in question. In order to receive full variable remuneration linked to the income from property management a 10% annual growth of the income from property management is required. When growth is in the 0-10% range, the remuneration to be paid is calculated on a linear basis. If remuneration is to be paid, it is paid out annually in the form of salary after the annual accounts have been closed. The remuneration has a one-year performance and earning period and maximum outcome in respect of the annual earnings-related remuneration is half of the fixed remuneration for each year.

Individually determined factors

A part of the annual earnings-related portion of the incentive plan consists of individually determined factors. The individually determined factors for remuneration to the Chief Executive Officer is based on the objective of aligning the interests of the CEO with those of the shareholders. The selection of individually determined factors for 2021 is based on the strategic objectives that the Board of Directors decided to prioritise during the year. Over time, the individually determined factors must promote the company's sustainability goals.

The three-year share price-related remuneration

The three-year share price-related remuneration is based on the total return on the Castellum share in total numbers over 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 respective indexes by 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, it is paid out in the form of salary after the end of the three-year measurement period. The share price-related remuneration

has a three-year performance and earning period and the maximum outcome in respect of the three-year share price-related remuneration is one and a half times the annual fixed salary for the three-year period.

Variable remuneration to the Chief Executive Officer and Deputy CEO in financial year 2021

In accordance with the terms and conditions of the earnings and share price-related incentive plan, no variable remuneration has been paid to Henrik Saxborn for financial year 2021 since he terminated his employment before the relevant measurement periods had expired. Moreover, no variable remuneration has been paid to Jakob Mörndal, Biljana Pehrsson and Ylva Sarby Westman have not received any variable remuneration under Castellum's earnings and share price-related incentive plan.

Comparative information on changes in remuneration and the company's income from property management

TABLE 2 - CHANGES IN REMUNERATION AND THE COMPANY'S INCOME FROM PROPERTY MANAGEMENT DURING 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 CEO ¹⁾	8.2	-1.7 (-17%)	+1.4 (+16%)	-2.2 (-21%)	+2.5 (+30%)	-0.9 (-10%)
Remuneration to the Deputy CEO ²⁾	0.2	—	—	—	—	—
Income from property management	3,522	+142 (+4%)	+234 (+7%)	+194 (+7%)	+422 (+17%)	+465 (+23%)
Average remuneration based on the number of FTE 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 Chief Executive Officer for financial year 2021 includes remuneration to Henrik Saxborn (CEO until 8 October 2021), Jakob Mörndal (Acting CEO from 8 October to 8 December 2021) and Biljana Pehrsson (CEO from 8 December 2021). To facilitate comparison, and due to the fact that the three-year share price-related remuneration is only paid every three years, the remuneration to the Chief Executive Officer presented in Table 2 corresponds to the remuneration presented in the remuneration note in the annual report for each year.

2. Castellum had not elected any deputy Chief Executive Officer in previous financial years, which is why no comparison data is presented.

3. Excluding members of Executive Management.

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