



# The Board of Directors' remuneration report for the financial year 2022

## Introduction

This report describes how the guidelines for remuneration for executive management in Castellum Aktiebolag, adopted by the Annual General Meeting 2022, were implemented in 2022. 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 10 in the Annual Report 2022. Information on the work of the People Committee in 2022 is set out in the corporate governance report available in the Annual Report 2022.

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 10 in the Annual Report 2022.

## The company's development during 2022

A summary of the company's overall performance and development is presented on pages 138-139 in the Annual Report 2022.

## 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 2022, the company has complied with the applicable remuneration guidelines adopted by the Annual General Meeting 2022. 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 2023. No remuneration to the executive management has been reclaimed by the company.



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## Remuneration to the Managing Director and Deputy Managing Director

**Table 1 – Total remuneration to the Managing Director and Deputy Managing Director in 2022 (MSEK)<sup>1</sup>**

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Base salary <sup>2</sup>	Non-monetary benefits <sup>3</sup>	One-year variable	Three-year variable	Extraordinary items	Pension benefits	Total remuneration	Proportion of fixed and variable remuneration <sup>4</sup>
Henrik Saxborn (former CEO) up to and including 8 April 2022	0	0	0	0	0.7 <sup>5</sup>	0	0.7	0% / 100%
Biljana Pehrsson (former CEO) up to and including 31 December 2022	3.4	0.1	1.6 <sup>7</sup>	2.2 <sup>7</sup>	2.3 <sup>6</sup>	0.9	10.5	42% / 58%
Rutger Arnhult (CEO) from 10 January 2022	4.7	0	0	0	0	1.5	6.2	100% / 0%
Ylva Sarby Westman (Deputy CEO) up to and including 13 July 2022	2.0	0	1.0 <sup>7</sup>	1.5 <sup>7</sup>	0	0.6	5.1	51% / 49%

<sup>1</sup> Refers to remuneration earned in 2022.

<sup>2</sup> Including holiday payment.

<sup>3</sup> Medical insurance, phone benefits and company car.

<sup>4</sup> 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.

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

<sup>6</sup> Refers to contractual remuneration for severance pay after the termination of employment.

<sup>7</sup> Variable remuneration has 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 two profit and share price based incentive programs. The first program concerns the period 2020-2023 and the second program concerns the period 2022-2024.

### Incentive program 2020-2023

The incentive program for 2020-2023 is made up of two parts, one part which is based on the profit each year and the outcome of individually determined factors ("STI") as well as one part which is based on the total return on the Castellum share over a three-year period ("LTI"). 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 and the outcome of the individually determined factors (STI)*

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.



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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. 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.

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 2022. The individually determined factors shall over time contribute to the company's sustainability targets.

#### *The three-year share price based remuneration (LTI)*

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 and the relevant executive shall undertake to purchase Castellum shares in accordance with the conditions for the incentive program. 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 relevant executive for the three-year period.

#### **Incentive program 2022-2024**

The incentive program for 2022-2024 is made up of two parts, one part which is based on the profit each year and the outcome of individually determined factors for the current year ("STI") as well as a share price based part which is based on the total return on the Castellum share over a three-year period ("LTI").

#### *The annual profit based remuneration and the outcome of the individually determined factors (STI)*

STI is based on a comparison between the actual growth in income from property management per share and a determined profit target per share for the current financial year (i.e. cash flow-based growth) as well as 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.

If the income from property management per share amounts to, or exceeds a 10% annual growth, variable remuneration is paid with 37.5 % of the fixed remuneration for the relevant executive. In the event of growth in the interval 0–10%, a linear calculation is performed in respect of the outcome. Variable remuneration is paid based on the percentage of the annual income obtained in a linear calculation between 0 % and 37.5 % of the fixed annual income. No variable remuneration is paid if the income from property management per share does



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not exceed the previous year's income from property management per share. For the executives in Castellum participating in the program, the profit comparability should include the entire Castellum group. For each regional managing director, the comparability should include both the entire Castellum group as well as the parent company of the sub-group for which the regional managing director is responsible.

The assessment of the outcome of the individually determined factors, shall be based on an overall assessment including all the determined parameters. The individual determined factors shall aim to provide incentives for the executive management covered by the incentive program to fulfill, strengthen and develop Castellum's business idea to 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. Variable remuneration is paid based on the development of the individually determined factors and in the assessment, the variable remuneration is determined in the interval of 0-12.5% of the fixed annual income.

*The three-year share price based remuneration (LTI)*

LTI is based on the total return on the Castellum share in total numbers during the period of measurement, as well as the total return on the Castellum share in comparison to real estate share index in Sweden 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 index 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, variable remuneration is paid with the percentage of the annual income obtained at a linear calculation between 0 % and 25 % of the fixed annual income. 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 half annual fixed remuneration for the relevant executive for the three-year period.

Variable remuneration for both STI and LTI is determined in connection with the publication of the company's year-end report and is paid shortly thereafter. Payment is made in the form of fixed remuneration whereby the executives, for the paid remuneration related to LTI, shall undertake to purchase Castellum shares for at least half of the received remuneration after deduction for tax.

*Variable remuneration to the Managing Director and Deputy Managing Director during the financial year 2022*

In accordance with the terms and conditions of the previous profit and share price based incentive program for Kungsleden, variable remuneration has been paid to Biljana Pehrsson and Ylva Sarby Westman for the financial year 2021.



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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)*

	2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017
Remuneration to the Managing Director <sup>1</sup>	17.4	+9.2 (+112%)	-1.7 (-17%)	+1.4 (+16%)	-2.2 (-21%)	+2.5 (+30%)
Remuneration to the Deputy Managing Director <sup>2</sup>	5.1	+4.9 (+2450%)	-	-	-	-
Income from property management	4510	+988 (+28%)	+142 (+4%)	+234 (+7%)	+194 (+7%)	+422 (+17%)
Average remuneration on a full time equivalent basis of employees <sup>3</sup> in the group	0.6	-0.2 (-25%)	+0 (+0%)	+0.1 (+13%)	+0.0 (+4%)	+0.1 (+16%)

<sup>1</sup> Remuneration to the Managing Director for the financial year 2022 includes remuneration to Henrik Saxborn (up to and including 8 April 2022), Bijana Pehrsson (up to and including 31 December 2022) and Rutger Arnhult (CEO from 10 January 2022).

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

<sup>3</sup> Excluding members of the group executive management.

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Gothenburg in February 2023  
CASTELLUM AKTIEBOLAG  
The Board of Directors