

Proposal of the board of directors of Castellum AB (publ) in respect of guidelines for remuneration to the executive management

The board of directors of Castellum AB (publ) proposes that the annual general meeting to be held on March 21, 2013 resolves to approve the following guidelines for determining salary and other remunerations to the executive management of Castellum, to be applicable until the end of the annual general meeting to be held in 2014.

General

An overall objective of the operations of Castellum is to create a sound development of shareholder value over time. Castellum shall uphold such remuneration levels and terms of employment necessary to recruit and maintain a competent group executive management with capacity to achieve established objectives. The board of directors considers and evaluates the remuneration as a whole, consisting of fixed remuneration, pension terms, variable remuneration and non-monetary benefits. The overall principles in respect of the remuneration to the executive management in Castellum shall be terms adjusted to the conditions of the market and competitiveness.

Preparation of matters regarding remuneration to the executive management

Castellum has a remuneration committee which, up to and including the 2013 annual general meeting, consists of all members of the board of directors. The board of directors has decided to form a separate remuneration committee after the 2013 annual general meeting consisting of three board members, including the chairman of the board as chairman of the remuneration committee. The remuneration committee shall, in relation to the board of directors, have a preparatory function in respect of principles for remuneration, remuneration and other terms of employment regarding the executive management. Consequently, the remuneration committee shall prepare a proposal in respect of guidelines for remuneration to the executive management, which the board of directors shall present to, and which shall then be resolved upon by the annual general meeting. The remuneration committee shall also evaluate the application of the guidelines resolved upon by the annual general meeting. Further, the remuneration committee shall, within the scope of the guidelines resolved upon by the annual general meeting, prepare proposals regarding remuneration to the managing director and other members of the executive management. The remuneration committee shall annually evaluate the managing director's performance, and prepare any questions regarding the recruitment and appointment of the managing director. The remuneration committee shall further observe and evaluate programs for variable remuneration to the executive management which are on-going or finished during the year as well as Castellum's current remuneration structure and remuneration levels.

The executive members to which the remuneration guidelines apply

The guidelines apply to the group executive management, which at the time of this proposal includes the managing director, the deputy managing director, the finance director and the financial director of Castellum AB (publ), and the managing directors of Castellum's subsidiaries.

Fixed remuneration

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

The pension terms for the executive management shall correspond to general market practice in respect of members of equivalent executive managements, and shall be based on pensions schemes with fixed charges.

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. Such variable remuneration shall aim at creating long term value within the group and shall be rewarded within the scope of an incentive program. Its 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.

The remuneration according to an incentive program for the members of the executive management shall be based on (a) growth of the income from property management per share (i.e. cash flow based growth), (b) the development of soft factors, for instance concerning customer and personnel satisfaction and other parameters which the board of directors, after consulting the managing director in Castellum AB (publ), decides to give priority to under the current financial year and (c) to what extent established objectives in respect of the development of the share price have been achieved, in relation to both an absolute amount and in comparison to one or several, given the ownership structure of the company, relevant real estate share indexes.

The result-based part of an incentive program according to item (a) and (b) above shall have an one-year performance and earning period. The share price based remuneration according to item (c) shall be for three years.

The undertaking made by Castellum in respect of an incentive program shall, in relation to each of the participants of the program, not exceed an payment corresponding to three additional annual salaries under the three-year period during which the incentive program is effective.

The received remuneration according to an incentive program shall be paid as salary and shall not be a pension qualifying income. The participants of the program shall undertake to acquire Castellum shares for at least half of the amount of the variable remuneration received, after deduction for tax.

Non-monetary benefits

The non-monetary benefits (such as car and mobile phone benefits) of the executive management shall facilitate the work to be performed and shall correspond to what is considered to be reasonable in accordance with general market practice.

Termination of employment

The notice period shall, upon termination by the company, not exceed 24 months in respect of the managing director, with a duty to continue his or her work during the first six months, and 12 months in respect of any other member of the executive management of the company, with a duty to continue his or her work during the first six months. The notice period shall, upon termination by the managing director or by any other member of the executive management of the company, be six months. During the notice period, salary and other benefits are paid, with deductions for salary and remuneration received from another employment or activity.

Information regarding remuneration resolved upon but not due for payment

The present incentive program, which was adopted by the annual general meeting held in 2010 and which essentially was an extension of previous incentive programs, consists of a potential annual profit based remuneration for the years 2011, 2012 and 2013 as well as a potential three-year share price based remuneration for the period June 2011 – May 2014. The maximum outcome in respect of the annual profit based remuneration is half of the fixed salary for each year, which, on the basis of the July 2011 salary level for the entire period, corresponds to an annual cost for Castellum of SEK 10 million in total (social security charges included). The maximum outcome in respect of the three-year share price based remuneration is one and a half annual fixed salary for the three-year period June 2011 – May 2014 which, on the basis of the July 2011 salary level for the entire period, corresponds to a cost for Castellum of SEK 30 million in total (social security charges included).

Deviation from the guidelines for specific reasons in particular cases

The board of directors may deviate from the guidelines for specific reasons in a particular case.

Gothenburg, January 22, 2013
CASTELLUM AB (publ)
The board of directors