



We create the workplaces of the future

Annual and Sustainability Report 2021

2021 ANNUAL REPORT

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Castellum's Annual and Sustainability Report

The Statutory Annual Report, which contains the Directors' Report and Financial reports, is found on pages 8–140. Castellum's sustainability report is found on pages 20–33, 36, 81–82, 84–86 and 167–199. The Sustainability Report also constitutes Castellum's Communication on Progress (CoP) in accordance with the UN Global Compact and Castellum's statutory sustainability report under the Swedish Annual Accounts Act. The cross-references to the various sustainability reporting frameworks that Castellum applies are on pages 194–198.

Kungsleden, which was acquired in late 2021, has not been included in the company's sustainability reporting or sustainability key metrics. It will be included in 2022.

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original, the latter shall prevail.



Everyone deserves
a workplace
they enjoy.



Welcome to Castellum

Castellum is one of the largest listed property companies in the Nordic region that develops flexible workplaces and smart logistics solutions. As of 31 December 2021, the property value totalled approximately SEK 176 billion, including the ownership share of the Norwegian company Entra. We are active in attractive Swedish growth regions and in Copenhagen and the Helsinki area, as well as in Norway through our associated company Entra. One of our sustainability goals is to become entirely climate neutral by 2030. Castellum is the only Nordic property and construction company elected to the Dow Jones Sustainability Index (DJSI). The Castellum share is listed on Nasdaq Stockholm Large Cap.

Key metrics, 2021

INCOME

MSEK 6,353 (6,004)

NET INCOME FOR THE YEAR

MSEK 11,828 (5,615)

DIVIDEND

SEK 7.60* (6.90)

ENERGY CONSUMPTION SINCE 2015

11% reduction

SUSTAINABILITY-CERTIFIED PROPERTIES

48% (39) of sq. m.

* Proposed

INCOME FROM PROPERTY MANAGEMENT

MSEK 3,522 (3,380)

PROPERTY VALUE

SEK 176 Bn (103)

DIVIDEND INCREASE

24th consecutive year

CARBON EMISSIONS PER SQUARE METRE SINCE 2007 (SCOPE 1 & 2)

77% decrease

EQUALITY

43% women (40)

57% men (60)





Young people miss the office most – as Castellum's *Work Life of the Future 2021* survey shows

The workplace of the future welcomes its employees

Views on working life have changed. Castellum's annual "*Working life of the future*" survey shows that the trend toward increased flexibility has been boosted at the same time as employees' demands on their employers are increasing.

Charlie Chaplin's classic film from 1936, *Modern Times*, portrayed the working life of the future. It was a dark vision of the future, characterised by the workplace. The workers there had monotonous tasks, the working environment was horrible, and physical and mental health were poor. But this vision of the future has not aged particularly well – in our part of the world, at any rate. Happily, many people now feel that they have meaningful work tasks, which they can perform flexibly in a positive environment. And physical and mental well-being and values are becoming increasingly important.

Young people miss the office most

People want to continue using flexible working methods even after the pandemic, says Lena Lid Falkman, researcher in activity-based workplaces at the Stockholm School of Business. Employers who can offer flexibility will have a major competitive advantage when the demands imposed on them increase. At the same time, the year's survey showed that young people are the ones who miss their offices and coworkers most. Crowded living space and greater need for managerial support as a new entry into the labour market may be the causes behind this.

Coworking has increased dramatically over the past few years. This involves workplaces that are shared by several companies and can be regarded as a kind of sharing service among offices, much like Uber or AirBnB in other fields. Coworking is easy, cost-effective and climate-smart. Castellum has been one of the pioneers in coworking and is the largest player in the Nordic region through its subsidiary, United Spaces.

Colleagues are key

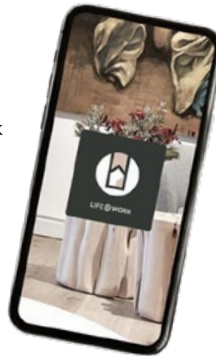
What is a key element in making an attractive workplace? In the survey, 87% answered that good colleagues are most important by far. The location of the workplace and flexible work hours also ranked high. Proximity to shopping and services were far behind. This may be a sign in a time when people no longer physically need to go to stores or restaurants, but can go online to have almost anything they want delivered to their door. The contrast with Charlie Chaplin's worker in *Modern Times*, who was so bound to his spot in the factory that he ultimately got caught up in the machinery, could not be greater. ■

The year in brief

2021 was another eventful year, and Castellum continued to grow. Activities carried out during the year were a part of the long-term strategy for delivering on the growth target, and help to reinforce Castellum's position as one of the Nordic region's largest commercial property companies.

Launch of Accessy – the keyless office

The Accessy digital platform, which is a part of Castellum's Life@Work app, was launched with 250 live test pilots. A key on your mobile phone eliminates the need for a keyring in your pocket and a plastic card dangling around your neck.



Q2

First with WELL certification of entire asset portfolios

In 2016, Castellum was the first in the Nordic region with WELL certification. Castellum took a pioneering step in 2021 by joining the WELL Portfolio, a new programme for certifying entire property portfolios.

Research partnership with KTH Royal Institute of Technology

Castellum initiated a partnership with KTH Royal Institute of Technology, the purpose of which is to study how the lessons from the pandemic regarding flexible work can be transformed into best practice. RISE IVF, the University of Gothenburg and Scania are also taking part.

Development of new logistics hub in Gothenburg

Castellum signed a declaration of intent with the Port of Gothenburg regarding the development of the Halvorsång district into one of the Nordic region's leading logistics hubs. A partner company in which Castellum and the port own equal shares.

Q1



Development of offices in Slakthusområdet district

Castellum is developing an entire city block with offices in Stockholm's Slakthusområdet district, a stone's throw from Tele2 Arena. 25,000 square metres of modern premises for workplaces.

Castellum submitted offer for Entra

Castellum published the voluntary exchange and cash offering for the acquisition of shares in the Norwegian company Entra. Later, Castellum announced that the offer was being withdrawn since sufficient acceptance had not been achieved.

Logistics acquisitions in Öresund

Castellum acquired a series of logistics properties in Malmö and Helsingborg, which established Castellum as a proactive and leading player in Swedish logistics.

Sale of properties to Blackstone

Castellum sold 53 properties in logistics for SEK 4.8 billion to the capital management company Blackstone.

Initiation of energy partnerships with electricity companies

To relieve the strain on the country's power grid, Castellum initiated partnerships with five energy companies: Göteborg Energi, Öresundskraft, Växjö Energi, Jönköping Energi and Tekniska verken in Linköping.

Solenergipriset



Hisingen Logistics Park, with 30,000 square metres of solar cells, won the Svensk Solenergi Solar Energy Prize (Solenergipriset) – the industry's most prominent award that highlights efforts to advance the climate transition.

Changes to Executive Management

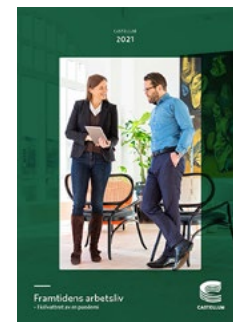
Henrik Saxborn informed the Board of Directors of Castellum that he had decided to step down as President and CEO in 2021. Ulrika Danielsson announced that she planned to leave her role as CFO of Castellum.

Launch of the turnkey office concept

Castellum introduced a new concept for customers looking to blend sustainability and health with maximum flexibility and service – a turnkey office to enjoy.

Report on work life of the future presented

The study of the work life of the future was presented after a year of changed conditions. Comfort is making a comeback, and more people want a flexible working life after the pandemic as well.



Q3



Finnish property acquisitions

Castellum acquired a Finnish asset portfolio through the acquisition of Kiello, with 22 high-quality office properties in Finland's most attractive growth centres and most rapidly-growing university towns. Read more on page 72.

Acquisition of further shares in Entra

Castellum acquired further shares in the Norwegian company Entra and increased its exposure to the Norwegian commercial property market. With this acquisition, Entra became an associated company of Castellum.

Castellum submits offer for Kungsleden

Castellum submitted a recommended public offer to the shareholders of Kungsleden to acquire all the shares in the company with the intent to combine the two companies.

Hybrid bonds issue

Castellum issued hybrid bonds with a maturity to the first potential redemption of 5.5 years and a fixed coupon rate of 3.125%. The issue proceeds were used for purposes such as acquisitions and project development.

The world's most sustainable office developer

Named the world's most sustainable office developer

For the sixth consecutive year, the Global Real Estate Sustainability Benchmark showed that Castellum is a world leader in sustainability in the Office/Industry category with 95 out of a possible 100 points.

Q4

The Nordic region's foremost property company in global sustainability evaluation

Continued success for Castellum's sustainability initiatives when the company received the highest marks of any property company in the Nordic region in the annual Carbon Disclosure Project (CDP) sustainability survey.

Sales of properties in Helsingborg

During the quarter, Castellum sold properties in Helsingborg. The sale price totalled SEK 2.4 billion less overheads and deferred tax totalling approximately MSEK 120.



Castellum's contribution to managing the energy crisis

Swedish buildings will be converted into active energy resources that relieve the strain on the national power grid. This is the vision behind a partnership project that Castellum has entered into with five energy companies.

Castellum completes offering to shareholders in Kungsleden

More than 90% of the shareholders in Kungsleden accepted the offer. The new Castellum gained a property value of approximately SEK 176 billion, including the participations in the associated company Entra, and strengthens its position as the leading listed commercial property player in the Nordic region. Read more on page 17.

Changes to Executive Management

On 8 December, Biljana Pehrsson took office as the new CEO of Castellum, and Ylva Sarby Westman took office as Deputy CEO and CFO.

Events after the end of the period

On 10 January 2022, Castellum's Board of Directors appointed then-Chairman of the Board Rutger Arnhult as the new CEO. Maria Strandberg took office as CFO on 1 March, replacing Ylva Sarby Westman in the position.

Castellum sold 12 properties in Gävle to Fastighets AB Regio. The sale price was approximately SEK 2.3 billion less overheads and deferred tax totalling approximately MSEK 130.

Russia's invasion of Ukraine has caused turbulence in many economies around the world. At present, it is too early to judge the long-term implications of the conflict.

Strong Nordic platform for successful, sustainable growth

Through successful acquisitions we provide a robust boost to Castellum's earning capacity going forward, creating synergies of benefit to our customers, employees and shareholders. In 2021, we posted the highest earnings in our history and are once again raising the dividend to our shareholders for the 24th consecutive year.

In 2021, we consolidated our Nordic platform in offices and logistics through acquisitions of the listed Swedish property company Kungsleden and the Finnish property company Kiolo, as well as increased ownership in the Norwegian listed property company Entra. We also continued to create growth through project development. At the end of the year, our own project development portfolio totalled a record volume of SEK 8.6 billion, which guarantees continued organic growth over the coming years.

Record earnings in 2021

Earnings at the end of 2021 were the best in Castellum's history, with an asset portfolio of SEK 176 billion, positive net lettings of SEK 162 billion, higher income from property management of over SEK 3.5 billion and record earnings of over SEK 11.8 billion. Despite our expansion during the year, we successfully lowered our loan-to-value ratio to 39%. We propose an increased dividend for the 24th consecutive year to SEK 7.60 per share.

Ambitious goals

In 2022, we are well equipped to deliver on our ambitious goals. As the Nordic region's leading – and the world's most sustainable – property company, we must ensure 10% growth per year in income from property management. We must be financially disciplined, and our loan-to-value ratio must never exceed 50%. We will continue to pay out 50% of our earnings to our shareholders, and have the most satisfied tenants and employees in the industry.

Well-diversified and stable asset portfolio

The asset portfolio has a broad mix of tenants in various industries. Nearly one quarter of the rental income is from public companies and government agencies. We have a suitable geographical allocation in strong sub-markets in stable economies in the Nordic region. From a global perspective, Castellum has a uniquely well-diversified and stable rental base.

High yield at low risk

Castellum ranks top of all companies on the Stockholm stock exchange in terms of raising dividends over time. On average, we have increased the dividend by 10% per year since 1997. At the same time, we have a low loan-to-value ratio and a financial borrowing structure that is stable over the long term. Our credit rating is Baa2 with a stable outlook, according to the Moody's credit rating agency.

"Earnings at the end of 2021 were the best in our history with an asset portfolio of SEK 176 billion, positive net lettings of SEK 162 billion, higher income from property management of over SEK 3.5 billion and record earnings of over SEK 11.8 billion."

Global leader in sustainability

We are working systematically toward our sustainability goals, where we have set the bar high, and have already come halfway in our "100 on Solar" initiative. To date, we have built 55 solar cells on our properties. For the sixth year in a row, we were named a world leader in sustainability by the Global Real Estate Sustainability Benchmark.

We are first in the Nordic region with the ambitious WELL certification. We are also increasing BREEAM certification in our



Rutger Arnhult, CEO

portfolio. We are well on the way toward our sustainability goal of certifying 50% of our property portfolio for sustainability by 2025.

We have signed onto the UN Global Compact and continue to support the ten principles in the areas of human rights, labour rights, the environment and anti-corruption.

Continued growth in the market

Growth in the Nordic economies remains strong, which creates significant demand for commercial premises in our Nordic core markets of offices and logistics.

After the pandemic, we are seeing a greater focus from our tenants on creating attractive, sustainable and flexible workplaces. Workplaces that draw employees to the offices. We are an active

“Our Nordic platform with a robust capacity for earnings at low risk provides Castellum with favourable conditions for successful growth as the Nordic region’s leading commercial property company.”

and positive partner here by being the foremost expert on the work-places of the future. The pandemic also accelerated e-commerce and promoted demand among companies for locating warehouse and logistics properties close to their operations to a greater extent. Demand for modern, sustainable logistics properties is therefore extremely strong.

After another record year, the transaction market remains strong with high values for offices as well as warehouse and logistics properties. Interest from both national and international investors remains significant, and there is plenty of capital for property investments.

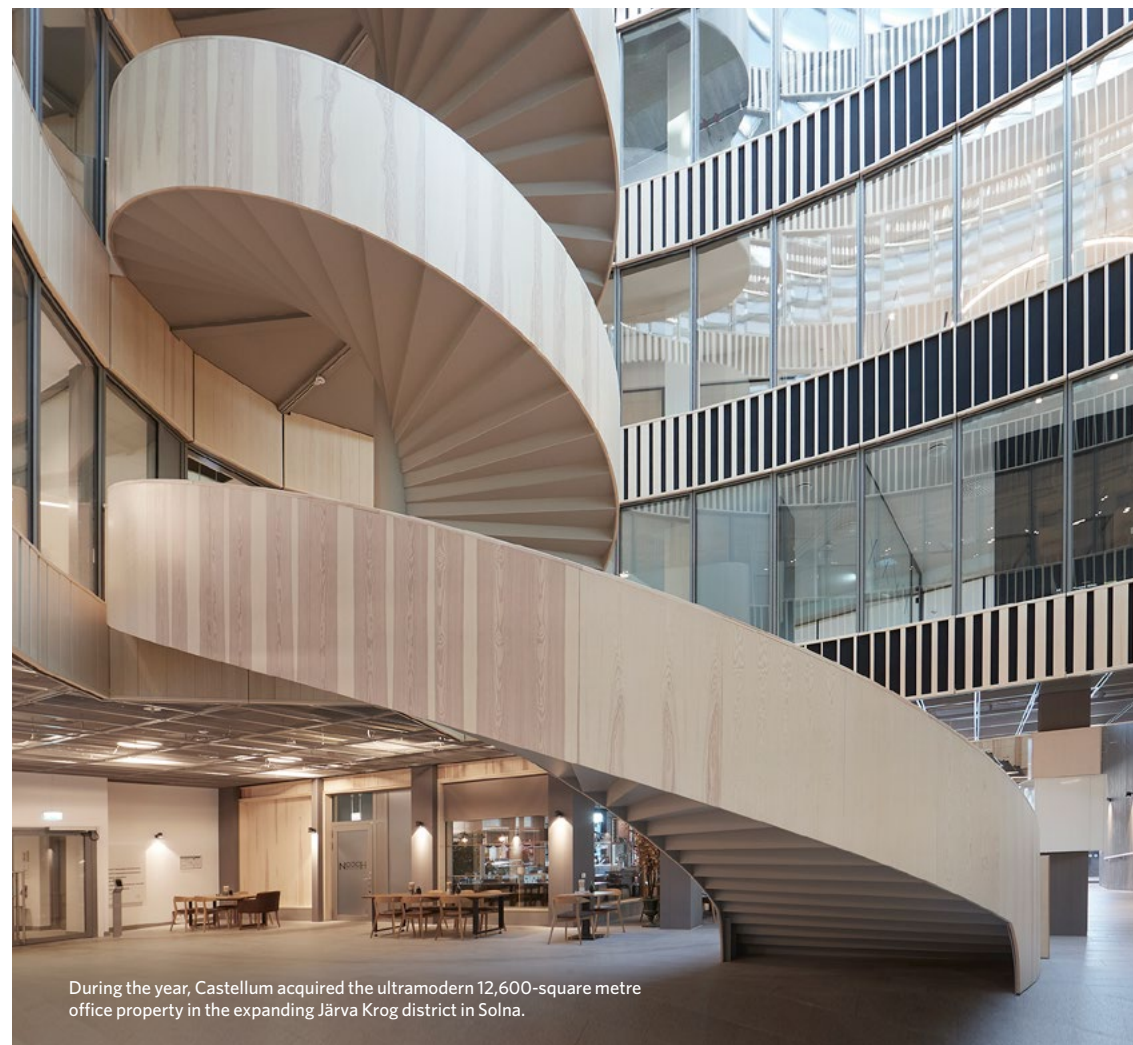
The industry continues to consolidate. Size is becoming increasingly important for achieving sustainable growth. The fact that inflation is increasing is generally good for the property industry. At the same time, we are obtaining higher but still relatively low interest rates. The loan market is stable, and we feel that Castellum is a highly appreciated borrower.

Positioned for the future

We have a good financial position, attractive investments in the right locations with a strong underlying business, a low vacancy rate, a high-quality portfolio and an efficient property management organisation. Our Nordic platform with a robust capacity for earnings at low risk provides Castellum with favourable conditions for continued successful growth as the Nordic region’s leading commercial property company.

Rutger Arnhult

Chief Executive Officer, Castellum AB



During the year, Castellum acquired the ultramodern 12,600-square metre office property in the expanding Järva Krog district in Solna.

A man and a woman are standing outdoors, engaged in a conversation. The man, on the left, is wearing a light-colored blazer over a collared shirt and is smiling while gesturing with his hands. The woman, on the right, is wearing a tan blazer over a white top and is also smiling, holding a laptop under her arm. They are standing in front of a modern building with a dark, slatted facade. The scene is brightly lit, suggesting a sunny day.

Business environment and strategy

A changing world

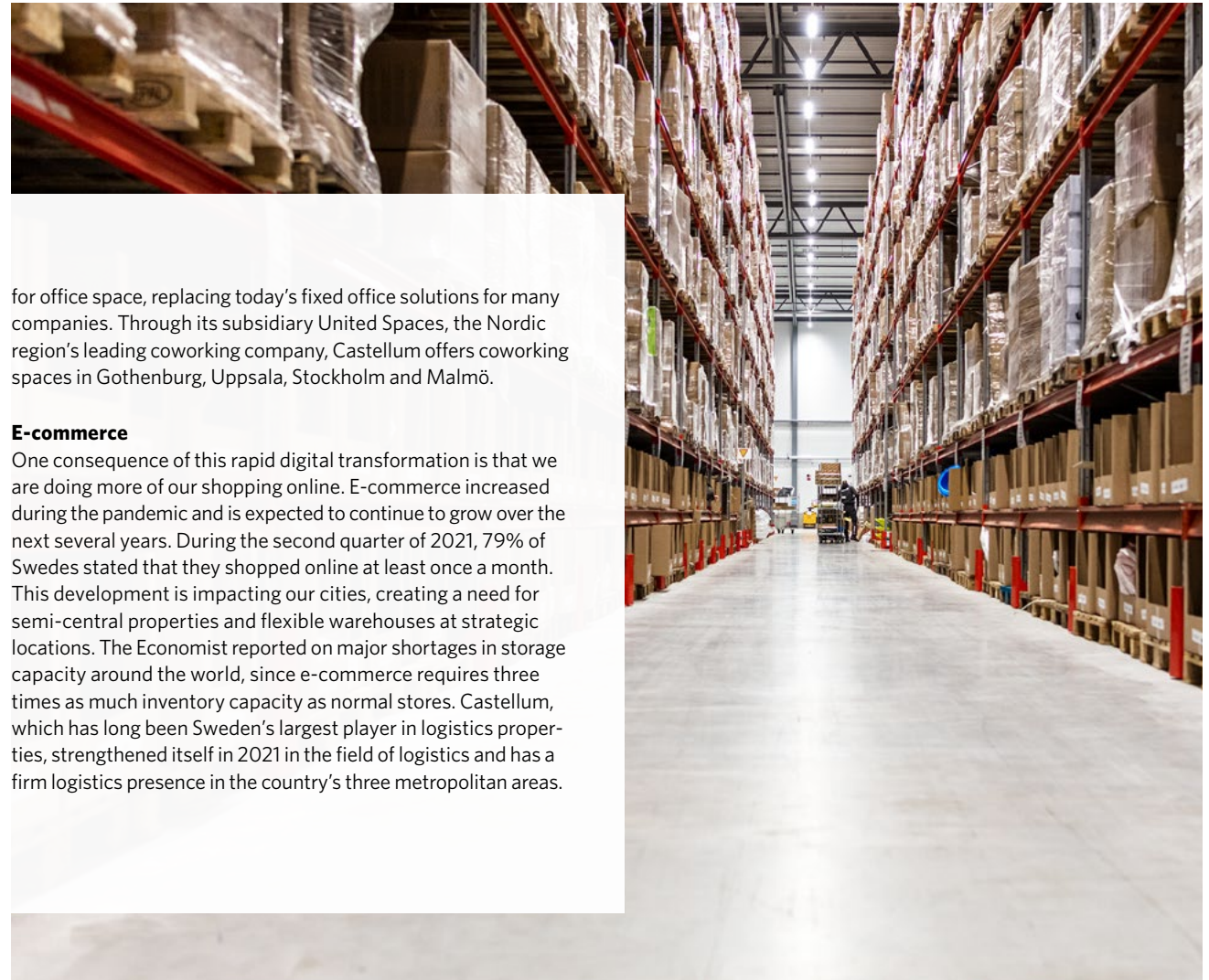
Despite the coronavirus pandemic, 2021 was an excellent year that challenged our capacity for flexibility, sustainability and creative business value for existing and future tenants as Castellum continued its expansion in the Nordic region.

Digitalisation

The coronavirus pandemic strengthened the megatrend that is driving development in the property industry and changing people's behaviours. Digital working methods were developed and patterns of consumption changed over an extremely short time. Harvard economics professor Edward Glaeser is one of the world's leading experts in urban construction. He argues that we can learn from the pandemic the same way as people did during earlier catastrophes, in order to create more flexibility as well as better and more sustainable cities and communities.

A flexible work life

In 2021, remote working continued to be the reality for many people, who had to learn to work remotely when the pandemic broke out in 2020. Demand for a flexible working life is significant and interest in coworking increased in 2021. Coworking, which is regarded by many as the work method of the future, involves workplaces with full service, shared spaces, meetings and networks. The contracts are short-term and provide great flexibility in scaling office space up or down on short notice as needed. The study that Castellum conducted among 2,000 office workers in 2021 shows that there is significant interest in coworking. It is a resource-efficient solution that will change the entire market



for office space, replacing today's fixed office solutions for many companies. Through its subsidiary United Spaces, the Nordic region's leading coworking company, Castellum offers coworking spaces in Gothenburg, Uppsala, Stockholm and Malmö.

E-commerce

One consequence of this rapid digital transformation is that we are doing more of our shopping online. E-commerce increased during the pandemic and is expected to continue to grow over the next several years. During the second quarter of 2021, 79% of Swedes stated that they shopped online at least once a month. This development is impacting our cities, creating a need for semi-central properties and flexible warehouses at strategic locations. The Economist reported on major shortages in storage capacity around the world, since e-commerce requires three times as much inventory capacity as normal stores. Castellum, which has long been Sweden's largest player in logistics properties, strengthened itself in 2021 in the field of logistics and has a firm logistics presence in the country's three metropolitan areas.

Values and health

Questions of values are impacting our behaviour to a much greater extent, in pace with millennials taking up a larger share of the labour market. This age group, born between 1982 and 2004, have high expectations of their employers. Health is now the key question for young people, and issues of values also rank high, as the Deloitte Global 2021 Millennial and Gen Z Survey shows.

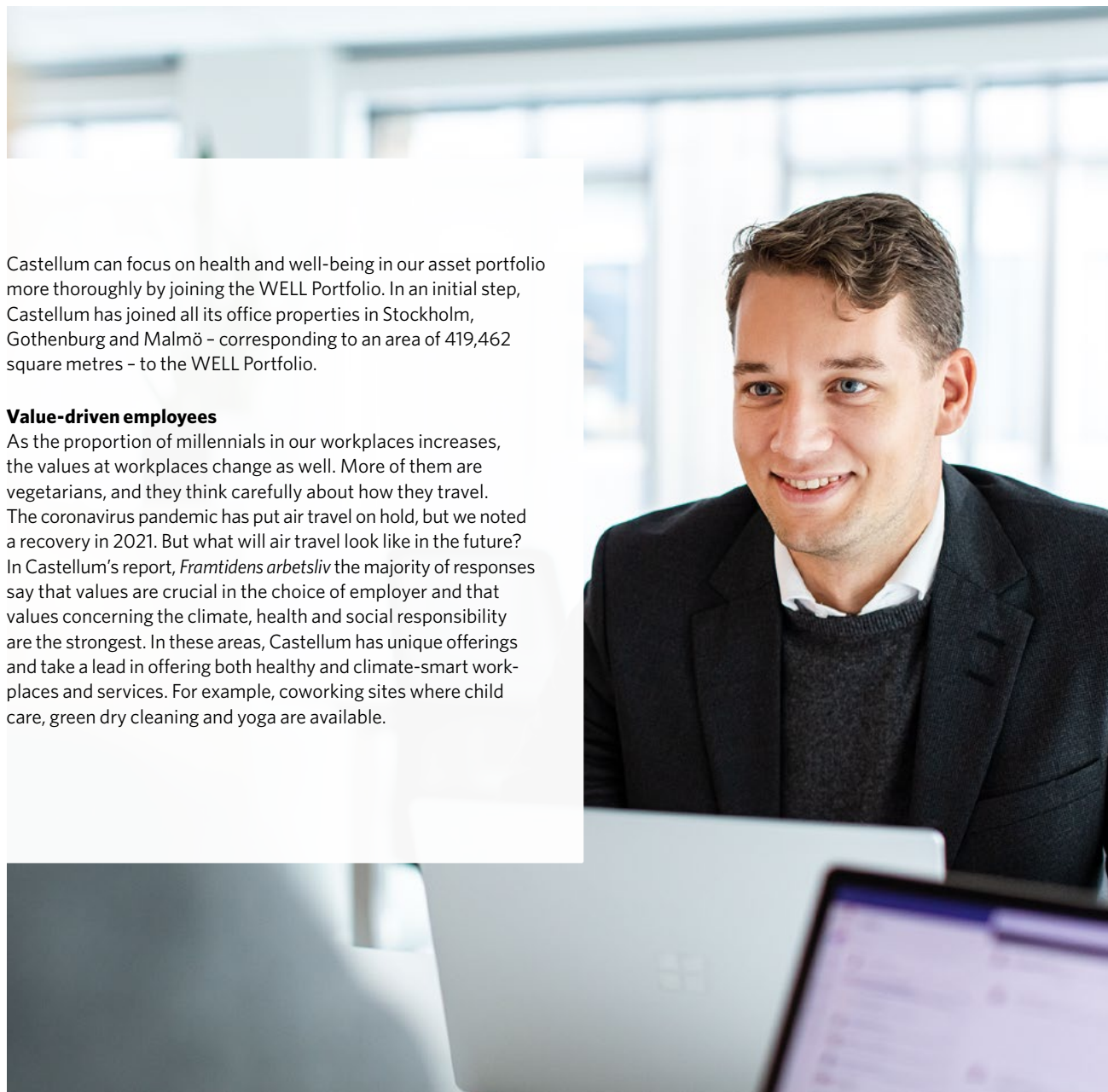
Health in workplaces

Castellum's report, *Framtidens arbetsliv* (Work Life of the Future) states that health is the strongest driver for young people in their choice of careers. The report shows that millennials would rather cut back on their working hours and salaries than risk their mental health. In 2016, Castellum was the first in the Nordic region with WELL certification, which has enabled the integration of health into all of the company's properties. WELL is based on ten concepts that impact human health: air, water, diet, light, movement, comfort, sound, material, wellness, and a sense of belonging (innovation). Castellum took further steps in 2021 by joining the WELL Portfolio, a new programme for certifying entire property portfolios. Instead of focusing on one property at a time,

Castellum can focus on health and well-being in our asset portfolio more thoroughly by joining the WELL Portfolio. In an initial step, Castellum has joined all its office properties in Stockholm, Gothenburg and Malmö – corresponding to an area of 419,462 square metres – to the WELL Portfolio.

Value-driven employees

As the proportion of millennials in our workplaces increases, the values at workplaces change as well. More of them are vegetarians, and they think carefully about how they travel. The coronavirus pandemic has put air travel on hold, but we noted a recovery in 2021. But what will air travel look like in the future? In Castellum's report, *Framtidens arbetsliv* the majority of responses say that values are crucial in the choice of employer and that values concerning the climate, health and social responsibility are the strongest. In these areas, Castellum has unique offerings and take a lead in offering both healthy and climate-smart workplaces and services. For example, coworking sites where child care, green dry cleaning and yoga are available.





Climate issues

At the 2021 climate summit in Glasgow, the world's leaders were more intense in their view that action had to be taken to avoid a climate catastrophe. The climate risks were highlighted as the most serious for the economy and humanity. Increased demands are seen especially among millennials. It is no coincidence that Swedish climate activist Greta Thunberg has become one of the world's most influential teenagers.

Ambitious climate goals

The construction and property industry represents one fifth of Sweden's emissions and generates one third of all waste in Sweden. Castellum is an industry leader in sustainability according to external sustainability evaluations such as the Dow Jones

Sustainability Index and CDP, and for the sixth consecutive year in 2021, Castellum was named the world's most sustainable company in the office and industrial sector according to the Global Real Estate Sustainability Benchmark. Some time ago, Castellum set itself ambitious goals of being climate neutral by 2030 at the latest. The company's carbon emissions come primarily from the manufacture of materials that are purchased in conjunction with new construction and reconstruction.

Beyond expectations



Castellum works systematically to adapt its offering so that it can meet the rapid changes in our business environment. Our offering goes far beyond the roofs and walls of our properties. We create opportunities for operations to flourish, for people to develop and for cities to grow, which will be achieved by developing innovative and healthy work environments in dialogue with our tenants and listening to research on flexible work methods. Castellum is part of building the future approach to shopping by offering logistics services that bring day-to-day purchases home to the front door. We develop buildings and new city districts with net-zero climate impact and create flexible workplaces of the future.

Our strategy takes its starting point in a rapidly changing business environment, where the objective is to consistently meet the needs of our tenants and to create the society of the future. We do this by further developing our service offering as well as our asset and development portfolio.



Family-friendly work life with flex possibilities



Healthy workplaces with gyms and changing rooms



Just move in, with turnkey offices



Modern "last mile" solutions for e-commerce



Development of climate-smart properties



We create meeting spaces



Instabox makes life simpler for tenants



We make it simple to take the workplace with you



Green leases favour people and the environment



We offer connected properties



We conduct research into the work life of the future



We help our tenants become more sustainable



Convenient with digital locks



Our property development builds new districts



We offer coworking and shared offices



We design unique offices for every tenant



Solar cells on the roof provide tenants with renewable energy



We employ the re-use and circularity of construction material



WorkOUT®, the outdoor office concept



Our services create balance in daily life

A strategy that creates value

Castellum's strategy is based on three perspectives: the company, our customers, and the community. The focus is on further strengthening relations with priority customer segments, developing our service offering and improving our asset and development portfolios.

Castellum's strategic plan

Castellum's strategic plan describes the strategy that is the central policy for the company's strategic orientation, priorities and goals. The strategic plan is reviewed annually by Executive Management before subsequent adoption by the Board. The purpose of the plan is to optimise the preconditions for Castellum to deliver on the company's overall growth targets and expectations for creating shareholder value. It must also ensure that Castellum is the most sustainable property company in Europe and a major player in the efforts to build a sustainable society.

Castellum's sustainability initiatives

Sustainability initiatives should be integrated into business operations and yield tangible results. Based on our tenants' and their employees' needs, Castellum will continue to develop attractive, flexible and easily accessible offerings in four areas: service, offices, public sector properties and logistics.

Vision

Beyond expectations.

Mission

Creating workplaces where people and enterprises thrive.

The Castellum Spirit

- Personal
- Passionate
- Proactive
- Reliable

Business idea

We 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.

Business model

Investment in, and development and administration of commercial premises, as well as service offerings in a decentralised and customer-centric organisation. Castellum focuses on cash flow and operates with low financial risk.

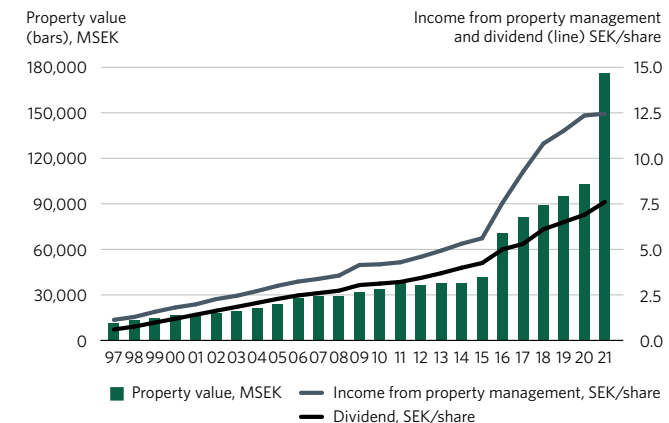
Overall objective

10%

Overall objective: 10% annual growth in income from property management, SEK/share.

1%

Performance 2021: 1% growth in income from property management, SEK/share.



Castellum's business operations

Castellum focuses on cash flow and operates with low financial risk – all to optimise the conditions for delivering on the company's overall growth targets and to create shareholder value.

Business operations concern investments in as well as the development, management, acquisition and sale of commercial premises, and offering services in a decentralised and customer-oriented organisation.

Invest and develop

Castellum will continually invest in its property portfolio and develop new properties. This creates a sustainable and stable portfolio, which will increase earnings capacity. The company will be an active player that promotes urban development and sustainable growth.

Manage

Through customer-centric property management that is built on good business conduct, sustainability and innovation, Castellum enables its customers to reach their business goals.

Acquire and divest

Castellum continually develops its property portfolio through acquiring and divesting properties in order to strengthen the company's position as the leading player in Nordic growth regions.

The company

Asset and development portfolio

- Castellum will develop and manage an asset portfolio that supports targets set for growth in income from property management, thus creating shareholder value over time.
- Castellum's portfolio shift is continuously toward greater quality and density through new construction, extensions and reconstructions, acquisitions and sales in the Nordic growth markets.
- The portfolio will constitute a property exposure alternative for Castellum's shareholders. The portfolio turnover should be actively managed, with a net investment volume of approximately 5% per year.
- Castellum will be a leading player in urban development, and the preferred choice of both municipalities and tenants when they are looking for a partner to develop new projects.

Financing

- Castellum must maintain a low level of financial risk; the chosen key ratios for risk are loan-to-value ratio and interest coverage ratio.
- Castellum's financing strategy will support the business operations and manage the Group's financial risks while working for an open and transparent climate. The strategy will be reflected in the financial policy in order to ensure risk management through close monitoring.
- Castellum's financial strategy can be summarised by five cornerstones: diversification, liquidity, strength, transparency and flexibility.
- Castellum's goal is for the company's share over the long term to yield a competitive return in relation to risk, and to have a high level of liquidity.

Employees

- Castellum is to be an attractive employer with committed, motivated employees and managers, all of whom work towards the same goal, thereby meeting high expectations.
- The company works actively to attract, recruit, develop and retain the right employees and managers.
- Castellum is building a goal-oriented organisation in which its employees constantly challenge themselves and their colleagues to strengthen both the organisation and individuals.
- The organisation continually strives to become better, clearer and more open as regards expectations, and sees constructive monitoring as a natural part of management and employeeship.

Goals and results

Strategic objective

At least 5% of the property value in net investments per year, equivalent to approximately SEK 7.5 billion.

Results, 2021

MSEK 42,718 (4,267) in net investment, corresponding to 41% of the property value, where MSEK 47,258 (—) pertained to business combinations, MSEK 8,889 (2,646) pertained to property acquisitions, MSEK 3,799 (2,512) to new construction, extensions and reconstructions, and MSEK 17,228 (891) to sales.

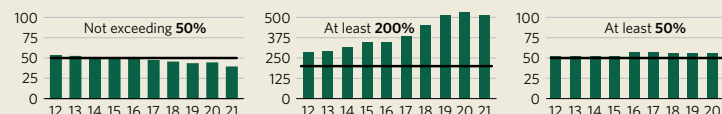
Goals and results

Strategic objective

- Loan-to-value ratio – not to permanently exceed 50%.
- Interest coverage ratio – at least 200%.
- Dividend – at least 50% of pre-tax income from property management in dividend pay-outs.

Results, 2021

- The loan-to-value ratio amounted to 39% (41) as of 31 December 2021.
- The interest coverage ratio for 2021 was 517% (530).
- SEK 7.60 per share (6.90 in proposed dividends for 2021, equivalent to a payout ratio of 61% (56)).



Goals and results

Strategic objective

- High satisfaction index, eNPS (employee Net Promoter Score) and proportion of "promoters".

Results, 2021

- 43 (34) in eNPS (Employee Net Promoter Score) and 56% of employees are "promoters" of Castellum as an employer.

Customers

Existing and potential tenants

- Castellum will offer existing and potential tenants premises, meeting spaces and services that are best suited for their objectives.
- Castellum will be recognised as an innovative player in selected product and customer segments, by making clear investments in project development, system support, technological development and sustainability that strengthens our business.
- Services, platforms and payment methods will be developed to meet our tenants' needs and make it possible for them to find out about our services easily.
- Castellum promotes long-term, close customer relationships, local presence and service that exceeds customer expectations.
- Castellum's tenants are found in all industries, in both private businesses and among various forms of public sector properties.
- The company is to have a highly diversified customer base with a good risk spread as regards geographies, premises type, scope of contract and lease terms.

Goals and results

Strategic objective

- High customer satisfaction index (CSI).
- Largest to third largest property company in its respective locations.

Results, 2021

- 74 out of 100 in the latest CSI survey, conducted in 2021 (compared to 74 in the preceding year's quarterly pulse survey).
- Castellum is the largest, second largest or third largest property company in 13 of the 25 cities in Sweden where the company was established in 2021.

Wider society

The sustainable city 2030

- Over time, Castellum will be the most sustainable property company in Europe and will actively promote sustainable development.
- Castellum is a responsible community developer that drives development forward.
- Castellum's sustainability goals should be integrated into business operations and yield tangible results.
- Based on its sustainability strategy, "The sustainable city 2030", Castellum conducts its operations responsibly and creates long-term solutions from an economic, ecological and social perspective. Read more about the focus areas on pages 20–32.

Goals and results

Selection of strategic objectives

- Net-zero carbon emissions by 2030.
- 100% non-fossil fuel energy by 2030 at the latest.
- 22% reduction in energy consumption in 2025 compared with 2015.
- 50% of the asset portfolio (in sq. m.) will be environmentally certified by 2025.
- Gender equality in all occupational categories by 2025.

Results, 2021

- 77% (85) less carbon emissions in Scope 1 and 2 compared with 2007.
- 95% (95) non-fossil fuel energy.
- 11% (15) reduction in energy consumption per square metre compared with 2015.
- 48% (39) of the asset portfolio certified for sustainability.
- 43/57% (40/60) women/men throughout the Group.

Refer to page 21 for all sustainability goals and their outcomes for 2021.



The Nordic region's leading commercial property company

Our rapid expansion in the Nordic region in 2021 made Castellum the Nordic region's leading commercial property company with a property value of SEK 176 billion and a total lettable area of 6,333,000 square metres, including our holdings in Entra.

Total
property value
SEK 176 billion
incl. holdings
in Entra

Kungsleden and Castellum are being integrated, and completion is expected by the summer of 2022. The companies' respective property portfolios complement each other well, and strengthen their positions in their respective prioritised markets. At the same time, the combination will achieve greater risk spread as a result of a broader customer base. For the purpose of facilitating focus on priority growth cities, the sale of properties in lower-priority areas is planned. The joint asset portfolio comprises primarily offices and warehouse/logistics, where the former segment has a large element of government agencies and departments.

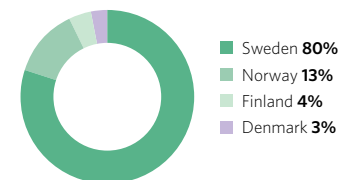
The property industry is in a phase of change, where size together with sustainable and innovative service development is playing a greater role. A player is now being created with a property value of SEK 176 billion including Castellum's share of Entra's asset portfolio combined with a healthy balance sheet, which together with a maintained rating facilitates attractive financing terms and thereby strengthened competitiveness. The combined company will continue to focus on creating shareholder value and reaching Castellum's long-term goal of increasing income from property management per share by 10% annually, while maintaining a dividend of at least 50% of income from property management.

A new, larger company will enable operational and administrative synergies and also financial synergies. The operational and administrative synergies will be found in operation, property management and development. Castellum leads in sustainable energy use and efficient property operation, which is why the combination will create conditions for implementing further reductions in operating property costs. Operations are strengthened in property management, transactions, project development and administration, while opportunities also arise to increase efficiency through exchange of know-how, efficiency enhancements and economies of scale. These synergies are expected to be realised within two to three years.

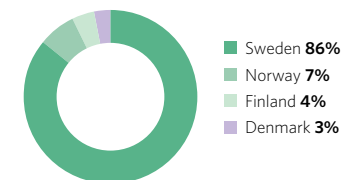
The financial synergies can be achieved by gradually refinancing Kungsleden's outstanding loans on more favourable terms.



PROPERTY VALUE BY COUNTRY



LETTABLE AREA BY COUNTRY



Combination between Castellum and Kungsleden

On 2 August 2021, Castellum submitted a recommended public offer to the shareholders of Kungsleden to acquire all the shares in the company with the intent to combine the two companies. The combination between Castellum and Kungsleden will create significant value for all stakeholders, where the company's size, strong balance sheet and retained financial strength will boost competitiveness.

After the announcement, Castellum acquired Kungsleden shares in the market corresponding to 9.9% of votes and shares outstanding in the third quarter of 2021.

The initial acceptance period ran from 30 September to 29 October 2021. The outcome of the initial acceptance period showed that Castellum controlled 88.7% of the capital and votes in Kungsleden, which is why Castellum announced on 1 November 2021 that the acceptance period had been extended to 9 November 2021. On 10 November 2021, after the extended acceptance period expired, Castellum controlled 91.9% of the capital and the votes in Kungsleden and the Offer was declared unconditional. At the same time as it was declared unconditional, the Offer was extended for a further ten days so that the remaining shareholders had a chance to accept the offer.

The remuneration in the Offer consisted of a combination of shares in Castellum and cash, where each shareholder in Kungsleden was offered 70% in the shares in Castellum (0.525 shares in Castellum per Kungsleden share) and 30% cash (SEK 121 per share in Kungsleden). The Board of Directors of Kungsleden unanimously recommended accepting the Offer to Kungsleden's shareholders. The recommendation was supported by a fairness opinion from Handelsbanken Capital



Markets. Furthermore, the three largest owners, corresponding to 26% of the capital and votes outstanding in Kungsleden, signed binding commitments to accept the Offer.

Kungsleden was consolidated as of 10 November 2021 into the Castellum Group at an acquisition cost of MSEK 23,868, corresponding to 91.9% distributed between MSEK 8,975 in cash and 65 million newly issued shares corresponding to a value of MSEK 14,893. These shares were measured at market value on the transaction date totalling SEK 229.70 per share (listed price on Nasdaq).

On 19 November, Castellum announced that the Offering had been accepted to the extent that Castellum controlled a total of approximately 96.5% of the outstanding share capital and votes in Kungsleden. A further 0.3% was acquired in the fourth quarter of 2021, and at year-end ownership totalled 96.8% of the capital and votes, whereupon 3.2% pertains to non-controlling interest.

In accordance with the Swedish Companies Act, Castellum has called for compulsory redemption pertaining to the remaining shares in Kungsleden. At Castellum's request,

Kungsliden's shares were delisted from Nasdaq Stockholm on 3 December.

The acquisition is classified as a business combination under IFRS 3. This means that the assets, liabilities and contingent liabilities acquired were measured at fair value on the acquisition date. All items acquired have a carrying amount corresponding to the fair value, except for deferred tax liability which has been revalued in combination with the acquisition.

A goodwill item of MSEK 4,064 consisting of both deferred tax and expected synergies from the combination has arisen.

At 31 December 2021, the acquisition costs worked up amounted to MSEK 76 and have been recognised in profit or loss.

Kungsliden's and Castellum's respective property portfolios complement each other well, and strengthen their positions in their respective prioritised markets. At the same time, the combination will achieve greater risk spread as a result of a broader

customer base. For the purpose of facilitating focus on priority growth cities, the sale of properties in lower-priority areas is planned. The joint asset portfolio comprises primarily offices and warehouse/logistics, where the former segment has a large element of government agencies and departments. The property industry is in a phase of change, where size together with sustainable and innovative service development is playing a greater role. A player is now being created with a property value of SEK 176 billion including Castellum's share of Entra's asset portfolio combined with a healthy balance sheet, which together with a maintained rating facilitates attractive financing terms and thereby strengthened competitiveness. The combined company will continue to focus on creating shareholder value and reaching Castellum's long-term goal of increasing income from property management per share by 10% annually, while maintaining a dividend of at least 50% of income from property management.

It is estimated that a new, larger company will enable synergies of approximately SEK 285 million on an annual basis, divided into SEK 185 million in operational and administrative synergies and SEK 100 million in financial synergies. The operational and administrative synergies will be found in operation, property management and development. Both Kungsliden and Castellum are leaders in sustainable energy use and efficient property operation, which is why the combination will create conditions for implementing further reductions in operating property costs. Operations are strengthened in property management, transactions, project development and administration, while opportunities also arise to increase efficiency through exchange of know-how, efficiency enhancements and economies of scale. These synergies are expected to be realised within two to three years. The financial synergies can be achieved by gradually refinancing Kungsliden's outstanding loans based on Castellum's higher credit rating.

INCOME STATEMENT FOR KUNGSLEDEN

MSEK	2021	10 Nov-31 Dec 2021
Income	2,593	370
Property costs	-803	-126
Central administrative expenses	-95	-20
Net financial items	-373	-48
Income from prop. mgmt	1,322	176
Change in values on properties	5,458	-275
Change in values on derivatives	239	32
Tax	-1,389	85
Net income for the year	5,630	18

BALANCE SHEET FOR KUNGSLEDEN

MSEK	31 Dec 2021	10 Nov 2021
Assets		
Investment properties	47,258	47,258
Other fixed assets	750	712
Current receivables	373	382
Cash and cash equivalents	473	392
Total assets	48,854	48,744
Equity and liabilities		
Equity	23,286	23,268
Deferred tax liability	4,288	4,374
Interest-bearing liabilities	19,641	19,449
Non-interest bearing liabilities	1,639	1,653
Total equity and liabilities	48,854	48,744

ACQUISITION ANALYSIS

Net assets acquired on acquisition date, MSEK	
Investment properties	47,258
Other assets	1,486
Deferred tax liability	-6,104
Interest-bearing liabilities	-19,449
Other liabilities	-1,653
Net assets acquired	21,539
Goodwill	4,064
Non-controlling interest	-1,735
Total purchase price	23,868
Shares	14,893
Cash	8,975
Total purchase price	23,868

The logistics properties of the future are here today



Hans Sahlin,
Unit Manager Logistics, Castellum

Digitalisation made a leap during the pandemic, since more people wanted to shop online. But the pandemic also shows how vulnerable our society is. More companies want to have their warehouses closer to their operations. Demand for modern, sustainable logistics properties is rapidly increasing.

When asked why he was so good, legendary hockey player Wayne Gretzky used to say “I skate where the puck is going, not where it’s been.” Castellum tries to navigate the growing logistics landscape in much the same way. Thinking one step ahead. For example, the sale of 54 logistics properties to Blackstone, the international asset management firm, made it possible for Castellum to invest in the next generation of climate-smart logistics properties: units such as the Hisingen Logistics Park in Gothenburg, and the distribution facilities in Brunna in the Stockholm region and Sunnanå outside central Malmö.

Everyone wants to shop online, but the goods need to be stored somewhere

Cutting back on delivery times and being able to deliver in that last stage quickly to the customer (“last mile” services) have become one of the key issues for the logistics industry. At any rate, this is what Hans Sahlin, Unit Manager of the logistics segment at Castellum, believes. An operation that has over 800,000 square metres of logistics space at its disposal, divided among 112 facilities in Sweden and Denmark.

Sahlin sees a logistics market that seems to be nearly insatiable. Uncertainty in the world is a key driver. In the wake of the pandemic, more people want to avoid going to shops and have home deliveries instead. And many companies, in both industry and retail, don’t dare to trust the functioning of retail chains. Instead, they choose to expand their inventories at home.

Sustainable is marketable in the modern logistics industry

What are the key factors for Castellum’s customers in their choice of logistics properties? They want suitable warehousing space. Both large and small spaces are in demand, in strategic locations in the Nordic region and in central parts of metropolitan areas where transportation lines are good, Sahlin says. Other key factors for customers are that logistics facilities should be sustainably constructed and highly energy-efficient. But fast “last mile” delivery seems to be the absolute priority for customers right now. ■

Hisingen Logistics Park is strategically located close to the Port of Gothenburg, where Jollyroom is the largest customer with a total area of approximately 55,000 square metres and a high degree of automation.

One of Northern Europe’s largest solar cells, with an annual electricity production of approximately 3.3 GWh, guarantees sustainable operation for the future.

Castellum's agenda for the sustainable city

Castellum's efforts have always been sustainable. We have reduced our environmental impact, worked on energy efficiency and certified our properties for sustainability. We are urban developers with a long-term perspective. Sustainability is integrated into everything we do. And in all of our investments.

Sustainable business operations

- 77% reduction in carbon emissions (Scopes 1 & 2) since 2007
- 34% reduction in energy consumption per square metre since 2007
- 48% of the area is certified for sustainability
- 55 solar cells on Castellum's properties

The most sustainable property company in Europe

Castellum's vision for its sustainability initiatives is to be, over time, the most sustainable property company in Europe and actively promote sustainable development. We regard society's requirements under laws and regulations as minimum requirements, and strive for continual improvements. Castellum is a responsible community developer, and we drive development forward.

Sustainability goals and strategy

By 2030, Castellum will have net-zero carbon emissions. In 2017, the Board of Directors adopted a concrete sustainability strategy – The sustainable city 2030 – with 22 measurable targets and actions to achieve the long-term goal, which is revised and updated annually. We monitor and report on the targets quarterly. The climate-related goals that Castellum has adopted have been approved by the Science Based Targets initiative (SBTi).

"The sustainable city 2030" consists of four areas of focus: The Planet, Future-proofing, Well-Being and Social Responsibility. Based on these areas of focus, Castellum conducts its operations responsibly and creates long-term solutions from an economic, ecological and social perspective.

Sustainability initiatives are integrated into everything we do

Castellum should promote sustainable development, and its sustainability goals should be integrated into its operations, yielding tangible results. This work permeates the entire business from ownership, property management and asset portfolio development to relationships with customers, employees and financiers. Corporate social responsibility is crucial to the company's

success and drives profitability and the development of long-term shareholder value. Castellum's actions are always marked by a high level of expertise, good business ethics and accountability.

Other key starting points for our sustainability initiatives are the ten principles of the UN Global Compact – which we support and have signed on to – as well as the Paris Agreement, and we actively promote the efforts to realise the UN Sustainable Development Goals.

The UN Sustainable Development Goals

The nine Sustainable Development Goals (SDGs) that have the strongest links with Castellum's operation have been integrated into our sustainability strategy. These were selected through a special analysis at the company in which we reviewed all of the global SDGs and their associated targets and chose to prioritise the goals to which we have the strongest links.

Well-being



Future-proofing



The Planet



Social Responsibility



The sustainable city 2030

Commitments in The sustainable city 2030



The Planet

We will responsibly and efficiently reduce resource use and carbon emissions that cause global warming.



Future-proofing

We will create a sustainable asset portfolio in a changing world.



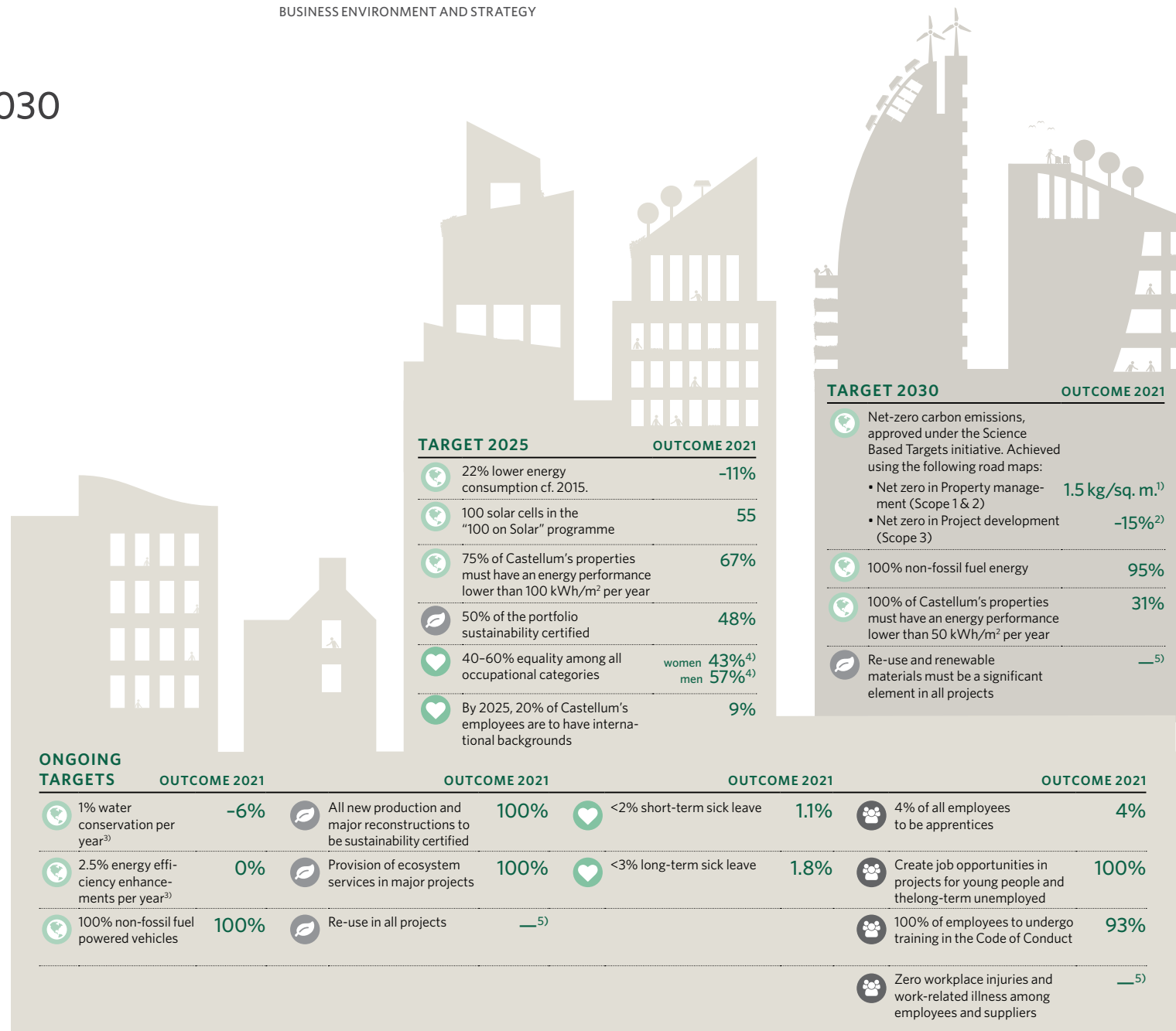
Well-being

We will promote health, wellness and productivity.



Social Responsibility

We will conduct business in a responsible manner in relation to the community as well as to our stakeholders.



1. The target for 2021 was 1.2 kg/sq. m.
2. The goal for the 2021-2024 period is a 15% reduction in emissions.

3. In the like-for-like portfolio.
4. Refer to the complete account on page 29.

5. Implementation 2022.

The Planet

The long-term goal of Castellum's environmental and climate efforts is to achieve net-zero carbon emissions by 2030 at the latest. Preventing global warming based on its own operations is one of the company's key issues.

Castellum's commitment

Castellum will responsibly and efficiently reduce resource use and carbon emissions that cause global warming.

Efficient energy use

Castellum works continually to reduce its energy use. Its efforts focus on both optimising operations and investing in energy-efficient and renewable technologies. 94 energy efficiency projects were carried out during the year with a total investment of MSEK 86.

Energy use is continually monitored and analysed. Measures are taken and given priority based on the greatest potential for efficiency enhancements. Expansion is under way for Castellum's own portal for web-based property monitoring, to check values for operations, alarms, elevators and entries. This results in savings of both energy and time, and creates customer benefits in the form of better services through preventive measures. At present, 361 (385) properties representing 2,559,000 (2,851,000) square metres are connected to the portal. The decrease in the number of connected properties during the year is due to sales of properties.

In 2021, the normalised energy consumption for heating and property electricity in the like-for-like portfolio remained unchanged – meaning a change of 0% (–12). The major savings of 12% that were seen in the preceding year were driven in part by the pandemic. Despite some people returning to their workplaces in 2021, Castellum has been able to keep its energy use down as a result of active routine efforts and continued focus on efficiency enhancement measures. In 2021, absolute normalised energy use in the total asset portfolio increase by 6% (decrease: 8) per square metre. The increase is due primarily to portfolio shift and acquisitions in Finland during the year, as well as a colder year compared with 2020 resulting in increased heating consumption. From a long-term perspective, however, total energy use has decreased by a total of 34% (37) per square metre since 2007.

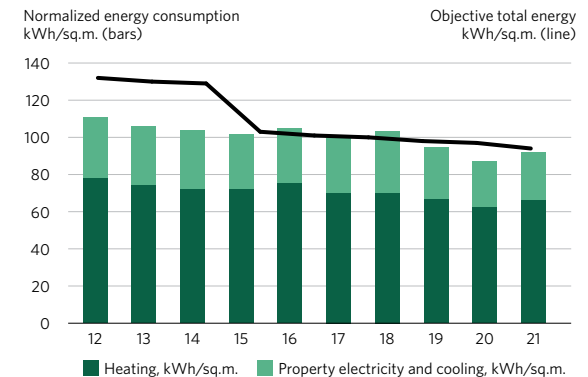
Castellum's actual use of heating, non-degree day corrected, corresponded to 65 kWh (50) per square metre and can be compared with the industry average of 112 kWh (117) per square metre (the Swedish Energy Agency's reference value for heating premises). This means that Castellum's buildings are 42% (57) more energy efficient than the Swedish average for these premises. In all, normalised heating use in the like-for-like portfolio increased 2% (decrease: 13) in 2021, while use of property electricity and cooling decreased 4% (7).

95% (95) of the total energy use is fossil-free. Since 2001, we purchase only renewable electricity in the Group, and in many of our locations we also purchase renewable district heating where possible.

Approximately 15% (13) of Castellum's customers are responsible for their own heating and 23% (23) for electricity on the property.

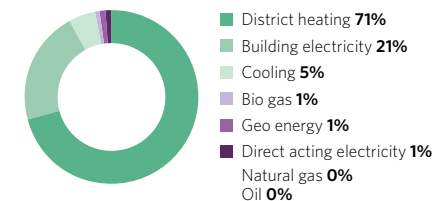
Since 2020, all our vehicles have been non-fossil fuel powered. This means that all service cars, carpool vehicles and company cars used by Castellum are either electric or run on biofuel.

TARGET AND OUTCOME, ENERGY CONSUMPTION PER SQ. M.



The actual change in the like-for-like portfolio was 0%, degree-day adjusted. Castellum began systematically measuring energy consumption and heating in 2007, which is why it is utilised as a comparison year.

DISTRIBUTION OF TOTAL ENERGY CONSUMPTION, 2021



Reduced carbon emissions

Of Castellum's carbon emissions, 6% are indirect and direct emissions generated in Scopes 1 and 2 in the form of the use of oil, natural gas, and fuel for the operation's vehicles, refrigerant leakage, and the use of electricity and heating that Castellum is responsible for. The remaining 94% of Castellum's carbon emissions is indirect emissions (generated in Scope 3) in the form of materials, construction processes, business travel, work commutes, transportation, waste, customers' electricity consumption and other energy-related emissions not covered under Scopes 1 and 2. To reduce emissions, work is under way to phase out fossil fuels. Currently, 3 oil furnaces (4) are still in operation.

Looking at Castellum's total GHG emissions (Scopes 1, 2 and 3), which can be found on page 179, however, it is clear that the majority (94%) of Castellum's total emissions pertain to indirect emissions (Scope 3), meaning emissions that occur elsewhere but attributable to our operations. The largest part of the Scope 3 emissions originates from use of materials and the construction process in new construction and conversions. To tackle these emissions, Castellum has adopted a road map for project development with goals concerning how to reduce emissions in project development every year so as to have net-zero carbon emissions by 2030. Other major items in Scope 3 are other energy-related emissions that are not covered under Scopes 1 and 2, our customers' waste in our properties, and customers' use of electricity. Castellum is reviewing the possibilities going forward of offering our customers more tools and forms of collaboration in order to reduce indirect emissions in Scope 3 and reach our goal of climate-neutral operations throughout the value chain by 2030. Producing concrete measures to reduce indirect emissions is the construction and property industry's greatest challenge, and something we plan to increase our focus on going forward in order to attain climate neutrality.

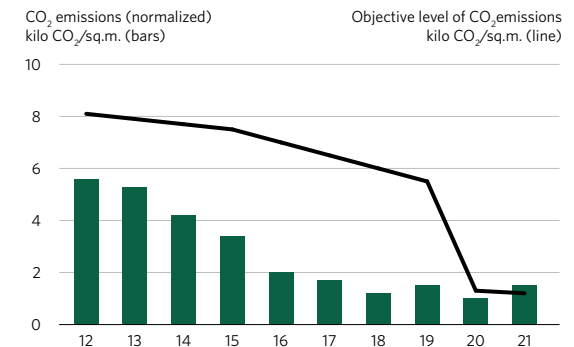
Increased share of renewable energy sources

Fifteen large solar cells (13) were built in 2021. A total of 7,310 kW (6,181) of solar cells have been installed on Castellum's properties, equivalent to a total of approximately 51,170 square metres (43,267) of solar cells, an increase of 18% compared with 2020. Castellum's solar cells generated 4,637 MWh in 2021, corresponding to approximately 7% of Castellum's total annual electricity needs for 2021. Castellum's use of district heating means that its carbon emissions are dependent on the fuel mix used by the district heating facilities. At present, Castellum purchases from 32 (29) district-heating facilities, which represent 94% (93) of the Group's total emissions under Scopes 1 and 2. Castellum is in dialogue with the district heating suppliers with the highest carbon emissions per kWh in order to influence these suppliers to reduce emissions. The transition to green district heating with renewable fuels is ongoing and currently amounts to 47% (48) of our district heating suppliers.

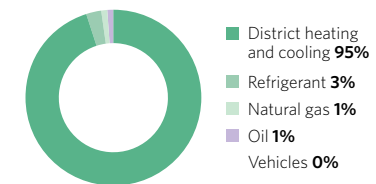
55 solar cells were installed on Castellum's properties.

In 2021, direct and indirect energy-related carbon emissions in Scope 1 and 2 increased by 54% (34) per square metre; since 2007 they have decreased by 77% (85) per square metre. The increase for the year is attributable primarily to acquisitions in Finland during the year where the energy mix contains more fossil energy, which impacts the Group's total emissions per square metre. If we exclude Finland, emissions are on par with the target for 2021 (i.e. under 1.2 kg per square metre). Efforts are under way to review possibilities of sourcing more renewable energy in Finland.

CARBON EMISSIONS, PROPERTY MANAGEMENT (SCOPE 1 & 2, MARKET BASED)



DISTRIBUTION OF CARBON EMISSIONS (SCOPE 1 & 2)



Reduced amounts of waste

Castellum works systematically to reduce the amount of waste that goes to landfill and incineration and to increase the proportion of recycled waste. Waste linked to Castellum's operations is generated from the operation's tenants as well as in conjunction with new construction, extensions and reconstructions. Waste sorting is offered at all properties that are managed by Castellum, and waste management requirements are imposed on all contractors in conjunction with projects. Monitoring the work is complicated by the fact that several different waste management contractors have been hired, only a few of which can report a complete follow-up. Moreover, tenant operations differ, which means their needs for waste management differ as well. Data is currently obtained from 53% (41) of the waste management contractors and Castellum is working actively to increase the amount of available data. The follow-up comprises volumes of waste from buildings managed by Castellum, but not waste from construction. Available data shows that the total amounts of waste increased during the year. This is likely due primarily to a larger amount of data being made available and an increase in our customers' operations in 2021 compared with the pandemic year of 2020, which thus generated more waste.

In 2019, Castellum signed agreements with a waste management contractor who can supply more complete waste data. Efforts are in progress to link the contractors to all our properties. This will help us obtain more data on the volumes of waste. Waste data (from the above

contractors) is now being recorded in Castellum's energy management system, which provides us with better access to waste data that will make better monitoring of the flows and a focus on increased sorting possible.

As regards waste from construction, requirements are imposed on – for example – waste plans in projects. Project-specific targets are also set on waste, such as the maximum proportion of waste that can comprise hazardous waste. There must be clear guidelines regarding how waste is to be sorted so that the workforce on the construction site can easily be informed of this. Opportunities for sorting in every project and requirements for the use of re-used and circular material – which are monitored in the respective projects – are also demands that Castellum imposes.

Water use

Castellum utilises only water from the municipal water system, monitors consumption and takes measures to reduce use in conjunction with administration, new construction and reconstruction. In 2017, Castellum adopted an objective of reducing water use per square metre in the like-for-like portfolio by 1% per year. Conservation in the like-for-like portfolio was 6% (13) compared with 2020. Total water use in the entire portfolio decreased by 6% (12) per square metre during the year. Measures that are being implemented to reduce water use include installation of low-flow toilets, leak detectors and installation of tap aerators. Other measures being implemented on a smaller scale include the collection of rainwater for flushing toilets.



Future-proofing

The long-term goal for Castellum is a future-proof asset portfolio that provides safe, healthy workplaces for tenants and employees and the value of which endures over time. This is how we ensure the company is equipped to manage changes and challenges in future. This year, 15 solar cells were installed and 36 sustainability certifications were conducted.

Castellum's commitment

We will create a sustainable asset portfolio in a changing world.

High levels of ambition for sustainability certifications

For Castellum, offering tenants and employees healthy and safe work environments is important. To achieve this, Castellum works with such processes as environmental inventories and sustainability certification of its properties.

The objective is for all properties to be environmentally inventoried and that the inventory process not to take more than ten years. 93% of the properties had environmental inventories conducted in 2021. Castellum certifies all new constructions and larger reconstructions for sustainability. If these are office projects in Sweden, they must be certified under Miljöbyggnad, level Gold. A lower certification level may only be used if there are particular reasons why Gold cannot be achieved. New offices outside of Sweden are to be certified according to the BREEAM certification system, level Excellent. By focusing on long-term sustainability in

its property portfolio, Castellum ensures that value is retained over time and that the company is equipped for future changes and challenges. Miljöbyggnad, level Silver applies to new production of logistics buildings. With new construction, the possibility of certifying the property under WELL is always investigated. WELL is a certification system that is built on promoting health and wellness among the people who are in the building. This system is based on research, and by working with this system we can achieve positive health effects that help our tenants perform and be at their best. By certifying properties under WELL, Castellum also makes a tangible contribution to achieving the UN Sustainable Development Goals, including No. 3: Good health and well-being. On page 186 there is a summary of Castellum's sustainability-certified buildings.

Sustainability programme in connection with new construction and reconstruction

Mandatory requirements for all construction projects at Castellum

Generally, the following requirements are imposed: Code of Conduct, sustainability policy, environmental management system, waste plan, environmental plan, an environmental project manager and energy-efficient product choices such as sustainable PEFC- or FSC-certified wood raw material, LED lighting and A-certified goods, in addition to the selection of sustainable building materials from both an environmental and health perspective as stipulated by the industry association Byggarbetsnär.

Comprehensive sustainability programme for new construction and reconstruction

Applied in addition to the mandatory requirements in all major projects

- Miljöbyggnad level Gold¹⁾.
- Choosing renewable energy sources.
- 15% reduced climate impact per sq. m. in A1-A5²⁾.
- Healthy indoor climate and carefully prepared moisture prevention work
- Sustainable construction materials
- Near zero-energy buildings¹⁾.
- Investigate WELL health certification³⁾.
- Create a more attractive building through aesthetic decoration.

- Engage local artists in projects²⁾.
- Install solar cells³⁾.
- Investigate the possibilities of outdoor offices according to Castellum's WorkOUT® concept³⁾.
- Create inviting stairwells³⁾.
- Energy-efficient and environmentally friendly construction sites.
- Non-fossil fuel powered vehicles at construction sites.
- Restoration and increased amount of ecosystem services.
- Climate risk management.
- Requirements that entrepreneurs create workplaces in the project for people struggling to enter the job market.
- Recycled material must be used in every project, and the selection of new material must be planned so that it can be re-used later.

1. For new production in Sweden, Miljöbyggnad level Gold applies; in Denmark and Finland, BREEAM Excellent applies. Logistics buildings are certified under Miljöbyggnad Silver.

2. Applies to newly constructed offices over MSEK 50.

3. Applies only to construction of office premises.

New technology

The “100 on Solar” project means that Castellum will build 100 solar cells on existing buildings up through 2025. In 2020, the construction of northern Europe’s largest solar cells began at Hisingen Logistics Park outside Gothenburg. The investment of MSEK 27 covers 30,000 square metres of solar cells with an annual production of 3.3 GWh. In total, 55 solar cell facilities have been constructed as part of “100 on Solar”. This figure is higher than the number of solar cells owned due to sales. In 2021, investments in “100 on Solar” totalled approximately MSEK 21.

There are 674 charging stations for electric vehicles currently in operation on Castellum’s properties. The company also imposes requirements in all major office projects that at least 25% of all parking spaces must be charging stations for electric vehicles, and there must be preparations for quickly scaling up to 50–75% of all parking spaces. For new logistics properties, the requirement is for at least one station for charging electric vehicles and preparations for 25% of all parking spaces.

EU Taxonomy Regulation

All of Castellum’s operations are taxonomy-eligible. As regards existing buildings, they must be able to demonstrate an energy performance certificate with a rating of A or be among the top 15% of the most energy-efficient buildings in the country in order to be in line with the requirements for classification as an environmentally sustainable economic activity in the taxonomy in accordance with the first environmental objective: climate change mitigation. This is provided that they fulfil measures for minimum protection and do no significant harm (DSNH) to the other environmental objectives. As regards new production pertaining to the first environmental objective, Castellum is of the opinion that the absolute majority of its new production will meet the threshold value of the EU Taxonomy Regulation for being environmentally sustainable economic activities. It has not yet been possible to conduct a complete analysis, but a preliminary analysis of Castellum’s asset portfolio can be found on page 185.

No opinions can be formed as regards the other environmental objectives in the EU Taxonomy Regulation, but efforts are under way to investigate them both internally and together with the industry. Castellum is actively partnering with the Fastighetsägarna industry association and EPRA, and also takes part in leading the efforts in Fastighetsägarna’s Task Force on the EU Taxonomy Regulation. Its purpose is to study and produce guidance and national threshold values for measuring green activities under the taxonomy.

**100% of Castellum’s properties
are EU taxonomy-eligible.**

Castellum assumes that all rental income, as well as investment and operating costs excluding property tax and energy costs, that are associated with certain economic activities are classified the same as the economic activity. If, for example, a property is classified as environmentally sustainable under the EU Taxonomy Regulation, all rental income, investment and operating costs excluding property tax and energy costs will also be classified as green. At present, all of Castellum’s economic activity is deemed to be taxonomy-eligible. Refer further to the information on the EU Taxonomy Regulation on pages 184–185.

Clear requirements for suppliers

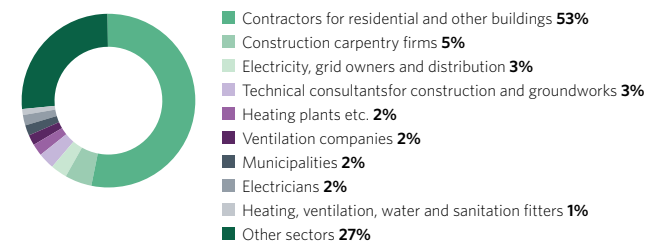
The construction and property industry involves major purchases, and there is therefore always a risk of corruption. The risk of corruption in Castellum’s operations has been identified as greatest primarily in conjunction with major procurements. As part of the evaluation in selecting a supplier, sustainability is always an assessment criteria and is weighted into the choice of supplier. The company also has a Code of Conduct for Suppliers that applies to all procurements and all partnerships with suppliers. The requirements on our suppliers concern the environment,

Guidelines for human rights

Castellum exercises zero tolerance as regards violations of human rights and children’s rights. Through its efforts at evaluations that contain risk analyses, reviews and a well-developed Code of Conduct for suppliers, Castellum ensures that there are checks in place to prevent violations of human rights and children’s rights. The company does not allow child labour and forced labour, either in its own operations or in the operations that suppliers conduct on behalf of Castellum. Castellum complies with existing international standards such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The risk for violations of human rights is a component of the company’s annual risk analysis. Over the coming years, Castellum will develop the way in which the company reviews its operations in order to ensure that no violations of human rights occur in its own value chain.

SUPPLIERS IN 2021 (SHARE OF TOTAL PURCHASE VOLUME)



work environments and safety, working conditions and human rights as well as business ethics and anti-corruption. As a result, all projects are covered by stringent requirements concerning issues such as human rights, climate initiatives and sustainability performance.

Castellum conducts systematic risk analyses of all its suppliers. The purpose is to identify suppliers with a high risk of departures from the Code of Conduct and to implement measures as needed in the form of necessary checks. To date, no high-risk suppliers have been identified. This is likely due to the fact that the company has a close and well-developed partnership with its suppliers, and that Castellum nearly always uses local Swedish, Finnish or Danish suppliers with well-developed sustainability initiatives. Over the coming years, this systematic risk analysis of suppliers will continue to be developed.

For major purchases and procurements, Castellum's ambition is to monitor suppliers and contractors in accordance with Group-wide requirements. Depending on how the supplier is classified from a risk perspective, monitoring takes place in various ways – for example, through audits, inspections, questionnaires and site visits. No major departures were identified during the year.

Castellum is unable to report quantitative data for the number of supplier audits with specific sustainability criteria, but reports only qualitatively on how the efforts to influence the sustainability initiatives of our suppliers.

In 2021, Castellum purchased services or products totalling MSEK 5,593 (3,495) from a total of 5,396 (4,105) suppliers, of which the largest suppliers with a purchase volume over MSEK 10 accounted for 62% of the purchase volume. Furthermore, no significant changes occurred in Castellum's work with its chain of suppliers during the year. As a part of enhancing efficiency and imposing clear requirements in the supplier chain, Castellum signs framework agreements with suppliers. In every procurement, the supplier must also affirm that they work systematically on sustainability and health and safety management. If a supplier



violates the Code of Conduct or sustainability and health and safety requirements, the agreement can be cancelled.

In 2021, no supplier agreements were cancelled as a result of derogations (related to the environment, or social or human rights) that can be associated with the Code of Conduct for suppliers, or sustainability and health and safety requirements. During the year, Castellum signed 1 (7) new framework agreements; in total, there are 30 (29) framework agreements in the Group for goods and services in property management. The majority of Castellum's suppliers are located in Sweden, Denmark and Finland.

Well-being

The goal is for all employees to have a high sense of well-being all the time. For Castellum, this is a matter of promoting health, well-being and improved productivity, and its operations being characterised by equal opportunity and diversity.

Castellum's commitment

We will promote health, wellness and productivity.

Core values provide guidance in daily life

Castellum's core values – the Castellum Spirit – provide guidance in day-to-day activities and various business situations concerning what is expected of an employee at the company, and how we should conduct ourselves towards each other in the company.

A flexible workplace

Work life as a whole is facing a revolution that Castellum intends to best meet through also practising change in its own operations. Issues of working remotely, flexibility and balance between work and leisure have been on the agenda for some time. When the pandemic broke out, the company introduced remote working for many employees, which it sees as an important supplement to the office going forward as well, especially to reduce commuting to work.

Castellum is part of a research partnership with KTH Royal Institute of Technology, RISE IVT, Gothenburg University and Scania, the purpose of which is to study how the lessons from the pandemic regarding flexible work can be transformed into best practice once the pandemic is over.

A workplace where everyone has high sense of well-being

Health and safety, as well as a positive work environment, are priorities at Castellum. The objective is a healthy workplace free of accidents. Using a structured approach, the company is working proactively to boost employee health, prevent risks and avoid work-related accidents.

Castellum takes care of its employees. The company continually conducts various wellness-related activities in the form of group exercise as well as interactive activities and challenges that encourage movement. All employees are offered a yearly wellness allowance of SEK 5,000 and regular health check-ups, as well as advantageous health care insurance for both employees and their respective families. Wellness activities are both preventative and rehabilitating, with the aim of promoting continued well-being.

Short-term sick leave at the company remains low, equivalent to 1.1% (0.9), of which 1.1% (0.8) for women and 1.1% (1.0) for men. Total sick leave remained low, at 2.9% (2.0). Castellum protects and supports employees, suppliers and contractors, and it is our responsibility that no one becomes ill, either physically or mentally, or is injured owing to their work. The company works routinely on developing and improving working environments within the entire Group. The occurrence of work-related injuries is very low, equivalent to 1.7 (1.2) injuries per 200,000 hours worked. Injury figures are low for Castellum's suppliers and contractors as well, with 11 (6) work-related injuries reported for the year.

Examples of workplace injuries among employees:

- Crush injuries
- Sprains and bone injuries
- Injuries sustained during the commute to and from work

Examples of workplace injuries among suppliers and contractors:

- Falls
- Cuts
- Broken bones
- Crush injuries
- Burns

Castellum's values

- Personal
- Proactive
- Passionate
- Reliable

Diversity and Equal Opportunity

For Castellum, it is important that its operations are characterised by equal opportunity, diversity and equal rights for all. By 2025, the company will have achieved a long-term gender equality balance in all positions and the share of coworkers with international backgrounds will have increased to 20% so as to reflect the actual composition of our communities over the long term.

The proportion of women in the company at the end of the year was 43% (40). There is deemed to be an acceptable level of equal opportunity among the Board and Executive Management. There is still a relatively large imbalance between women and men in certain professions and trades, while other categories strongly uphold our gender-equality goals.

A more equitable company requires the company to work systematically with guidelines and concrete action plans. Examples of projects and initiatives that were carried in 2021 include offering Castellum employees in other countries the same advantageous terms for parental leave as those in Sweden. Apart from the statutory parental leave rights and parents' allowance in Sweden, Castellum offers employees a pay supplement during a

maximum of 180 days of parental leave that pays approximately 90% of the regular salary. Castellum's objective is to be an attractive employer, making it easier for parents to balance their work lives with parenthood. Eleven employees went on parental leave in 2021.

Equitable and competitive remuneration

Equal opportunity and diversity also involves ensuring equitable and competitive salaries. In 2021, salaries were within the limits of what is considered equitable. Monitoring is continual, and when differences in salaries due to gender are identified, immediate action is taken. The ambition is for equal work tasks to generate equal remuneration.

Castellum offers all its employees competitive, market-based remuneration. Salary levels are based on collective negotiations, work tasks and the performance of the individual employee. Continual evaluation of performance in relation to clearly set and individual goals are an important tool in the efforts for equitable and competitive salaries.

Committed people

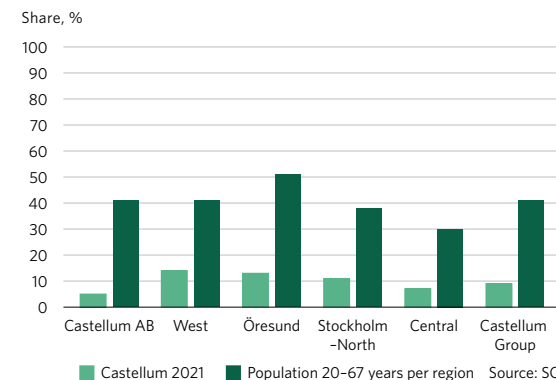
Since the end of 2020, Castellum has conducted the Castellum Experience monthly employee survey. These pulse surveys consist of a handful of questions that monitor employee commitment. Committed employees know what they have to do to contribute to the company's goals (clarity) and have the stamina, strength and

EQUAL OPPORTUNITY, 2021



Equality involves a distribution in the range of 40-60%. Green markers are subject to goal tracking in accordance with Castellum's sustainability strategy. Action plans must be drawn up annually by the HR department, with focus on the least equal and larger occupational groups, which are monitored at a detailed level (e.g. customer service/property management).

DIVERSITY BY REGION, 2021



The number of employees with foreign backgrounds at Castellum in 2021, compared with foreign backgrounds among the populace aged 20-67 in the same locations and respective regional head office. Source: SCB

desire (energy) to do it. The purpose of the pulse measurement is to rapidly identify needs for corrective efforts and to monitor trends linked to employee commitment. The average outcome in 2021 indicates a commitment index just over the average among comparable companies. Castellum works as much with competence development as with designing motivational work situations to create committed employees.

EMPLOYEE NET PROMOTER SCORE (ENPS)

	2021	2020
Women	37%	33%
Men	48%	34%
Under 30	50%	18%
30-50	41%	32%
Over 50	40%	31%
Total	43%	34%

Performance and career development reviews are carried out annually so that targets can be set and monitored, and competence development requirements can be determined. In the course of 2021, 91% (93) of all employees – excluding Kungsleden – took part in performance and career development reviews: 93% of women (89) and 89% of men (95). The primary reason that not all employees had a performance review in 2021 is the addition of new employees who had not yet had their first performance and career development review.

Attractive employer

At Castellum, competence development takes place via both internal and external resources. Within Castellum, competence development is broadly defined; it can be training adapted to a particular coworker's job description, but it can also be within an area that the company is currently focused upon. In total, 6,099 (7,913) training hours were completed at Castellum, which is approximately 14 (19) hours per employee.

Castellum's ambition is to create a motivational work situation that promotes loyalty and job satisfaction. The decentralised organisation means that every employee has a clear area of

responsibility with a high degree of authority, which leads to both professional and personal development.

The ability to attract qualified, gifted employees and to retain and nurture talent is crucial for Castellum's development. In 2021, 24% (31) of all new positions were filled by internal candidates.

Cooperation

Castellum participates in the Jobbsprånget internship programme run by IVA, the Royal Swedish Academy of Engineering Sciences, where newly arrived immigrant academics with residence permits are provided with the opportunity to work as interns in the business community for a period of four months. During 2020, Castellum initiated a partnership with My Dream Now. For example, this partnership provides the company's employees with the opportunity to become involved as mentors and class coaches for elementary and high-school students. The majority of Castellum's employees took an online course that covered such topics as equal opportunity and diversity. The training course has been produced internally and is mandatory for all employees.

Castellum Experience

The commitment index is divided into three categories: Promoters, Passive and Detractors. The latest measurement, based on a response rate of 80% of the company's employees, showed that 56% were Promoters. Castellum breaks this statistic down for the subgroups of gender and age. For women, Promoters were 52% and for men 59%. For the 20-29 age group, 60% were Promoters, for 30-49 55% were Promoters and for 50 and over, 53% were promoters.

Important areas of focus

- Support the organisation's managers by developing the organisation and its employees.
- Ensure the right competence now and for the future.
- Develop the leadership and the culture.
- Work to make Castellum a modern and attractive employer.

Employees at the end of 2021

- 182 women and 245 men.
- 416 full-time and 11 part-time employees.
- 420 permanent employees and 7 temporary employees.
- The proportion of employees with collective bargaining agreements was 96%¹.

1. At present, employees in Finland and Denmark do not have collective bargaining agreements, but the terms of employment comply with the labour legislation and insurance systems of the respective countries.

Social Responsibility

The long-term goal is for Castellum to conduct its operations in a responsible manner in relation to society and stakeholders. Going beyond expectations. Worthy of trust. The Code of Conduct describes how employees are to treat tenants, suppliers, partners and other players in day-to-day operations.

Castellum's commitment

We will conduct business in a responsible manner in relation to the community as well as to our stakeholders.

Code of Conduct

Castellum's Code of Conduct, which applies to all Castellum employees, regulates behaviour towards one another as well as towards Castellum's tenants, suppliers, partners, and other stakeholders that employees meet in daily operations. It is based on Castellum's values (Personal, Passionate, Proactive and Reliable), the ten principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The Code of Conduct clarifies Castellum's position on human rights, working conditions, business ethics and information. Castellum is to provide quality service, comply with laws and regulations, never discriminate against anyone, and ensure a healthy working environment with a high safety level at the workplace. Castellum also maintains focus on gender equality issues, as described in the company's diversity plan.

Castellum's operations are subject to each country's laws and regulations concerning, for example, working conditions, occupational safety and freedom of association. Castellum's HR manual addresses issues such as working environment, equal opportunities, salaries, pensions and company cars. Each new employee undergoes mandatory training that includes the company's Code of Conduct, sustainability initiatives and diversity. Preventive efforts regarding corruption issues, where conduct in various everyday situations is continually discussed, are conducted throughout the Group.

A pivotal element is that all employees understand and follow the Code of Conduct. All employees must undergo Castellum's mandatory training concerning the content of the Code of Conduct. Departures from the Code of Conduct must be reported and discussed with an immediate supervisor or, if this is impossible, with another representative of the company. Castellum has a whistleblower function, independent of the company, that can be reached via the Group's website and Intranet. This function is intended to help both employees and external parties to report incidents and actions that are not line with Castellum's values or Code of Conduct, or otherwise have a negative impact on the company or people's health and safety. All whistleblower cases are handled in accordance with established procedures. Those reporting a whistleblower case receive prompt feedback and then the aim is to maintain a dialogue with the initial notifying person. All cases are handled confidentially, and the person making the report will always receive some form of feedback within ten days. In 2021, Castellum received some ten cases through the whistleblower function. Some of the cases led to a change in routines or to targeted communication efforts. In 2021, the company and management did not receive any information on the occurrence of incidents that had a negative impact on the health and safety of tenants. In the last five years, neither Castellum nor any representative of the company have been sentenced for any crime that could

be linked to a departure from the company's Code of Conduct, corruption or operations that inhibit competition. Nor was the company ordered to pay damages or any fines, linked to either violations of environmental legislation or other legislation, in 2021. Castellum has not paid any financial subsidies or otherwise compensated lobbying organisations or other non-profit operations whose purpose is to impact political campaigns or other forms of legislation.

Community engagement

For Castellum, community engagement is about offering healthy and productive urban environments where people have a high sense of well-being. It is also about contributing to urban development that encourages the integration of different societal groups. Another important aspect for Castellum is to facilitate the entry of more young people and people with varied cultural backgrounds into the labour market. Castellum holds stakeholder dialogues and participates in joint projects with other property owners and players to create better living environments together. In 2021, a total of 62 (47) young people worked at Castellum as vacation replacements, interns, apprentices, trainees or with academic degree projects. 19 (9) of these young people were apprentices (in Castellum's definition, people who are struggling to enter the job market), which is equivalent to approximately 4% of Castellum's employees. Castellum has also adopted a goal of requiring its contractors to hire apprentices in all larger projects. In addition, Castellum collaborates with organisations such as the Jobbsprånget internship programme, which is an initiative that matches companies with academics who have just arrived in Sweden. During the year, Castellum offered job experience positions to individuals with non-Swedish backgrounds who had just arrived in the country.

Developing local communities

Castellum develops social programmes in all the cities where the company operates, and at present all properties are covered by such programmes. Castellum's engagement in these social programmes varies based on local needs and the specific properties. The social programmes are based on stakeholder analyses in which the relevant needs are identified and analysed. Based on these results, local decisions are taken on how Castellum is to get involved. Most often, these efforts concern how Castellum can positively impact the environment and improve the local community as well as the environments in and around the properties.

The social programmes currently comprise approximately 120 different initiatives such as city networks, sustainability networks and corporate associations where Castellum interacts with tenants, municipalities and other partners to develop cities or the surrounding areas. Castellum also actively works with community associations, schools and universities to offer young people apprenticeships and summer jobs. Castellum's sponsorship and support of local associations focuses primarily on promoting young people's education and health. During the year, the company sponsored organisations such as BRIS, Young Entrepreneurship and local sports associations. In 2021, Castellum gave a total of MSEK 7.3 (6.8) in direct support through sponsorships and other initiatives, of which MSEK 4.7 (4.4) pertained to membership fees for industry organisations. In addition, Castellum has also contributed approximately MSEK 0.5 in overheads and MSEK 0.5 in volunteer work.

Selection of industry organisations in which Castellum is a member

- Almega
- Centre for Management in the Construction Sector (CMB), part of Chalmers University of Technology
- Chamber of Commerce (Handelskammaren)
- EPRA
- European Think Tank
- The Swedish Property Federation
- Fossil Free Sweden
- Green Building Council Denmark
- Green Building Council Finland
- Citysamverkan
- The Trade and Industry group
- SNS (Center for Business and Policy Studies)
- Sweden Green Building Council
- BELOK (the Swedish Energy Agency's group for efficient energy use in premises)
- Lokal Färdplan Malmö 2030 (LFM30)



"100 on Solar" programme already halfway to its goal



Christofer Björkman,
store manager
City Gross Jönköping



Max Börling,
project manager
Castellum



Magnus Svensson,
facility manager
Bergendahl Group

The City Gross store in Jönköping is one of Castellum's many properties that has had solar cells installed on its roof.

"It means a great deal to us and is entirely in line with our efforts to create as sustainable an operation as possible," says Christofer Björkman, store manager.

Castellum's "100 on Solar" project means that 100 solar cells will be completed by 2025. The target was set in January 2020 and the 50th installation was in place by 2021, which means the halfway point has already been reached.

"It is wonderful that the 50th installation was on our store in Jönköping," Christofer Björkman says. City Gross uses energy only from renewable sources, which is why having their own solar cell on the roof feels like both an important stand-point and a wise investment.

The installation at City Gross in Jönköping will produce 220,000 kilowatt-hours per year, corresponding to the electricity consumption of 11 standard Swedish houses.

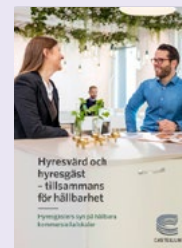
"Production is greatest during the daytime and during the summer months, when we need the most electricity for our cooling facilities. Castellum's production of sustainable electricity that we can buy at a lower price is a win-win for us both," Christofer Björkman says.

Castellum's goal is to become 100% climate neutral in its operations by 2030, thereby supporting the UN climate agreement and the goal of a fossil fuel-free Sweden.

"100 on Solar is a key component of this initiative. I see continued great potential for solar energy, and it is something our tenants also view positively," says Max Börling, project manager for the solar cell initiative at Castellum.

City Gross imposes strict requirements on properties in its expansion into new stores.

"It is important for us that our landlords work actively on sustainable energy solutions. We have a great deal in common with Castellum since we are both working to find long-term sustainable solutions to drive our operations forward. This means a great deal to us as a family company," says Magnus Svensson, facility manager of the Bergendahl Group, which includes City Gross. ■



The report *Hyresvärd och hyresgäst - tillsammans för hållbarhet* (Landlord and tenant - together for sustainability) that Castellum produced in partnership with six other European property companies, clearly shows that property owner sustainability initiatives are becoming increasingly significant for tenants and are an issue that they are eager to collaborate on. Read more at: www.castellum.se/en/about-castellum/sustainable-business/sustainable-landlord/



Watch a video on the
solar cell initiative



Invest in
Castellum

Why Castellum is of interest to investors

Castellum is one of the Nordic region's largest listed commercial property companies and has a long-term approach to strategy, growth in property value, income from property management and dividends.

Stable growth since the IPO in 1997

Since 1997, Castellum has demonstrated annual growth in income from property management of 11% in SEK per share and dividend growth of 10% per year, corresponding to a payout ratio of 53%. The company has increased its share dividend for the 24th consecutive year.

Well-diversified portfolio

The focus is on commercial properties with properties in various business categories that reflect Swedish, Danish and Finnish business life. Customers include both private and public players, exposure to individual tenants is low and the length of the leases varies widely.

Local business

Castellum is present in attractive Swedish growth regions as well as Copenhagen and the Helsinki area, with its own local organisations. Local presence means that Castellum gains a good understanding of the market and can offer premises that are suited to its tenants' needs.

A sustainable property owner

Castellum intends to be the most sustainable property company in Europe. The company has won several awards that validate its high ambitions in the field of sustainability; see Castellum's sustainability awards on the next page.

A modern property owner

Castellum aims to be a modern property owner that gives its employees a mandate to grow and develop services with new technology and digitalisation as the guiding lights for creating attractive, flexible work environments for the company's tenants.

Credibility through transparency

Castellum's ambition is to provide its shareholders with as much up-to-date, accurate information about company performance as possible so that they will have a firm basis for decisions regarding their investments in the company's shares.

Sustainability awards and ratings

Castellum's goal of being one of Europe's most sustainable property companies is validated by the international attention the company has garnered for its sustainability initiatives. These external awards confirm the company's strong sustainability position and show that owners and investors put a premium on well-developed sustainability initiatives.

Dow Jones Sustainability Index

For the sixth consecutive year, Castellum retained its position as the only Nordic company in the property and construction sector on the Dow Jones Sustainability Index (DJSI), which includes the companies in all of the world's industries that are the best performers in the field of sustainability. In 2021, S&P Global – the company behind the DJSI – invited 10,000 listed companies in all industries to take part in the evaluation. The top global performers qualify for this prestigious index, established in 1999 for the purpose of steering investors towards more sustainable investments. Castellum is one of only six Swedish companies that qualified for the index.

MSCI ESG Ratings

In 2021, Castellum was ranked AAA (on a scale of AAA to CCC) by the MSCI ESG Ratings assessment.

Sector leader according to the Global Real Estate Sustainability Benchmark (GRESB)

Castellum has ranked as a world leader in sustainability in its sector by GRESB. This means that Castellum ranks first in the world in the office and industrial premises sector. According to GRESB, Castellum also ranks as the world's most sustainable developer of office projects. GRESB is an international benchmark that measures and evaluates the sustainability initiatives of property companies and property funds. This year's study encompassed 1,540 property companies and funds in 64 countries.

EPRA Gold

The European Public Real Estate Association (EPRA) works to improve standards and transparency in the property industry in order to strengthen credibility and security for investors. This year, Castellum won the Gold Award from EPRA, which has an award scale from Bronze to Gold. EPRA Gold, which is the prize for the best sustainability reporting in Europe, is proof that Castellum not only keeps its promises in the field of sustainability but also that Castellum is clear and transparent in its communication on sustainability.

CDP

Castellum reports to the CDP and has a rating of A- on a scale of A to D-. This is the highest marks of all Nordic property companies. The CDP is an independent non-profit organisation with the world's largest collection of information on companies' climate impacts.

Sustainalytics

Castellum has ranked as Industry Top-Rate in the Sustainalytics sustainability benchmark, which covers over 4,000 companies across the globe.

Climate targets approved by SBT

Castellum's target is to achieve 100% climate neutrality in its operations by 2030, thereby contributing to the UN climate agreement and Sweden's national ambition of being a fossil fuel-free country. Castellum is the first property company in the Nordic region to have its climate targets approved by the Science Based Targets initiative (SBTi).

Castellum awarded the Solar Energy Award

The Hisingen Logistics Park, a logistics facility constructed by Castellum, was named solar cell of the Year for 2021 and won the Solar Energy Award for the 30,000 square metres of solar cells on its roof. In total, there are approximately 8,500 solar cells that annually produce roughly 3.3 GWh, corresponding to the annual consumption of 660 standard houses.

Top ranking for equality at the European level

Once again, Castellum ranks as one of Europe's most equitable listed companies, according to European Women on Boards. This equality survey compares the largest companies in 17 European countries. And in the European Women on Boards "Gender Equality Index" report for 2021, Castellum took a top spot and maintained its position as a Best Practice Leader.

Ratings

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Castellum's rating:
80/100
(the only Nordic property company to be included)

MSCI
ESG RATINGS
AAA

Castellum's rating:
AAA

GRESB
REAL ESTATE
sector leader 2021

Castellum's rating:
95/100
(global sector leader)



Castellum's rating:
Gold



Castellum's rating:
A-
(highest of all Nordic property companies)



Castellum's rating:
Industry Top-Rated



Castellum's rating:
Best Practice Leader

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Castellum works with scientifically grounded climate goals in line with the Paris Agreement.

The Castellum share

Castellum is one of the largest commercial listed property companies in the Nordic region. Since 1997, the company's share has been listed on Nasdaq Stockholm Large Cap under the symbol CAST. The Board intends to propose that the Annual General Meeting approve a dividend of SEK 7.60 per share, an increase for the 24th consecutive year.

Castellum's market capitalisation (i.e. the value of all shares outstanding in Castellum) amounted to SEK 83.0 billion (57.9), as of 31 December 2021. This corresponds to approximately 11% of the total market capitalisation, SEK 767 billion, of dedicated Swedish property companies and approximately 1% of the aggregate market capitalisation, SEK 13,174 billion, of Swedish listed companies.

The number of Castellum shares outstanding is 340,544,001 (277,092,708). In 2021, a total of 204 million (286) shares were traded, equivalent to an average of 805,000 shares (1,137,000) per trading day, corresponding on an annual basis to a turnover rate of 71% (104). The share turnover is based on statistics from Nasdaq Stockholm, Cboe CXE EU, Turquoise and Cboe BXE EU.

Proposed dividend

The Board intends to propose to the Annual General Meeting to approve a dividend of SEK 7.60 per share, an increase of 10% year-on-year. The dividend is proposed to be distributed to the shareholders in four equal payments of SEK 1.90 each. The payout ratio amounts to 61%, based on income from property management before tax.

The proposed record dates for the dividend are Monday, 4 April 2022; Thursday, 30 June 2022; Friday, 30 September 2022 and Friday, 30 December 2022.

The proposed dividend, equivalent to 61% of income from property management and 3% of the net asset value, exceeds Castellum's objective of distributing at least 50% of income from property management, taking into account investment plans, consolidation needs, liquidity and financial position in general. Unrealised changes in value, positive or negative, are thus not included in the distributable earnings.

Net asset value

Net asset value describes the total equity that the company manages for its owners. On this basis, Castellum wants to generate stable return and growth at low financial risk. When assets and liabilities are measured at fair value, the net asset value can be calculated using shareholders' equity in the balance sheet. It should be taken into account, however, that the effective tax is lower than the reported nominal tax rate, due in part to the possibility of selling properties in a tax-efficient manner, and in part to the time factor which means the tax is to be discounted.

Long-term net reinstatement value (EPRA NRV) can be calculated to SEK 251 per share (214). The share price at the end of the year was thus 97% (98) of the long-term net reinstatement value.

Earnings

Income from property management per share, adjusted for tax attributable to income from property management (EPRA EPS) amounted to SEK 11.58 (11.25). Based on the share price, this resulted in a yield of 4.7% (5.4%) corresponding to a multiple of 21 (19). This visible income from property management should be adjusted for long-term increase in value of the property portfolio and effective tax paid.

Earnings per share after tax amounted to SEK 41.81 (20.52) in 2021. Based on the share price, this yields a return of 17.1% (9.8%) corresponding to a P/E ratio of 6 (10).

NET ASSET VALUE

	MSEK	SEK/share
Equity according to the balance sheet	83,637	246
Reversed		
Hybrid bonds	-10,164	-30
Non-controlling interest	-693	-2
Derivatives according to the balance sheet	563	2
Goodwill according to the balance sheet	-5,351	-15
Deferred tax according to the balance sheet	17,351	50
Net reinstatement value (EPRA NRV)	85,343	251
Deduction		
Goodwill due to acquisition of United Spaces	-193	-1
Estimated real liability, deferred tax 3% ¹⁾	-3,160	-9
Net tangible assets (EPRA NTA)	81,990	241
Deduction		
Derivatives according to above	-563	-2
Deferred tax	-14,191	-41
Net disposal value (EPRA NDV)	67,236	197

1. The net estimated real deferred tax liability is 3% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realised with a nominal tax of 20.6%, and that the properties are realised in 50 years and where the entire portfolio is sold indirectly in corporate wrappers where the buyers' tax discount is 7%.

Total return

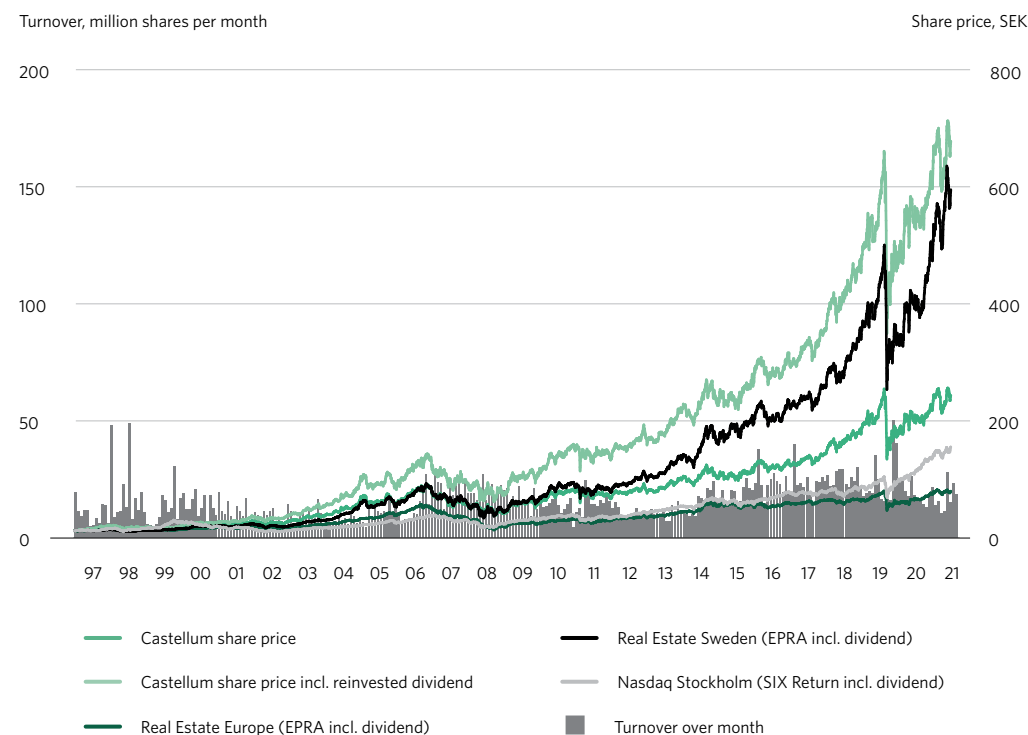
Total return reflects the development of the share price plus dividends paid during the period.

The Castellum share price at year end was SEK 243.80 (208.70), equivalent to a market capitalisation of SEK 83.0 billion (57.9) calculated on the number of shares outstanding. The total return on the share in 2021, including dividend of SEK 6.90, was 20.7% (-1.6).

GROWTH, YIELD AND FINANCIAL RISK

	2021	3 yrs avg/yr	10 yrs avg/yr
Growth			
Rental income SEK/share	3%	3%	4%
Income from prop. mgmt SEK/share	1%	5%	7%
Net profit for the year after tax SEK/share	104%	15%	27%
Dividend SEK/share	10%	8%	9%
Long-term EPRA NRV, SEK/share	17%	13%	12%
Property portfolio SEK/share	21%	11%	10%
Change in values on properties	7%	5%	4%
Yield			
Return on long-term EPRA NRV	18.4%	15.4%	19.8%
Return on equity	22.7%	18.2%	16.9%
Return on total capital	8.6%	8.8%	8.0%
Total return per share (incl. dividend)			
Castellum	20.7%	18.2%	17.0%
Nasdaq Stockholm (SIX Return)	39.3%	29.2%	16.8%
Real Estate Index Sweden (EPRA)	45.1%	28.7%	22.1%
Real Estate Index Europe (EPRA)	18.3%	11.4%	11.4%
Real Estate Index Eurozone (EPRA)	3.8%	5.2%	10.1%
Real Estate Index Great Britain (EPRA)	28.9%	12.3%	10.7%
Financial risk			
Loan-to-value ratio	39%	41%	47%
Interest coverage ratio	517%	515%	397%

THE CASTELLUM SHARE'S PRICE TREND FROM THE IPO ON 23 MAY 1997 UNTIL 31 DECEMBER 2021



Dividend yield

Dividend yield – the company's dividend divided by the current share price – represents the yield shareholders receive in cash every year following the resolution by the Annual General Meeting. The key ratio thus expresses the relationship between two different "spheres": Castellum's performance in the form of dividends and the stock market's pricing of the company. The valuation thus reflects the market's view of the dividend yield required to achieve a total return that matches the required market yield for the Castellum share.

The proposed dividend of SEK 7.60 (6.90) corresponds to a dividend yield of 3.1% (3.3) based on the share price at the end of the year.

Net asset yield and earnings incl. long-term change in value

In companies managing real assets, such as property, the income from property management only reflects part – albeit a large part – of the overall result. The definition of a real asset is that its value is protected. This means that over time – and with proper maintenance – the real asset increases in value to compensate for inflation.

The net asset value (i.e. the denominator of the income/capital yield ratio) is adjusted annually in accordance with IFRS regulations for changes in value. In order to provide an accurate figure of the yield, the numerator – that is, the income – must be similarly adjusted. The income from property management reported must therefore be supplemented with a component of change in value as well as effective tax to produce an accurate view of income and yield.

One problem is that changes in value can vary greatly between years and quarters, thus leading to volatile results. For a long-term player with a stable cash flow and a properly compiled asset portfolio, the long-term change in value can be used to adjust the numerator in the equation.

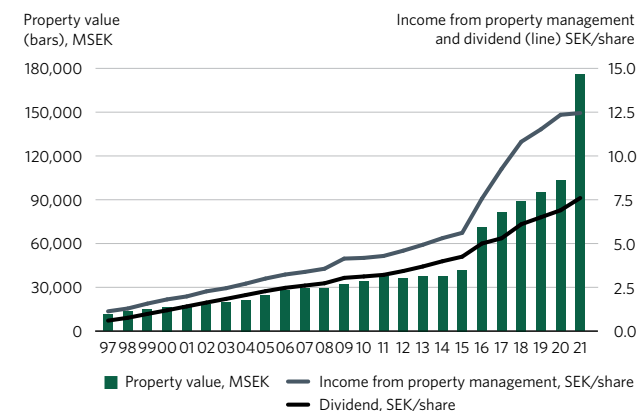
NET ASSET YIELD AND EARNINGS INCL. LONG-TERM CHANGE IN VALUE

	Sensitivity analysis		
		-1%-point	-1%-point
Income from property management 2021	3,522	3,522	3,522
Change in values on properties (on average 10 years)	3.4%	2.4%	4.4%
NOI MSEK	5,207	3,676	6,738
Current tax, 10%	-165	-165	-165
Earnings after tax	8,564	7,033	10,096
Earnings, SEK/share	31.48	25.85	37.11
Return on EPRA NRV	14.4%	11.9%	17.0%
Earnings/share price	12.9%	10.6%	15.2%
P/E ratio	8	9	7

Shareholder value created

At the IPO in May 1997, Castellum's asset portfolio amounted to approximately SEK 10 billion, income from property management to approximately MSEK 300 and shareholders' equity to approximately SEK 4 billion. Since then, Castellum has created shareholder value by increasing shareholder's equity to SEK 85 billion and dividends of approximately SEK 16.8 billion have also been distributed as of 31 December 2021. The asset portfolio grew over the same period to approximately SEK 153,146 billion at the end of 2021, while income from property management increased to SEK 3,522 billion.

PROPERTY VALUE AND INCOME FROM PROPERTY MANAGEMENT SINCE THE IPO, 1997



Valuation

The investor's required yield for a given share forms the basis for valuation over the long term. The required yield is based on the required yield for secure investments plus a risk premium for shares. The risk premium, and thus the required yield varies from share to share as well as over time. This is partly due to the risk investors perceive with a particular company, which they want to be compensated for: the higher the risk, the higher the required yield. Depending on the investor's – or rather the investor collective's – assessment of the share's future total return (dividend yield plus change in share price) and risk level, an acceptable share price will emerge.

Over the short term, it is largely supply and demand for the share in question that affect share price movements and set the current share price. Factors affecting price in the short term (apart from current investor assessments of the share's long-term yield) include industry outlook, macroeconomic assessments, geopolitical events, allocation aspects, the potential yield on alternative investments, and regulations. Over the long term, the company's actual performance in terms of total return and growth become crucial to share price development. Castellum has achieved a total return averaging 17% per year over the past ten years, of which dividend yield represents approximately 4% and share price development around 13%, with a risk level for the Swedish property market that is moderate. The average dividend growth for the same period amounted to 9% per year.

Shareholders

Castellum had approximately 103,000 shareholders (85,000) at year end, an increase of roughly 21% compared with year-end 2020. The proportion of registered shares abroad amounted to 43% (48) at the end of the year. The largest owner constellations confirmed as of 31 December 2021 are shown in the table at right.

Investor Relations

Investor relations are primarily based on quarterly financial reports, press releases related to significant commercial events and presentations by Castellum. Presentations take place in connection with quarterly financial reports, visits from investors and analysts, and investor meetings both in Sweden and abroad. The large share of foreign shareholders means that there are extensive contacts with foreign investors. Additional market and financial information is provided on the Group's website, www.castellum.com.

Acquisitions and transfers of own shares

The 2021 Annual General Meeting gave a mandate to the Board up until the next Annual General Meeting to acquire and transfer shares. The acquisition may include no more than the number of shares that corresponds at any time to 10% of the total number of shares outstanding. In May 2021, 5,017,765 shares were repurchased at an average price of SEK 207. On 31 December 2021, the company's holding of treasury shares amounted to 5,187,967 shares corresponding to 2% of the number of shares registered.

During the fourth quarter, a share issue in kind of 68,469,057 shares was carried out in conjunction with the acquisition of Kungsleden.

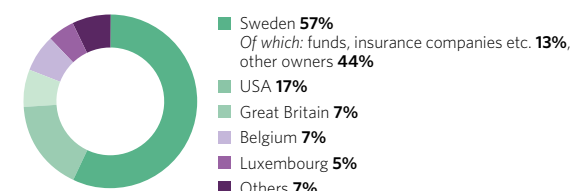
SHAREHOLDERS AS OF 31 DECEMBER 2021

Shareholders	Number of shares, thousand	Percentage of votes/capital
Rutger Arnhult	58,649	17.2%
APG Asset Management	17,173	5.0%
BlackRock	15,676	4.6%
Gösta Welandson, with companies	11,668	3.4%
Vanguard	10,377	3.1%
Handelsbanken Fonder & Liv	10,231	3.0%
Länsförsäkringar Fonder	9,913	2.9%
Corem Property Group AB	8,880	2.6%
PGG Pensioenfonds	6,334	1.9%
Norges Bank	5,411	1.6%
Board and Executive Management Castellum ¹⁾	99	0.0%
Other shareholders registered in Sweden	92,845	27.3%
Shareholders registered abroad	93,287	27.4%
Total shares outstanding	340,544	100.0%
Repurchase of own shares	5,188	
Total shares registered	345,732	

1. Rutger Arnhult's holdings are excluded under Board and Executive Management Castellum. There is no potential common stock (e.g. convertibles).

Source: Holdings by Modular Finance AB. Data collected and analysed from Euroclear, Morningstar, Finansinspektionen, Nasdaq and Millstream.

SHAREHOLDERS BY COUNTRY, 31 DECEMBER 2021



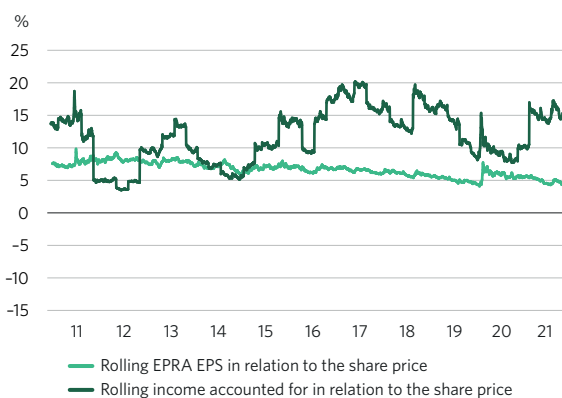
TEN-YEAR SUMMARY

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Key metrics, SEK/share										
Income	22.46	21.94	21.31	20.41	18.97	19.33	20.12	20.23	19.81	18.74
Income from property management	12.45	12.35	11.52	10.81	9.26	8.80	8.11	7.67	7.12	6.64
Net income for the year	41.81	20.52	20.68	27.28	21.51	21.20	15.24	6.41	9.03	7.79
Dividend (for 2021, proposed)	7.60	6.90	6.50	6.10	5.30	5.00	4.25	3.99	3.69	3.43
Property value	450	372	348	326	297	259	221	199	200	192
Valuation										
Income from property management per share/Share price	5.1%	5.9%	5.2%	6.6%	6.7%	7.0%	7.7%	7.2%	8.2%	8.3%
Share price/Income from property management per share	20	17	19	15	15	14	13	14	12	12
Income from property management after tax per share (EPRA EPS)/Share price	4.7%	5.4%	4.7%	5.9%	6.1%	6.6%	7.5%	6.8%	8.0%	7.9%
Dividend/Share price (dividend yield)	3.1%	3.3%	2.9%	3.7%	3.8%	4.0%	4.1%	3.8%	4.2%	4.3%
Price/Net reinstatement value (EPRA NRV) per share	97%	98%	114%	93%	90%	94%	94%	107%	94%	92%
The share										
Market capitalisation, MSEK	83,025	57,865	60,651	44,627	37,811	34,123	19,795	20,024	16,416	15,137
Total return, Castellum share	20.7%	-1.6%	38.9	22.3%	15.4%	23.8%	2.3%	26.9%	13.1%	13.0%
Nasdaq Stockholm (SIX Return)	39.3%	14.8%	35%	-4.4%	9.5%	9.6%	10.4%	15.8%	28.0%	16.5%
Real Estate Index Sweden (EPRA)	45.1%	-4.3%	53.7%	15.3%	15.9%	7.2%	25.4%	37.1%	20.6%	16.2%
Real Estate Index Europe (EPRA)	18.3%	-10.0%	29.7%	-7.7%	13.4%	-4.5%	18.8%	26.5%	10.1%	28.7%
Real Estate Index Eurozone (EPRA)	3.8%	-7.4%	21.0%	-8.2%	17.7%	4.7%	17.4%	24.1%	5.6%	29.2%
Real Estate Index Great Britain (EPRA)	28.9%	-15.9%	30.6%	-13.0%	12.7%	-8.5%	12.1%	22.5%	22.6%	29.9%
Payout ratio, income from property management	61%	56%	56%	56%	57%	57%	52%	52%	52%	52%
Payout ratio, long-term EPRA NRV	3.1%	3.2%	3.3%	3.5%	3.4%	3.8%	3.8%	4.0%	4.0%	4.0%

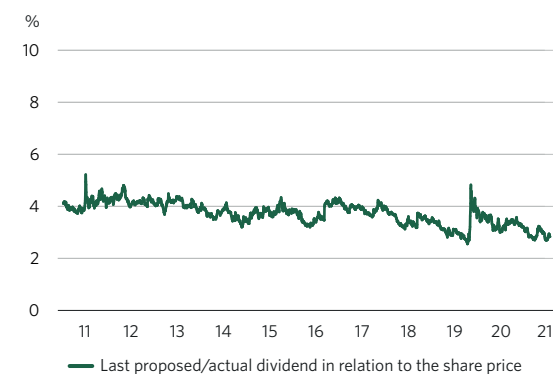
SHARE PRICE/NET ASSET VALUE



YIELD, EARNINGS PER SHARE



DIVIDEND YIELD



TEN-YEAR SUMMARY, CONT.

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Share price, SEK										
Closing share price, final trading day of the year	243.80	208.70	220.00	163.35	138.40	124.90	104.73	105.94	86.85	80.08
Highest share price during the year	272.78	257	223.00	170.25	140.00	133.50	125.38	108.02	93.27	81.99
Lowest share price during the year	191.65	124.20	160.65	121.20	114.80	97.87	97.96	85.94	76.14	66.20
Average (highest/lowest per day)	223.74	195.44	188.32	148.05	126.59	117.62	109.18	97.49	82.82	75.73
Number of shares, thousand										
Average	282,917	273,628	273,201	273,201	273,201	234,540	164,000	164,000	164,000	164,000
Outstanding	340,544	277,093	273,201	273,201	273,201	273,201	172,008	172,008	172,008	172,008
Number of shareholders	103,000	85,000	57,000	44,400	38,000	30,000	19,100	16,300	12,200	9,900
Percentage of shareholders registered abroad	43%	48%	55%	55%	50%	51%	50%	52%	62%	60%
Turnover, thousand shares per year	203,708	286,500	269,900	300,200	272,600	285,000	188,379	133,083	106,266	129,276
Turnover rate per year	71%	104%	99%	110%	99%	103%	114%	81%	65%	79%
EPRA measures										
EPRA Earnings (Income from property management after tax paid), MSEK	3,276	3,078	2,853	2,636	2,291	1,937	1,481	1,355	1,318	1,192
EPRA Earnings (EPS), SEK/share	11.58	11.25	10.44	9.65	8.39	8.26	7.84	7.17	6.97	6.31
Long-term net reinstatement value (EPRA NRV), MSEK	85,343	59,271	53,165	48,009	41,834	36,222	21,184	18,618	17,510	16,480
EPRA NRV, SEK/share	251	214	195	176	153	133	112	99	93	87
EPRA NTA, MSEK	81,990	56,793	51,029	46,118	39,811	35,666	20,668	18,295	17,128	16,267
EPRA NTA, SEK/share	241	205	187	169	146	131	109	97	91	86
EPRA NDV, MSEK	67,236	46,570	42,086	38,090	32,077	27,575	15,768	13,649	13,127	12,065
EPRA NDV, SEK/share	197	168	154	139	117	101	83	72	69	64
EPRA Vacancy rate	8%	7%	7%	7%	9%	9%	10%	11%	12%	11%
EPRA Yield	4.5%	4.8%	5.0%	5.1%	5.3%	5.5%	6.1%	6.4%	6.6%	6.7%
EPRA "Topped-up" Yield	4.6%	4.9%	5.1%	5.2%	5.4%	5.6%	6.3%	6.6%	6.7%	6.9%
EPRA cost ratio (including direct vacancy costs)	28%	24%	26%	26%	28%	33%	29%	29%	30%	30%
EPRA cost ratio (excluding direct vacancy costs)	27%	23%	24%	24%	26%	30%	26%	26%	26%	27%

EPRA, the European Public Real Estate Association, is an association for listed property companies and investors in Europe that sets standards for financial reporting such as earnings per share (EPRA EPS), net asset value (EPRA NAV) and triple net asset value (EPRA NNAV), EPRA Vacancy, EPRA Yield and EPRA "Topped-up" Yield.



Operations

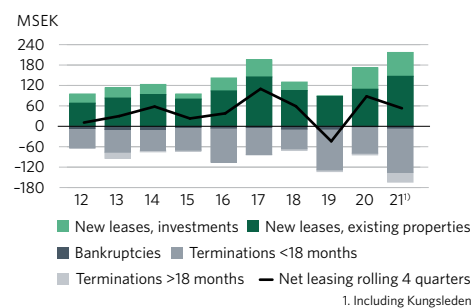
Local presence

Castellum's organisation, with a local presence in most of the larger growth cities in southern and central Sweden as well as Copenhagen and the Helsinki region, creates close relationships with tenants. Moreover, Castellum has gained exposure to the Norwegian market through its associated company Entra. Local presence means that Castellum has a good understanding of the market and can offer premises that are suited to its tenants' needs, excellent personal service and rapid responses.

REGION CENTRAL

	2021	2020
Proportion of the property value, %	24%	24%
Number of properties	193	183
Area, thousand sq. m.	1,635	1,214
Value of properties, MSEK	33,855	24,317
Rental value, MSEK	2,415	1,750
Net operating income, MSEK	1,676	1,254
Net investments, MSEK	11,764	703
Net lettings, MSEK	53	88
Employees	96	95

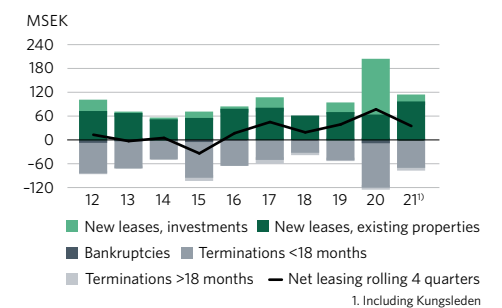
NET LETTINGS



REGION ÖRESUND

	2021	2020
Proportion of the property value, %	14%	20%
Number of properties	115	118
Area, thousand sq. m.	772	964
Value of properties, MSEK	19,842	20,403
Rental value, MSEK	1,283	1,395
Net operating income, MSEK	890	990
Net investments, MSEK	441	1,265
Net lettings, MSEK	35	77
Employees	58	61

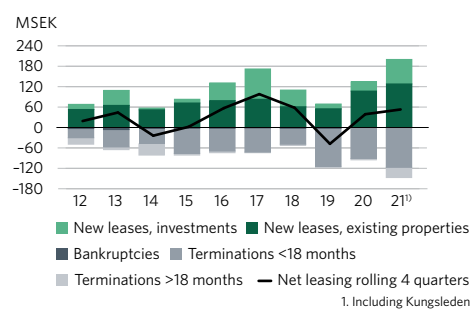
NET LETTINGS



REGION WEST

	2021	2020
Proportion of the property value, %	19%	22%
Number of properties	200	195
Area, thousand sq. m.	1,311	1,240
Value of properties, MSEK	27,052	23,159
Rental value, MSEK	1,671	1,463
Net operating income, MSEK	1,199	1,070
Net investments, MSEK	3,730	-199
Net lettings, MSEK	53	39
Employees	71	82

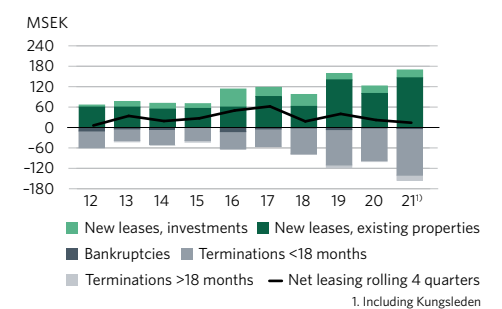
NET LETTINGS



REGION STOCKHOLM¹⁾

	2021	2020
Proportion of the property value, %	35%	29%
Number of properties	140	127
Area, thousand sq. m.	1,178	866
Value of properties, MSEK	49,443	30,281
Rental value, MSEK	2,561	1,639
Net operating income, MSEK	1,871	1,243
Net investments, MSEK	22,359	819
Net lettings, MSEK	14	22
Employees	52	64

NET LETTINGS



1. Region Stockholm-North is accounted for as two separate sections, as market conditions differ significantly.

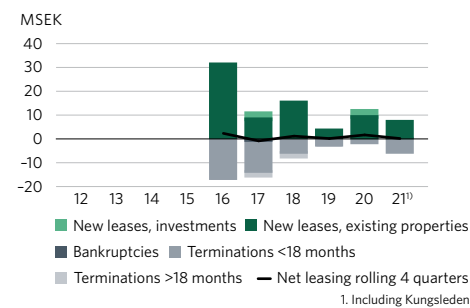
REGION NORTH¹⁾ GÄVLE, UMEÅ AND ÖSTERSUND

	2021	2020
Proportion of the property value, %	3%	2%
Number of properties	19	12
Area, thousand sq. m.	194	105
Value of properties, MSEK	4,082	2,170
Rental value, MSEK	274	157
Net operating income, MSEK	213	121
Net investments, MSEK	—	21
Net lettings, MSEK	1	10
Employees	6	6

1. Region Stockholm–North is accounted for as two separate sections, as market conditions differ significantly.

FINLAND

	2021	2020
Proportion of the property value, %	5%	3%
Number of properties	18	7
Area, thousand sq. m.	208	58
Value of properties, MSEK	7,006	2,712
Rental value, MSEK	529	181
Net operating income, MSEK	332	113
Net investments, MSEK	4,424	1,658
Net lettings, MSEK	6	3
Employees	10	8

NET LETTINGS**NET LETTINGS**

MSEK	2021 ¹⁾	2020	2019
New lettings, existing properties	16	3	0
New lettings, investments	0	0	0
Bankruptcies	0	0	0
Terminated <18 months	-10	0	-12
Terminated >18 months	0	0	0
Net lettings, annual value	6	3	-12

1. Including Kungsleden



Record-high property market in 2021

The transaction volume in Sweden doubled in 2021 to around SEK 400 billion across 789 transactions (469). Sentiment among investors remains extremely strong, and there is a great deal of interest in and plenty of capital for property investments. The share of foreign investors in 2021 was approximately 17% (25). The Nordic property market remains attractive to

international investors, but the percentage is low from a historical perspective owing largely to structural transactions in Sweden.

In Castellum's markets, the required yield for office properties was either stable or fell during the period. A number of comparative transactions were completed during the year at extremely strong levels, which indicates healthy demand for the best products in

all property segments. For offices in the Stockholm CBD, the return is deemed to have fallen during the year, reaching a record low of 3.0%.

Warehouse and logistics properties continue to attract domestic and international investors, driven by the growth of e-commerce. The short supply of attractive logistics properties, in combination with high demand, has resulted in continued falling and record-low required yields.

In Denmark, the transaction volumes totalled DKK 104 billion (65) in 2021. The mood among investors remains strong. The required yield for offices in the CBD is assessed as reaching record levels at 3.25%.

In Finland, the transaction volumes totalled EUR 7.4 billion (5.0) in 2021. Among investors, there is considerable demand for the most attractive objects, and the required yield for offices in the CBD in Helsinki is estimated at 3.4%.

In all, this indicates a strong property market.

DATA PER REGION

	Population	Population trend 2011-2021, per year	Population trend 2011-2021, average no. persons/year	Population trend 2021	Studying at university/college	Employment growth 2011-2021, per year	Unemployment 2021	Growth total wages 2011-2021, per year	Growth total wages, forecast 2021-2030 per year
National	10,514,000	1.0%	103,700	1.3%	454,000	1.0%	7.2%	3.1%	1.9%
Region West									
Gothenburg	1,430,000	1.2%	15,800	1.5%	76,000	1.2%	7.8%	3.4%	2.2%
Borås Municipality	114,000	1.0%	1,000	0.6%	16,000	1.0%	6.6%	2.9%	1.6%
Region Öresund									
Malmö	1,226,000	1.3%	15,000	2.0%	59,000	1.3%	13.2%	3.5%	2.1%
of which Lund Municipality	129,000	1.4%	1,700	2.1%	40,000	1.0%	6.4%	2.9%	2.1%
of which Helsingborg Municipality	151,000	1.5%	2,100	1.3%	— ¹⁾	1.5%	10.7%	3.6%	2.2%
Copenhagen (capital region)	1,866,000	0.9%	15,200	0.6%	120,000	1.2%	2.9%	2.2%	1.5%
Region Stockholm-North									
Stockholm	2,890,000	1.6%	41,900	2.0%	85,000	1.4%	6.7%	3.8%	2.4%
Uppsala Municipality	241,000	1.9%	4,100	3.1%	49,000	1.6%	6.6%	3.6%	2.2%
Gävle Municipality	104,000	0.8%	800	0.7%	12,000	0.9%	9.5%	2.6%	1.6%
Östersund Municipality	65,000	0.9%	500	1.1%	— ³⁾	0.8%	5.4%	2.4%	1.4%
Region Central									
Örebro Municipality	157,000	1.4%	2,100	0.6%	15,000	1.5%	7.6%	3.5%	2.0%
Västerås Municipality	158,000	1.3%	1,900	1.5%	18,000	1.3%	9.4%	3.1%	1.9%
Jönköping Municipality	145,000	1.2%	1,600	1.5%	11,000	1.1%	5.3%	3.2%	2.1%
Linköping Municipality	166,000	1.2%	1,900	1.0%	29,000	1.6%	6.2%	3.5%	2.1%
Norrköping Municipality	145,000	1.1%	1,500	1.2%	— ²⁾	1.3%	10.2%	3.2%	1.7%
Växjö Municipality	97,000	1.5%	1,300	2.3%	37,000	1.1%	7.6%	3.1%	2.0%
Region Finland									
Helsinki (capital region)	1,205,000	1.3%	14,400	0.6%	54,000	1.1%	7.1%	1.4%	2.4%

Castellum's market share

Castellum owns a total lettable area of approximately 6,333,000 square metres with an aggregate property value of approximately SEK 176 billion, including its ownership share in the Norwegian company Entra. At year-end, Castellum's market capitalisation totalled SEK 85 billion. Together, the 200 largest property owners in Sweden own a taxable area of around 102 million square metres of office, public sector properties, retail, warehouse, logistics and industrial properties, of which Castellum's market share amounts to approximately 5–6%. The largest property owners in Sweden, apart from the listed companies, are publicly owned companies as well as Swedish and international institutional investors. In addition, there are a number of smaller property owners such as property and construction companies, factories and private individuals.

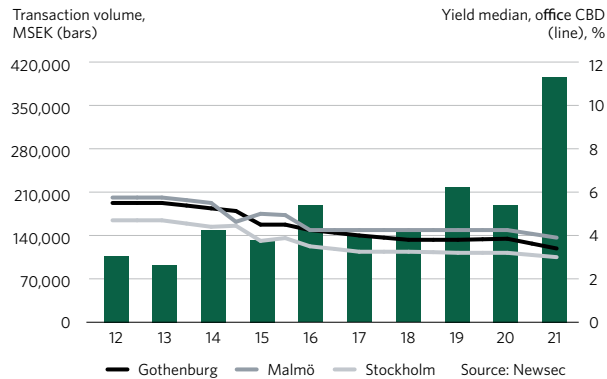
Source: Evidens, Statistics Sweden, the Swedish Public Employment Service, Statistics Finland, Statistics Denmark.

1. Campus Helsingborg included in Lund University.

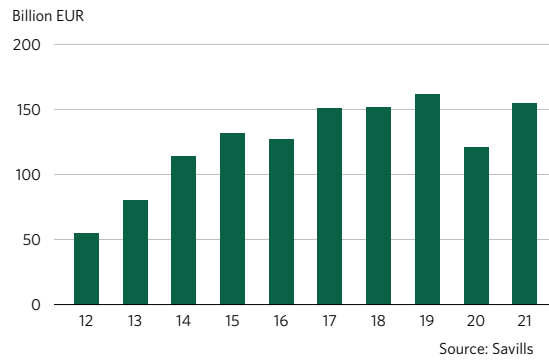
2. Campus Norrköping included in Linköping University.

3. Mid-Sweden University in Östersund included in Mid-Sweden University in Sundsvall.

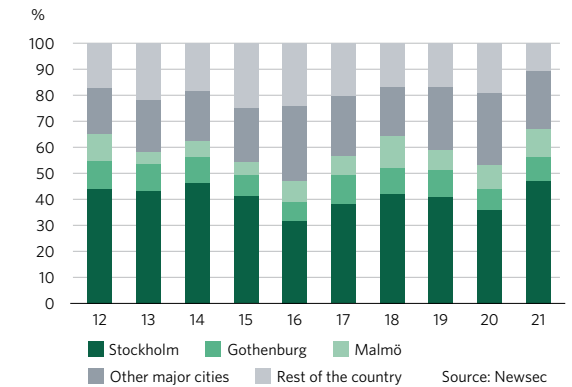
YEARLY TRANSACTION VOLUME SWEDEN AND INVESTMENT YIELD, MAJOR CITIES



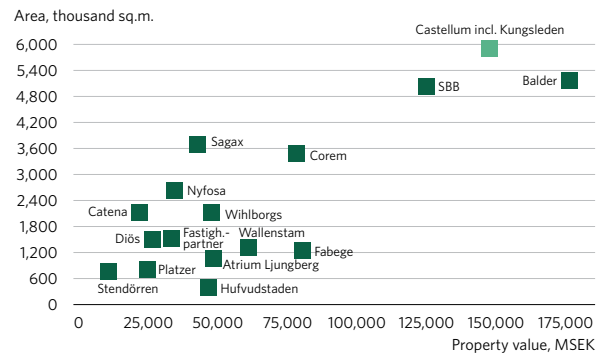
TRANSACTION VOLUMES/YEAR, EUROPEAN PROPERTY MARKET



TRANSACTION VOLUME BY GEOGRAPHY

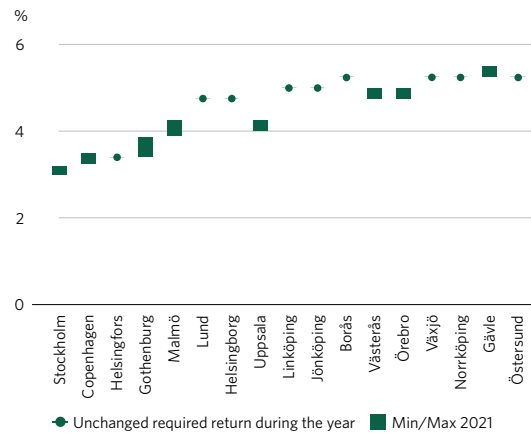


PROPERTY HOLDINGS, LISTED PROPERTY COMPANIES



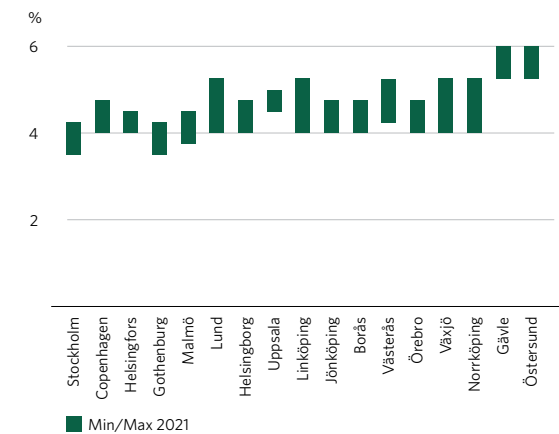
Source: Q3 2021 reports from the respective companies.
Refers to companies with a property value of MSEK >3,000

MARKET INVESTMENT YIELD - OFFICES



Source: Newsec report, Dec 2021 (Stockholm, Malmö and Gothenburg).
Internal knowledge with support from Datscha (Regional Cities).

MARKET INVESTMENT YIELD - WAREHOUSE/LOGISTICS



Investment yield 2021 (bars) according to Castellum's assessment,
with support from Datscha and market transactions completed.

Rental market – offices

In the locations where Castellum conducts operations, the market has shown resilience to the coronavirus crisis and demonstrated stable market rents. The coronavirus crisis has entailed a certain impact on vacancy levels in the major cities. Predictions are that the increase in vacancy levels is transitory, and will return to low levels over the coming 12-month period. It can also be stated that Castellum went into the coronavirus crisis with historically low vacancy levels and record-high rental levels in all markets, at the same time as the company continues to offer office space at profitable levels.

Market rents in the large cities are deemed to have recovered during the second half of 2021 after an initial downturn during the pandemic according to *Nordic Outlook*, Jones Lang LaSalle's autumn analysis of the property market. In the same analysis, the rental trend in Castellum's markets in the capital cities is expected to be positive between 2021 and 2024, with an average rate of increase of 2–3% per year in Stockholm, Copenhagen and Helsinki.

Stockholm–North

Rents in the Stockholm CBD had the strongest performance in Europe during the five-year period prior to the pandemic as a result of historically low vacancy levels. JLL is of the opinion that the office market in Stockholm is now showing signs of stabilisation. As a result of the coronavirus pandemic, uncertainty has increased and a certain amount of pressure on vacancy levels has been noted, though from a historically low level. The vacancy rate in the CBD is 3.5% and the average rent is estimated at approximately SEK 7,300 per square metre, while top rents in individual contracts in the best locations nearly SEK 9,500 per square metre. The rental market in Uppsala and Gävle remained stable in 2021.

West

In Gothenburg, rental levels have been stable. The vacancy rate in the CBD is 6.5% – which is somewhat higher than in the past few years – but average rents are deemed to be stable, totalling approximately SEK 3,000 per square metre, while top rents are approximately SEK 3,900 per square metre. In Borås, rents for offices remained unchanged during the year.

Öresund

In Malmö, rents were stable in 2021. The vacancy rate in the CBD is 5.5% and the average rent is estimated at approximately SEK 2,600 per square metre, while top rents are approximately SEK 3,300 per square metre. In Lund and Helsingborg, rental levels were stable during the year.

Central

Rental levels in the regional cities of Region Central were generally stable in 2021. The volatility in rental levels in the regional cities is normally substantially lower than the corresponding levels in large cities.

Copenhagen

In Copenhagen, the office market has to date withstood the coronavirus pandemic well, which manifested in a certain increase during the year. In the CBD, the average rent is deemed to be DKK 2,150 per square metre.

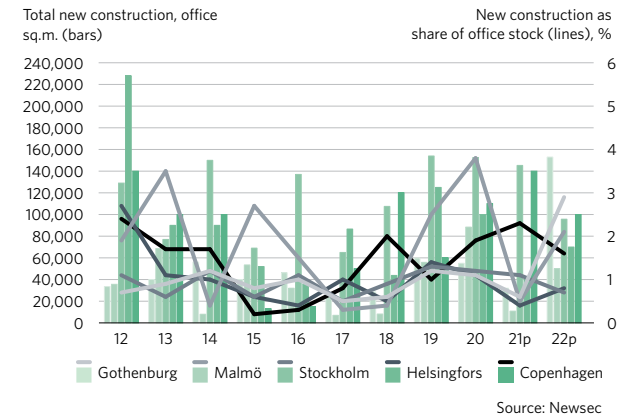
Helsinki

In Helsinki, the office market also withstood the coronavirus pandemic well. In the CBD, the average rent is deemed to be EUR 450 per square metre. Demand is beginning to recover, and tenants are looking primarily for flexible properties in prime locations. Rental levels in the regional cities of Region Finland were generally stable in 2021.

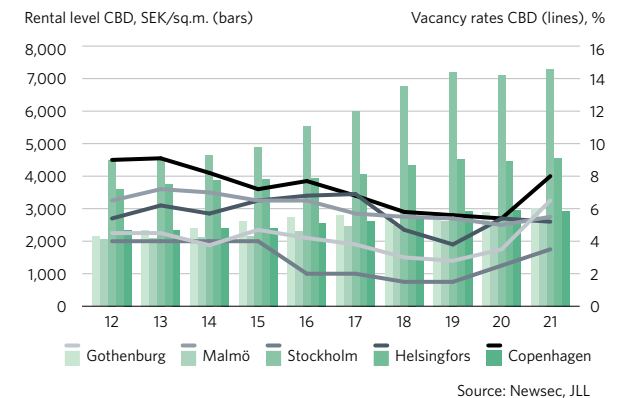
Oslo

Castellum is exposed to the Norwegian property market, primarily in Oslo, via its associated company Entra. In Oslo as well, the office market displayed a great deal of resilience against the ongoing pandemic, and there was some development in rents during the year. In the CBD, the average rent is deemed to be approximately NOK 4,850 per square metre.

NEW PRODUCTION, OFFICES



RENTAL LEVELS AND VACANCY RATES, MAJOR CITIES



Rental market – logistics

The logistics markets is developing rapidly as a result of major changes in purchasing patterns, driven by digitalisation. Castellum, which has long been one of Sweden's largest players in logistics properties, has a firm logistics presence in all of its strategic cities. The property advisory company Colliers, in its *Logistics Report 2021*, points out that the trend in logistics rents over time has been stable. They predict that this will continue despite a high level of new production, given the significant demand for logistics space.

Changed warehousing patterns

For several years, the consumption of goods has been a key driver in the increase in demand for logistics properties. E-commerce continues to increase, and it is predicted that it will continue to do so. This is especially so for the last-mile segment, where hauliers ensure home delivery of end customers' goods. One driver that was noted during the pandemic and has increased in significance is Swedish industrial companies such as Scania and Volvo "bringing home" their warehouses to a greater extent. The pandemic has demonstrated the vulnerability of the global system of trade when disruptions occurred in conjunction with closures and trade limitations. This has pushed many industrial companies to have larger stores of input goods at their home sites in order to reduce the risk of disruptions to production, which in turn increases the demand for warehouse spaces. This applies not only to production companies but also to trading companies, who see the advantages of having larger warehouses closer to their markets. In all, these three drivers have contributed to providing Castellum with expanded business opportunities, especially in the form of letting terminals and warehouses in locations close to cities. Castellum has a strong presence in all three metropolitan areas, where growth for the company took place primarily in Stockholm and Öresund.

Demand for both larger and smaller logistics warehouses

Demand for larger volumes (20,000–50,000 sq. m.) is high, for example, among grocery companies. Demand for last-mile warehouses – for example, distributors who ensure home delivery of consumer goods in the cities – is significant as well. Likewise in the medium-size segment, where the spaces typically are a

maximum of 15,000 square metres in size. Clusters with different sizes of storage spaces are emerging in metropolitan areas. One example of this is in Brunna, outside Stockholm, where there are large-volume warehouses with major companies such as Zalando and ICA. Brunna also has a medium-size segment, where Castellum is present through owning and letting logistics properties to various e-commerce companies. Finally, there are also small warehouses for terminal operators such as Budbee, which depend on proximity to densely-populated areas where the end customers that they deliver to live. The location factor – the warehouse spaces being located close to the cities – and strong transport links are a crucial success factor.

Online retailers need larger warehouse spaces

One consequence of increased e-commerce is the need for larger warehouse spaces. There are several reasons for this. One is that online retailers can often expand their product range with a minimum of effort. For example, a retailer selling men's clothing can easily expand their product range to also sell women's clothing, but larger warehouse spaces are needed. The large amount of returns to process – often between 25–35% of all goods purchased online are returned – also increases the need for space for processing returns. Finally, e-commerce often entails a great deal of manual processing, despite what many believe in the age of automation. Manual picking of goods requires large spaces. All together, e-commerce is driving warehouse space. It is estimated that e-commerce requires roughly three times as much warehouse space as traditional retail shops do.

Sales create scope for sustainable new production

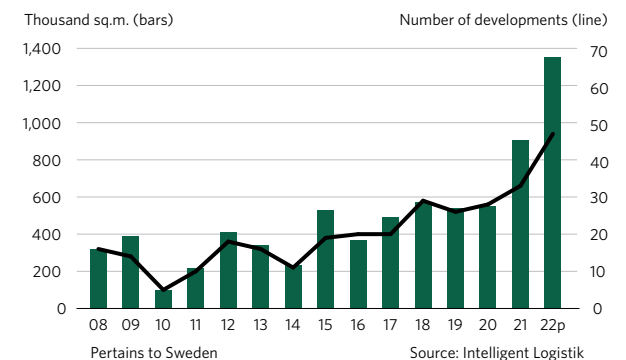
In its logistics report, Colliers points out that the transaction market for logistics property has been strong. In contrast to the global financial crisis of 2007–2008, the pandemic did not leave its mark on either transaction volumes or prices. Strong foundations in the logistics market have led to increased demand for modern logistics properties in Sweden. Castellum has an extremely strong position here. One example of this is the completion of the second stage of Castellum's sale of mostly mature logistics properties to Blackstone in 2021. It is one of Sweden's largest logistics

transactions ever, encompassing a portfolio of a total of 54 properties. This is a sale that realises value and means that Castellum has the opportunity to invest in new production of logistics properties. In new production, Castellum attaches great weight to sustainability throughout the process from choice of materials (for example, using wood instead of concrete or cement where possible) to minimising waste as much as possible during the construction process. In a pilot project, Castellum is working on storing energy in batteries and hydrogen gas. During the year, Castellum's Hisingen Logistics Park won the Solar Energy Award, presented by the Solar Energy Association of Sweden, for the solar cells on the roof of the logistics property.

Bright future prospects for logistics properties

The continued transition from traditional retail to e-commerce is driving the development of the logistics market. Demand for warehouse space continues to increase, and no slowdown is predicted for the foreseeable future. On the contrary, the prediction is that it will increase in 2022, passing 1 million square metres from last year's 850,000 square metres in new production. Castellum is well equipped to meet continued strong demand for logistics properties. The focus is on strengthening and consolidating our position as a leading property company for logistics properties in the Nordic region.

COMPLETED NEW CONSTRUCTION LOGISTICS >10,000 SQ. M.



Port with historical roots becomes a new Nordic logistics hub

The Port of Gothenburg and Castellum have partnered to develop the Halvorsäng district into a leading logistics hub in the Nordic region. Warehouses will be constructed here that can sustainably process cargo from around the world for further transport across Scandinavia by truck or train.

The Port of Gothenburg is the largest in Scandinavia. It has been a port to the world since the 1600s. It was from here that porcelain from Asia reached the Swedish market in the 1700s, and in the 1800s it was here that some 100,000 Swedes left the country during the wave of emigration to the US. The Port of Gothenburg was also the recipient of the first bananas to reach Sweden in the early 1900s. Nearly 30% of Sweden's foreign trade passes through the Port of Gothenburg today, and over 50% of all container management takes place here.

Port of Gothenburg and Castellum form a joint development company

To improve the attractiveness of Gothenburg in an increasingly globalised world, Gothenburg Municipality has allowed the wholly-owned Port of Gothenburg to produce plans for the development of a logistics park to strengthen Gothenburg as a cargo hub. In June 2021, the Port of Gothenburg signed an agreement with Castellum to start a joint development company for logistics properties in Halvorsäng, adjacent to the port.

The co-owned company will develop and construct logistics properties, and thereafter own them jointly. The Port of Gothenburg will contribute 270,000 square metres of land valued at MSEK 800–900, while Castellum will invest up to SEK 1 billion over the coming years.

Start of construction is planned for the second quarter of 2022. Completion of the area is planned within four years.

Castellum is climate-smart and best in business

Jill Söderwall, Vice President Business Areas at the Port of Gothenburg, said in an interview with industry publication Dagens Industri that Castellum had been selected as partner in an open competition. Castellum's selection was due to a combination of the company's ambitious climate targets and its good business sense, Söderwall said. ■



Nearly 30% of Sweden's foreign trade passes through the Port of Gothenburg today, and over 50% of all container management takes place here.

Castellum – a modern, attentive landlord

Our tenants have unique needs and wishes. The customer journey at Castellum is a circular one, constantly developing. It's a matter of getting tenants to continue choosing Castellum, even when their needs change. In every city where the company has properties, there are customer-centric local teams of lessors, commercial administrators, technical administrators and property managers. They follow their tenants as they conduct their daily operations, and engage in dialogue with them to satisfy their needs. Castellum also has its own experts in, for example, fire prevention, energy efficiency, sustainability and digitalisation.

The customer journey, in three steps

1. Survey phase

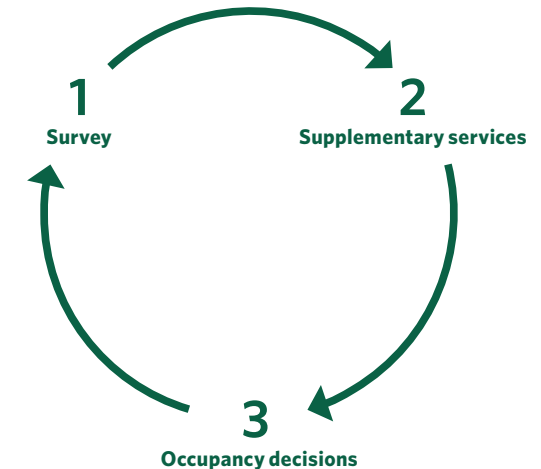
When a need for new premises emerges, Castellum's lessors chart the tenant's needs. It may be an existing tenant who has grown out of their premises, or a new tenant who is either trying to establish themselves in a new city or looking for something new. Castellum's offering includes offices, logistics and warehouse premises in various sizes and locations. Castellum matches the tenant's wishes against its offering and presents available properties. Existing premises may need to be adapted and, in connection with new production, collaboration with the tenant is established early, long before occupancy occurs. For coworking solutions, Castellum's subsidiary United Spaces guides tenants to the right type of subscription, devoting extra attention to flexibility and access to various services. Coworking agreements can also be combined with normal leases.

3. Occupancy decisions

Once the tenant has decided to choose Castellum, an agreement is signed. These are different, depending on the property type, and can vary as regards both length and commitments on the tenant's part. Coworking leases via United Spaces are offered in a subscription format and therefore differ from normal leases as regards structure, flexibility and length of contract. Lease periods vary, depending on conditions. A lease in an existing property often expires after 3–5 years, whereas leases for new production are longer. Coworking contracts via United Spaces have a length of three months.

2. Supplementary services

Many of Castellum's properties also include a large service offering. They are all slightly different, with numerous possibilities for tenants who are leasing new production. For example, advisory services that ensure the office areas are optimised in terms of space in accordance with the tenant's specific needs. It also concerns services that simplify the workday for both the tenants and in Castellum's premises. Everything from smart boxes for e-commerce deliveries to charging stations in the basement for electric cars. Castellum also offers innovative solutions such as outdoor offices for a more active lifestyle.





Being a Castellum tenant

Being a Castellum tenant should be simple. Castellum intends to offer its tenants a high level of service and to be an attentive property owner that puts a premium on personal meetings. Being close to tenants is a priority for Castellum's customer teams, who therefore have their own property managers. There are also Key Account Managers for the largest tenant customers in several cities, as well as experts in the public sector property segment. Castellum works continually on developing its customer journey by measuring, evaluating and monitoring so as to become even better. There are central business systems, customer surveys and ongoing dialogue with tenants.

Tenants' employees

The tenants in turn have numerous employees who go to work every day in Castellum's premises. This creates unique opportunities to pursue development of premises together, regardless of whether it's an office in the heart of the city or a strategically located logistics space close to one of the country's major highways or at another location. For the tenants' employees, a range of different services are offered that simplify their working day. Over the last few years, Castellum has focused on activities that promote health and are aimed at a more active lifestyle at work. Some examples of this are the WorkOUT® outdoor office concept and WELL certification of part of new production. The WELL standard is based on ten concepts that impact health: air, water, diet, movement, comfort, sound, material, wellness, a sense of belonging and innovation. As a result of Castellum joining the

WELL Portfolio in 2021, we have the possibility of having a positive impact on over 18,000 of our tenants' employees as regards health and wellness.

New needs

The customer journey is a circular one, and Castellum intends to develop together with its tenants. Castellum's size – with an extensive, modern and sustainable property portfolio – means that tenants can stay with Castellum even when their operations change. Regardless of whether the company is growing, shrinking, or moving or expanding to another site. For larger customers, there are opportunities to tailor solutions adapted to their needs. With United Spaces, tenants who need access to office space quickly are offered flexible transition solutions.

Castellum's customers

Castellum has a large contract portfolio consisting of approximately 7,700 commercial contracts. The spread of customers, as well as types and locations of premises, is broad. Exposure to individual tenants is low and the proportion of stable customers such as the public sector is increasing, as are customers who sign green leases.

Castellum's tenants are found in every industry, and the company is represented in many different segments. As shown in the diagram on the next page, the risk spread is good. One example of this is the large variation in length and scope of leases. This makes Castellum less dependent on fluctuations in the business cycle.

Public sector properties increasingly important

One of Castellum's largest and growing customer groups is government agencies and departments. They make up nearly one quarter of our customers, as shown in the diagram of contract distribution. They provide a stable and secure income base, and on average have longer durations on leases. The value-based exposure to the retail segment, which is undergoing major structural changes, is a low 7%. However, this includes grocery stores and car dealerships in excellent

locations that are attractive from a logistics perspective as e-commerce gains momentum. The negative impact on them from the ongoing restructuring in the industry has not been as severe. All together, the breadth of Castellum's property types provides opportunities for growth in its existing property portfolio for its tenants, and enables strong rental growth.

Castellum listens to its customers' needs

Castellum has local presence with its own employees in attractive growth regions in Sweden, Copenhagen and the Helsinki area. This results in proximity to tenants and short decision-making paths. As one of the largest property owners in the local market, Castellum collaborates with municipalities and involves itself in local networks – such as corporate associations – to be an active urban developer that can create attractive work environments for its tenants.

Castellum's ambition is to actively listen to its tenants and conduct regular customer surveys. A more comprehensive survey, the Customer Satisfaction Index (CSI), is conducted every year using outside expertise. In 2020, the annual CSI survey was replaced with quarterly pulse surveys (short questionnaires via SMS) to more quickly capture tenants' needs in the uncertain existence that the coronavirus pandemic has brought with it. In 2021, Castellum returned to its usual CSI survey.

The results for 2021 were 74, which is a slight drop compared to 2019 when the survey was last conducted in a similar manner.

One explanation for the somewhat weaker results during the ongoing pandemic is that many tenants were hard hit, either directly or indirectly, by the restrictions in effect. This has resulted in a number of complex economic discussions regarding how Castellum and its tenants could best help each other to manage the situation that has arisen. The starting point has been the attempt to help as many tenants as possible while protecting Castellum's own business from, for example, rental and credit risks.

Green leases yield increased sustainability

Leases are generally signed for three to five years with a nine-month notice period, and are paid quarterly, in advance. As a consequence of the pandemic, Castellum has introduced greater flexibility into its leases as regards, for example, tenor and options for future lettings. The rental level can change when the lease in question is due for renegotiation. Leases usually include a base rent – that is, the rent agreed upon when signing the contract – and an index clause that provides an annual adjustment of the rent corresponding to a certain percentage of the previous year's inflation. A lease commonly contains an addendum for the tenant's share of the property's total heating, cooling and property tax costs.

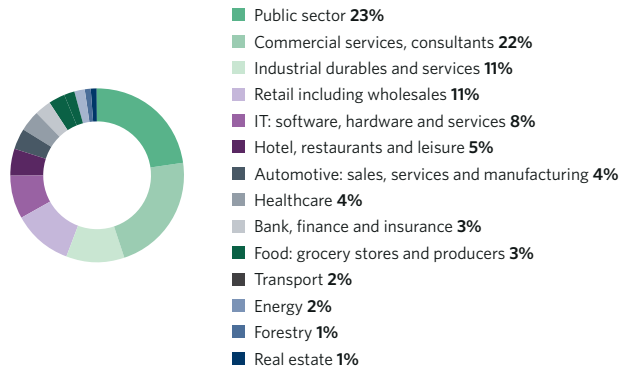
In line with the company's sustainability profile, both new and existing tenants can be offered the opportunity to sign green leases. These are collaboration agreements aimed at reducing the total environmental impact of the premises.

A green appendix, which has been produced by the Fastighetsägarna industry association, is added to the regular lease in order to reduce the burden on the environment. This appendix contains items such as energy use, selection of materials and waste management. At present, Castellum has 134 green leases covering 294,099 square metres.

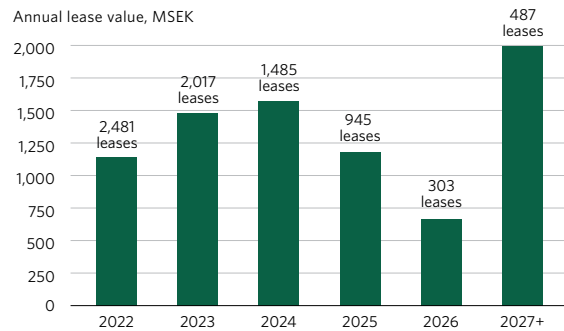
Efforts are under way to produce a climate-neutral lease for premises in order to accelerate the pace of our customers' climate transition and to be climate neutral by 2030 at the latest.

The contract portfolio consists of approximately 7,700 commercial contracts at a value of SEK 8,034 million.

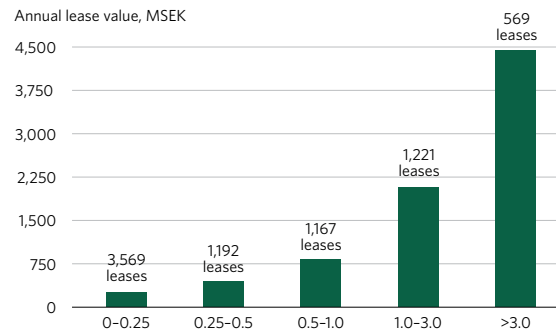
COMMERCIAL LEASES DISTRIBUTED BY SECTOR



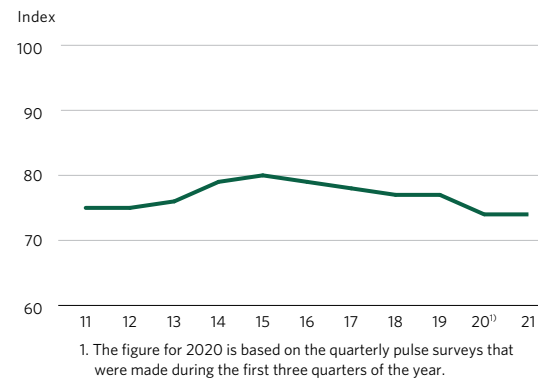
LEASE MATURITY STRUCTURE



DISTRIBUTED BY CONTRACT SIZE



CUSTOMER SATISFACTION INDEX



Offerings that develop in pace with the business environment

Since the outbreak of the coronavirus pandemic two years ago, work life has changed. Digitalisation has made tremendous strides, and the demand for flexible workplaces has increased. Castellum is on the leading edge, working continually on developing its customer offering using tools such as digitalisation.

When new generations of employees make their entrance into the labour market, it raises the demands on employers. This is clear when looking at the results of this year's *Working Life of the Future* survey that Castellum commissioned. The pandemic has shown that it is possible to work both from home and at the workplace. Employees have a greater need for flexibility. They want to be able to continue to switch between working from home, on the job or somewhere else entirely. They are putting new demands on the workplace and on digital tools. The pandemic, together with digitalisation, has shifted the balance of power between employers and employees in favour of the latter.

Working Life of the Future is an annual report from Castellum on Swedes' expectations of the workplace. Read more at www.castellum.se/en/about-castellum/future-working-life/

Colleagues



In the *Working Life of the Future* survey, nine out of ten employees say they missed their colleagues during the pandemic when working from home.

An attractive workplace with good colleagues

One conclusion of the survey is that employees, now more than ever, value security in their employment. Companies that successfully meet their employees' needs for flexibility and security will, it is hoped, be able to keep them longer. But most important of all for employees is their colleagues. In the survey, nine out of ten employees say they missed their colleagues during the pandemic when working from home. There is a great deal to indicate that the office has taken on an even more important function as a meeting place and a space for collaboration. Research shows that creativity is stimulated by collaboration with other people, and that new influences lead to innovation and development. In addition, social relations have a positive impact on both physical and mental health.

Castellum practises what it preaches

For many companies, working remotely came down like a bolt from the blue while others had already started with it before the pandemic. This trend was supported by strong drivers in the form of flexible digital tools and the fact that more people are working in networks instead of traditional organisations. From a purely technological standpoint, it was fully possible in principle to work from anywhere, and the need for travel was thus minimised. Castellum encouraged many of its employees to work remotely during the pandemic, and regards this as a natural complement to the office even once the pandemic is over. The office continues to play a key role, however. But in a different way than previously.

"The expectations of the office are changing. The entire concept of workplace will change, expand and improve. We've known this since before the pandemic upended the playing field."

– Malin Engelbrecht,
Head of the Strategic Initiatives Project

Offices – from product to service

Castellum's mission is to create workplaces where people and enterprises thrive. The key to creating attractive offerings lies in the combination of understanding the needs of the customers and their employees, and how these are impacted by trends in our business environment. Castellum's initiatives in innovation are built on insight into how important employees' well-being and comfort are for successful operations, and are oriented on increasing the level of service through developing services that make daily life easier for the people who work in the company's properties. One critical area is the boundary between work and leisure, and the possibilities for achieving a healthy balance in daily life. Modern employers know that it is often here that the tug-of-war occurs over the most attractive skills, as well as companies' ability to retain and develop their employees.

As a property owner, Castellum is becoming more of an adviser that helps its customers design their workplaces in accordance with their wishes. The services that are in demand are both those that business customers want and services that the customers' employees want. A number of services that meet customers' individual needs are maybe those more traditionally associated with the lease of office space, such as internet, WiFi and cleaning services. These usually fall under the category of facility management. But there are also more customised services, which are presented on the following page.

With an ear to the rails

Long-term success is determined primarily by how Castellum meets the expectations of existing and potential tenants. This is best done in close collaboration with tenants – their needs and wishes are the best barometer. By being attentive to its tenants, Castellum can produce new and attractive services. The most important questions are: What service and maintenance needs will you have in the future? How can we identify them and create mutual business opportunities? The dialogue with about 7,700 tenants is the most important knowledge bank. Other sources are the results of surveys, questionnaires, seminars and other contexts that stimulate the development of ideas.

Castellum actively monitors developments in other industries, and often pursues industry-related debates and forums that could provide new perspectives. One example is the European group of experts on sustainability and innovation for which the company was selected as the only Nordic property company. The purpose is to create a joint knowledge platform to share experience in sustainability and innovation. This type of collaboration provides valuable input for innovation and research in developing the property industry of tomorrow.

Digitalisation drives demand for logistics properties

With the ongoing digitalisation in society, new purchasing behaviours have been created in which more people are shopping online. This has led to an explosion in the field of logistics, in which demand for centrally located logistics properties where goods can be shipped over the last stage on the way to the end customer (last mile) has increased dramatically. Read more about Castellum's logistics initiatives in, for example, the market section on logistics on page 49 and the Port of Gothenburg case study on page 50.

Coworking – a new way of working

Castellum has been one of the pioneers in the property industry as regards coworking and acquired United Space, a coworking player that is a leader in the industry, in 2019. Coworking is an office space that is shared by several companies, and can be regarded as a type of shared service. The offering is simple, cost-efficient and climate-smart for member customers. Coworking offers an attractive workplace with a high level of service through the added value of various types of services such as training, break-fast bars, seminars and so on. A key component of coworking is the possibility of networks that are created among members. This provides the opportunity for valuable contacts that could develop their own operations. Members are offered flexibility as regards both workplace

and length of contract, and the property owner can utilise their spaces more efficiently. Since Castellum acquired United Spaces in 2019, the number of arenas has increased from 4 to 10.

Turnkey offices – a workplace ready for occupancy

Another service that Castellum offers is the "Turnkey office" concept, which makes it easy to combine a high degree of flexibility with a high level of service. A fully-equipped, state-of-the-art workplace with a focus on health, sustainability and wellness – all in one simple contract that makes it a trouble-free proposition to have a complete office while avoiding all of the hassle. Easy to move in immediately. Easy to start working: everything is included. Furniture, kitchen and conference equipment, electricity, networks – even coffee. And easy to move out on short notice.

Accessy – the key in a mobile phone

Accessy, which is a part of Castellum's Life@Work app, is a service that facilitates digital access via a platform on which the property owner can easily allocate access, rights and authorisation to locked spaces such as offices, meeting rooms and premises. The platform can also be used to provide access to various features such as deliveries, alarms and other services. In addition to improved functionality, security also increases compared with traditional code locks and tags.



The Matilda analysis tool keeps and eye on things

In a time when data-driven decisions weigh even more heavily, Castellum has developed its Matilda service. Using wireless sensors that are placed in an office, Matilda measures the occupancy, temperature and air quality in a given premises. Matilda provides valuable data-driven information that constitutes the documentation for decisions on the actual needs of a premises when a company is about to move in or remodel. Matilda finds the facts about the indoor climate and how work desks and meeting spaces are actually used.

WorkOUT® – outdoor offices for wellness

Researchers agree: Moving a part of the work outdoors is an easy way to boost wellness among employees. Castellum's WorkOUT® outdoor office concept offers complete offices outdoors, on the roof or in an inner courtyard. A healthy complement to the regular office, with ergonomically designed and activity-based workplaces where people can sit or stand, work alone or in groups, in the sun or in the shade. The outdoor offices are fully equipped with access to electricity and WiFi.

**Offices of the future at Torsgatan 26, Stockholm**

Castellum owns the Sabbatsberg 24 property at Torsgatan 26 in Stockholm. The property is being developed into a meeting space with both regular offices and outdoor offices (WorkOUT®). There is also a coworking arena, a padel court, an outdoor gym and a bicycle room.

Castellum's services for customer employees

Castellum's focus is not only on services for business (tenants) but also on its tenants' employees – all the people who go to work in Castellum's properties every day. Castellum has several services targeted towards them. Instabox is a service that makes daily living easier for the people who work in Castellum's properties. Through Instabox, all online purchases can be delivered direct to a smart box at the workplace. In this way, people can avoid having to go to a delivery office to pick up packages – a modern, digital way of eliminating the time sinks of daily life. At present, the service is offered in just over 45 properties in Castellum's portfolio.

Another service is Life@Work – an app that Castellum developed to facilitate working life. The app can be used to open doors, book resources and meeting spaces, gain access to services that make daily life easier, get support and keep an eye on what is happening both in the building and the immediate surroundings. Castellum also offers a range of health services in and adjacent to its properties, such as various types of physical fitness, yoga, the opportunity to use an outdoor gym and play padel. Many properties are equipped with bicycle rooms and changing rooms of a high standard.

“We are finally able to truly make life easier for tenants and ourselves. With Castellum's Life@Work app on your mobile phone, you eliminate the need for a keyring in your pocket and a plastic card dangling around your neck.”

– Niclas Ingeström, Chief Digital Officer

The future is here – with Casandra: Castellum's other world

Castellum's vision is to work in a more data-driven fashion and use the data that is available to better meet its customers' needs. With the use of data-driven knowledge, properties can both become self-learning and be operated more efficiently. And the people who work in the properties can get support in their daily lives. Castellum has therefore developed Casandra, an AI program that collects all the data and can analyse it to obtain new insights. Casandra is already working with dynamic pricing of conference rooms at United Spaces, and algorithms for more efficient operation of properties. With data-driven knowledge, Castellum can achieve more efficient operation and utilisation of premises, which is necessary for achieving Castellum's ambitious sustainability goals.

**Digital platform for flexible warehousing**

Seasonal variations, advertising campaigns, disruptions in the supply of goods or changes in the product range create an increased need for temporary logistics spaces. To meet this need, Castellum is developing a digital platform for flexible warehousing – a kind of AirBnB for warehouse services that is entirely unique in the Nordic market.

Internal and external tenants can obtain access to temporary warehousing opportunities, or can create income from vacant spaces in their own logistics properties. A higher degree of utilisation of existing logistics properties enables a reduction of both Castellum's and its tenants' climate footprint.

We have reinvented the office to create healthy, creative workplaces



Interview with Jenny Rungegård,
Business Area Manager, Castellum

Budget meetings on the roof? Or Monday meetings with birdsong? Castellum's popular outdoor offices give a boost to both mind and body, and will soon be available in ten cities.

WorkOUT® is a healthy complement to the regular office, with ergonomically designed and activity-based workplaces where people can sit or stand, work alone or in groups, in the sun or in the shade. Naturally, with full access to electricity and WiFi.

Why should people choose this outdoor office concept, Jenny?

Moving a part of the work outdoors is an easy way to boost wellness among employees. You're less stressed, you're bright and happy, you strengthen your immune system, you move more often and you become more creative. We know this from recent research at Mälardalens University¹⁾ aimed at developing concepts for the sustainable office of the future.

How was the idea of the outdoor office born?

Our task is to create successful workplaces where people thrive and develop. Good ventila-

tion and large amounts of borrowed light are important in office design, and we gladly take inspiration from nature in the form of green spaces and choice of materials. But all this is naturally available outdoors, I thought, and so we opened our first outdoor office in Växjö in 2016.

With the pandemic, the advantages of the outdoor office became even clearer – a healthy, easy way of working on site and meeting colleagues without the risks of indoor environments.

What positive effects could working outdoors give the entire workplace?

Development and innovation rank high among many companies – so, everybody out! We place stringent demands on employees being productive and creative. The outdoor office should be seen as putting us on the right track. By going outside for the next performance and career development review or Monday meeting, we can open the door to entirely new processes.

How do we get started on creating new habits?

Everyone wants wellness for their employees, don't they? If you're a director or a manager, you can encourage – or even order – your staff to work outdoors. Make working outside even more pleasant. Ensure there are blankets, sun protection for computer screens, and – who knows – maybe eventually heating cables in the furniture? ■



“You're less stressed, you're bright and happy, you strengthen your immune system, you move more often and you become more creative.”

– Jenny Rungegård,
Business Area Manager



Watch the video about
the WorkOUT®
outdoor office concept

1. Castellum is a proud partner of the SOFCO research project at Mälardalens University.

Property portfolio 2021

Castellum has a presence in three of the Nordic region's capitals and growth markets. We own the most properties of any Nordic property company, and our directly owned property portfolio is concentrated in select growth regions in Sweden, Copenhagen and Helsinki. Castellum is also exposed to robust sub-markets in Norway via its associated company, Entra.

Castellum's geographical markets can be characterised as stable, with good prospects for long-term positive development. The commercial portfolio consists of 58% office, 14% public sector properties, 9% warehouse/logistics, 6% retail and 5% industry. The properties are located in city centre locations and well-situated business districts, with excellent public transportation and services. The remaining 8% consists of developments and undeveloped land. Castellum has potential projects of 1,300,000 square metres estimated to start within five years, and large ongoing projects where the remaining investment volume totals approximately SEK 4.8 billion. Castellum's property portfolio at 31 December 2021 comprised 762 properties (642) with a total rental value of MSEK 9,177 (6,585) and a total lettable area of 5,853,000 square meters (4,477,000). For properties owned at year end, the net operating income after property administration expenses over the year was MSEK 5,899 (4,412).

Investments in 2021

During the period, investments totalling MSEK 59,946 (5,158) were made in properties, of which MSEK 47,258 (—) were business combinations, MSEK 8,889 (2,646) pertained to property acquisitions and MSEK 3,799 (2,512) to new construction, extensions and reconstructions. After sales and cash settlements of MSEK 17,228 (891), net investments amounted to MSEK 42,718 (4,267).

During the year, the asset portfolio changed according to the table on the right.

Sustainable property portfolio

Environmental inventories are to be carried out for all properties to identify and address environmental and health risks; currently these are 93% complete. Inventory is planned for the remaining 7%, which will be conducted over the next few years. Environmental inventories are updated every ten years.

When a property is acquired, it is analysed both in terms of energy utilisation and environmental risk; all new constructions and major reconstructions are certified for sustainability. Castellum owns the greatest number of properties among Swedish listed property companies; all together, 48% of the total area – equivalent to 206 certifications (1,853,000 square meters) – is certified for sustainability. Further certification is in progress for a further 138,000 square metres, equivalent to 4%. The purpose of certification is to reduce the property portfolio's climate impact and risks, reduce costs, create premises that are attractive to tenants and their businesses, and to improve safety and working environments for them.

The environmental risks in Castellum's property portfolio are considered small, and no fines have been paid for environmental offences.

CHANGES IN THE PROPERTY PORTFOLIO

MSEK	Fair value, MSEK	Number
Property portfolio on 1 January 2021	103,042	642
+ Acquisitions	56,147	245
+ New construction, extensions and reconstructions	3,799	1
- Sales	-16,350	-126
+/- Unrealised changes in value	6,307	—
+/- Currency translation	201	—
Property portfolio, 31 December 2021	153,146	762

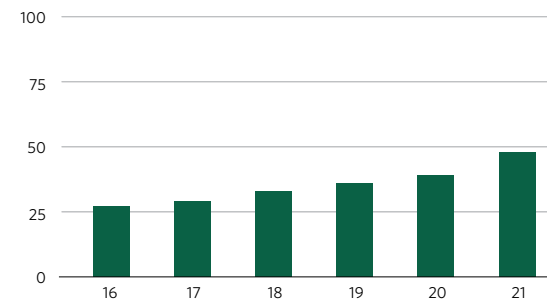
CASTELLUM'S SUSTAINABILITY-CERTIFIED PROPERTIES¹⁾

MSEK	Completed properties		Ongoing projects	
	Number of	thousand sq. m.	Number	thousand sq. m.
EU Green Building	36	279	0	0
Miljöbyggnad	48	398	11	98
BREEAM	113	1,080	9	39
LEED	8	96	0	0
WELL	1	0	1	0
Sustainability-certified properties	206	1,853	21	137

1. Certifications can refer to property, land or part of property.

SHARE OF PROPERTIES CERTIFIED FOR SUSTAINABILITY

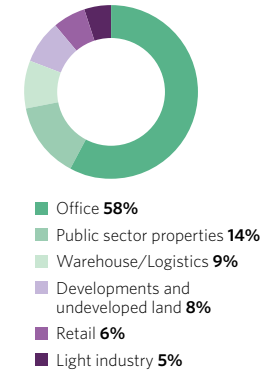
% of total area in sq. m.



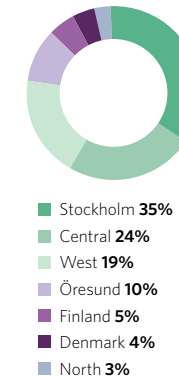
PROPERTY PORTFOLIO, 31 DECEMBER 2021

Category	31 Dec 2021				January–December 2021						
	Number	Area, thousand sq. m.	Property value, MSEK	NOI SEK/sq. m.	Rental value, MSEK	NOI SEK/sq. m.	Economic occupancy rate	Income, MSEK	Property costs, MSEK	NOI SEK/sq. m.	Net operating income, MSEK
Offices											
Stockholm	65	742	37,083	49,977	1,882	2,536	91.0%	1,666	337	454	1,329
West	77	448	13,774	30,746	803	1,792	93.0%	744	168	375	576
Central	91	798	17,440	21,855	1,289	1,615	92.5%	1,182	313	392	869
Öresund	40	275	8,727	31,735	562	2,044	93.3%	512	117	425	395
North	7	26	417	16,038	31	1,192	87.9%	28	7	269	21
Denmark	15	148	5,132	34,676	311	2,101	93.4%	285	81	547	204
Finland	14	181	6,571	36,304	485	2,680	91.8%	443	137	757	306
Total Office	309	2,618	89,144	34,050	5,363	2,049	92.1%	4,860	1,160	443	3,700
Public sector properties											
Stockholm	9	81	4,249	52,457	196	2,420	97.9%	187	31	383	156
West	18	135	2,547	18,867	170	1,259	94.7%	158	37	274	121
Central	31	303	9,211	30,399	545	1,799	96.3%	521	109	360	412
Öresund	6	43	1,227	28,535	78	1,814	97.7%	75	14	326	61
North	11	163	3,562	21,853	237	1,454	96.9%	232	44	270	188
Denmark	1	12	629	52,417	29	2,417	98.5%	29	5	417	24
Finland	4	27	435	16,111	44	1,630	89.2%	39	13	481	26
Total Public sector properties	80	764	21,860	28,613	1,299	1,769	96.3%	1,241	253	331	988
Warehouse/Logistics											
Stockholm	20	130	3,053	23,485	166	1,277	94.4%	151	25	192	126
West	60	499	7,170	14,369	444	890	91.2%	394	83	166	311
Central	27	128	1,431	11,180	107	836	88.8%	99	23	180	76
Öresund	29	171	2,148	12,561	155	906	91.4%	137	28	164	109
Denmark	1	18	174	9,667	15	833	76.7%	12	6	333	6
Total Warehouse/Logistics	137	946	13,976	14,774	887	938	91.3%	793	165	174	628
Retail											
Stockholm	24	132	3,385	25,644	211	1,598	98.6%	204	26	197	178
West	18	78	1,547	19,833	109	1,397	94.2%	100	20	256	80
Central	28	160	2,811	17,569	215	1,344	96.0%	202	47	294	155
Öresund	17	78	1,544	19,795	111	1,423	92.2%	98	21	269	77
North	1	5	103	20,600	6	1,200	100.0%	5	1	200	4
Total Retail	88	453	9,390	20,728	652	1,439	96.0%	609	115	254	494
Light industry											
Stockholm	22	93	1,673	17,989	106	1,140	97.2%	101	19	204	82
West	27	151	2,014	13,338	145	960	97.0%	139	28	185	111
Central	16	246	2,962	12,041	259	1,053	97.5%	252	88	358	164
Öresund	6	27	261	9,667	22	815	88.1%	19	5	185	14
Total Light Industry	71	517	6,910	13,366	532	1,029	96.9%	511	140	271	371
Total investment properties	685	5,298	141,280	26,667	8,733	1,648	93.2%	8,014	1,833	346	6,181
Lettings and property administration expenses									417	79	-417
Total after lettings and property administration expenses									2,250	425	5,764
Projects	54	555	10,906	—	426	—	—	227	106	—	121
Undeveloped land	23		960	—	18	—	—	18	4	—	14
Total	762	5,853	153,146	—	9,177	—	—	8,259	2,360	—	5,899

PROPERTY VALUE BY CATEGORY



PROPERTY VALUE BY REGION



This table relates to the properties owned by Castellum at the end of 2021 and reflects the income and costs of the properties as if they had been owned during the entire period. The discrepancy between the net operating income of MSEK 5,899 reported above and the net operating income of MSEK 4,346 in the income statement is explained both by the deduction of the net operating income of MSEK 294 in properties sold during the period, by the MSEK 1,872 upward adjustment of the net operating income on properties acquired/completed during the period, which are recalculated as if they had been owned or been completed during the entire period, and the exclusion of MSEK 25 from the coworking company in the table.

Sustainability certification system



Miljöbyggnad (Swedish environmental building)

Miljöbyggnad is a Swedish system that certifies buildings in energy, indoor environment and building materials. It also includes health and safety aspects. The system awards Gold, Silver or Bronze levels and is used for both residential and commercial premises.



NollCO₂

To promote a climate-neutral construction sector in Sweden, the Sweden Green Building Council (SGBC) has produced the NollCO₂ certification. NollCO₂ is a supplementary certification to Miljöbyggnad, BREEAM-SE, LEED and Nordic Swan, and is intended to achieve net zero climate impact from new construction.



EU GreenBuilding

EU GreenBuilding focuses on improving the efficiency of energy usage. The requirement is to improve energy efficiency by 25%, or to use 25% less energy compared with new construction requirements in the building regulations [BBR] of the National Board of Housing, Building and Planning.



LEED

LEED, from the US, is together with BREEAM the most commonly used environmental classification system in the world. The system evaluates and rates the overall environmental impact of buildings.



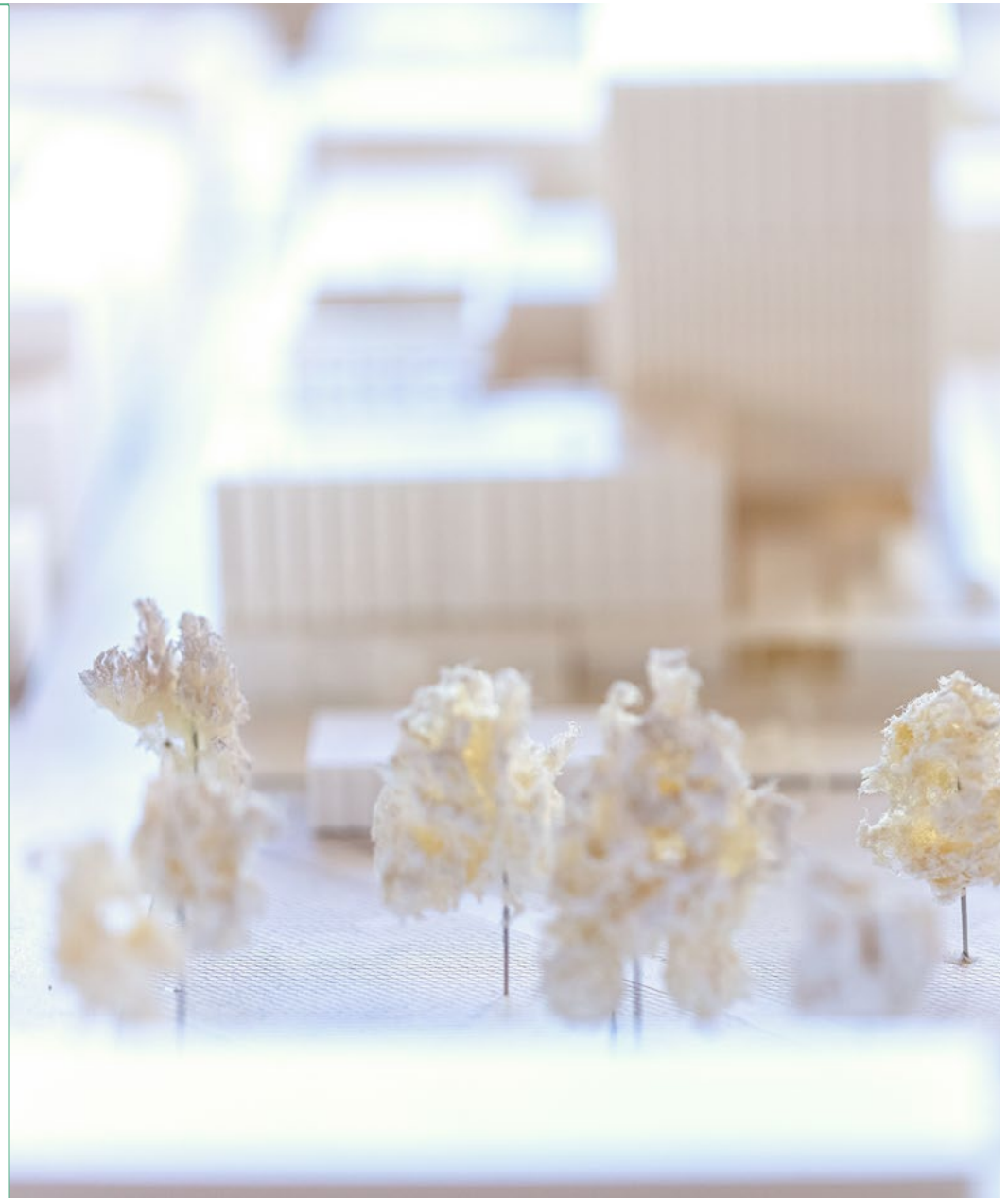
BREEAM

BREEAM, from the UK, is together with LEED the most commonly used environmental classification system in the world. The system evaluates and rates the overall environmental impact of buildings. BREEAM In-Use is used to certify existing properties.



WELL

WELL certification is based on scientific studies and the standard was developed by the WELL Building Institute (IWBI), based in New York. WELL certifies the social sustainability of a building, focusing on health and wellness. The WELL standard is founded on ten concepts known to affect health. In addition to certifying individual properties, companies can join the WELL Portfolio and get a coherent grasp on health and wellness in a larger number of properties simultaneously.



Development portfolio

Castellum's strategies for reaching an overall growth target of 10% include enhancing its development portfolio and creating new project opportunities through land allocation agreements and acquisition of building rights. Investments in new construction, extensions and reconstructions often result in higher yields than investments through acquisitions. Castellum has invested SEK 125 billion over the last ten years, an average of SEK 12.5 billion per year.

During the period, investments totalling MSEK 59,946 (5,158) were made in properties, of which MSEK 47,258 (—) were business combinations, MSEK 8,889 (2,646) pertained to property acquisitions and MSEK 3,799 (2,512) to new construction, extensions and reconstructions. After sales and cash settlements of MSEK 17,228 (891), net investments amounted to MSEK 42,718 (4,267).

Large projects with stable tenants

For Castellum's project developments, 2021 was a year that, despite an uncertain world, contained a large number of project starts. In the expansive and rapidly-growing Hagastaden district in Stockholm, Castellum started its single largest office project ever when ground was broken on the Infinity (Sorbonne block) project. A number of major conversion projects in existing properties were begun, with Hornsberg 10 in Stockholm, Götaland 5 in Jönköping, and Gamlestaden 22:14 and Annedal 22:10 in Gothenburg among the larger investments. Investing in and updating existing properties for future needs are an important part of Castellum's sustainability initiatives and long-term strategy. In the logistics segment, construction of warehouses and terminals has begun in different parts of the country including Brunnå, Helsingborg and Malmö. Despite abnormal price increases and problems with deliveries of certain materials, ongoing projects are largely proceeding in accordance with plans at present.

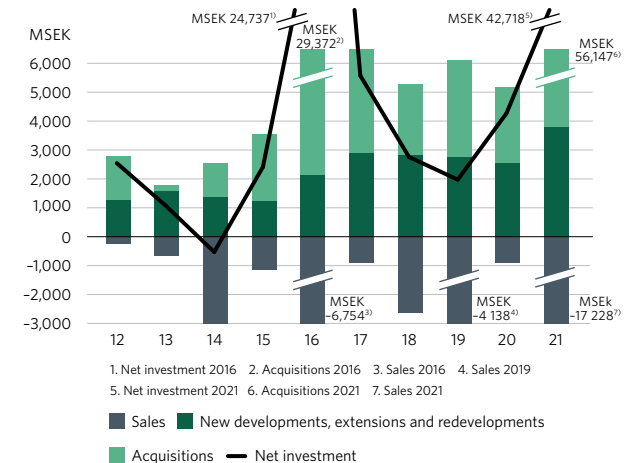
Sustainability a natural part of all development projects

Castellum works to certify all its new construction projects for sustainability. The most common certification is Miljöbyggnad, where new construction projects for offices are to achieve Gold level and logistics are to achieve Silver level. Other certifications exist; the E.ON project, for example, will be certified under the highest level for BREEAM. Castellum also works to create premises with a focus on health and well-being for its tenants; the GreenHaus project in Helsingborg and the Sjustjärnan 1 project in Malmö, for example, will be certified under WELL.

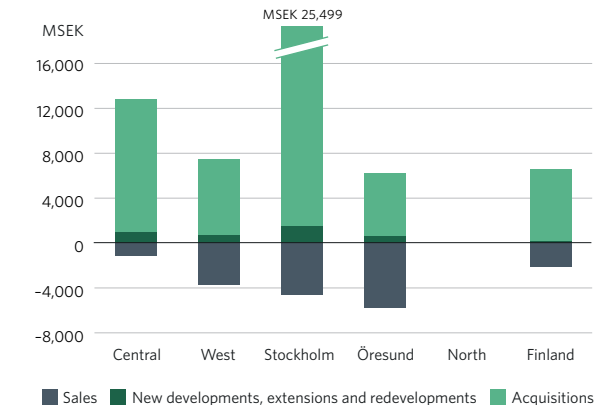
Castellum has adopted a clear road map for achieving its target of zero carbon emissions by 2030 at the latest. As an initial step, emissions in project development will be 15% lower than the corresponding reference constructions along the entire project line for new offices, with investment over MSEK 50 for projects started from 2021 through 2023. Read more about Castellum's road map in the Sustainability Policy and the target documents.

Castellum's first climate-neutral project is Korsningen in Örebro, which will also be one of the pilot certifications under the new NollCO₂ standard. The project is the company's first office project with timber carcassing and timber floor elements. Preliminary calculations show that Korsningen reduces climate impact by approximately 40% compared with a reference construction. All certifications with a focus on the environment, health and climate are an important part of these projects and are included in the work from the very beginning. In addition to providing Castellum with future-proofing of its properties and sustainable value, the certifications allow the tenants to work in premises with less climate impact that also increase wellness among their employees.

INVESTMENTS AND SALES PER YEAR



INVESTMENTS AND SALES BY REGION



Development portfolio, 31 December 2021



1. Åseby 1:5
Gothenburg
• ONGOING
New construction, pub. sector
Investment: MSEK 301



2. Sörred 7:23
Gothenburg
• ONGOING
New construction, logistics
Investment: MSEK 78



3. Annedal 21:10
Gothenburg
• ONGOING
Reconstruction, pub. sector
Investment: MSEK 55



4. Gamlestad 22:14
Gothenburg
• ONGOING
Reconstruction, office
Investment: MSEK 73



5. Heliumgasen 11
Gothenburg
• ONGOING
New construction, industry
Investment: MSEK 69



6. Sesamfröet 2
Gothenburg
• ONGOING
Reconstruction, pub. sector
Investment: MSEK 260



7. Götaland 9
Jönköping
• ONGOING
New construction, pub. sector
Investment: MSEK 323



7. Götaland 5
Jönköping
• ONGOING
Reconstruction, pub. sector
Investment: MSEK 114



7. Götaland 5/Werket
Jönköping
• ONGOING
Reconstruction, office
Investment: MSEK 281



8. Drevet 1/Långeberga
Helsingborg
• ONGOING
New construction, logistics
Investment: MSEK 261



9. Bollbro 15
Helsingborg
• ONGOING
Reconstruction, pub. sector
Investment: MSEK 125



10. Jeppe 1/GreenHaus
Helsingborg
• ONGOING
New construction, office
Investment: MSEK 320



11. Bolaget 1/Lockarp
Malmö
• ONGOING
New construction, logistics
Investment: MSEK 94



12. Godsfinkan 1
Malmö
• ONGOING
New construction, pub. sector
Investment: approx. SEK 1.3 billion



13. Sjustjärnan/E.ON
Malmö
• ONGOING
New construction, office
Investment: approx. SEK 1.3 billion



14. Örnäs 1:17
Stockholm
• ONGOING
New construction, logistics
Investment: MSEK 218



15. Borgarfjord 5
Stockholm
• ONGOING
Reconstruction, office
Investment: MSEK 162



16. Hornberg 10
Stockholm
• ONGOING
Reconstruction, office
Investment: MSEK 238



17. Sorbonne block/Infinity
Stockholm
• ONGOING
New construction, office
Investment: approx. SEK 1.7 billion



18. Finnslätten 1
Västerås
• ONGOING
Reconstruction, office/industry
Investment: MSEK 250



19. Verkstaden 14
Västerås
• ONGOING
New construction, pub. sector
Investment: MSEK 198



20. Effekten 13
Västerås
• ONGOING
New construction, office
Investment: MSEK 445



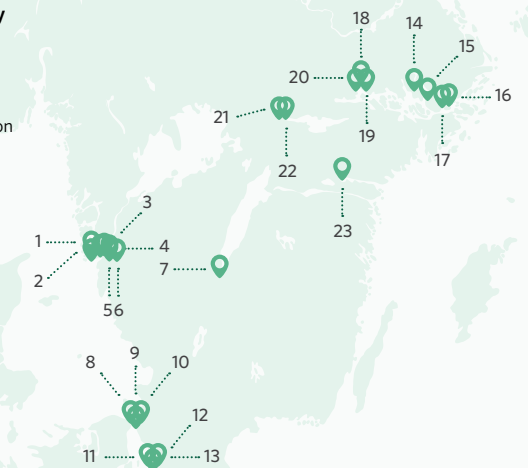
21. Korsningen 1
Örebro
• ONGOING
New construction, pub. sector
Investment: MSEK 227



22. Hissmontören 4
Örebro
• ONGOING
New construction, office
Investment: MSEK 118



23. Oxelbergen 1:2
Norrköping
• ONGOING
Reconstruction, office
Investment: MSEK 91



Larger ongoing projects



GODSFINKAN 1, COURT BUILDING, MALMÖ

Location:	Nyhamnen district, Malmö
Area:	~26,500 sq. m.
Occupancy:	Q1 2023
Investment:	MSEK 1,270

Castellum is constructing new court offices for the District Court, Administrative Court, and Rent and Tenancy Tribunal in Malmö. The court building will be located in the new Nyhamnen district of Malmö, where Castellum is also constructing a new head office for E.ON. The building will contain approximately 40 courtrooms and will thus be one of northern Europe's largest court buildings.



GÖTALAND 5, COURT BUILDING, JÖNKÖPING

Location:	Jönköping
Area:	~9,200 sq. m.
Occupancy:	Q3 2022
Investment:	MSEK 323

An assignment that encompasses new premises for the Göta Court of Appeal and the Administrative Court of Appeal in Jönköping. It will be certified under Miljö-byggnad level Gold. A modern, sustainable building that is simultaneously infused with a venerable history. Located adjacent to the beautiful Munksjö lake, illuminated by atria that run through the building and equipped with the energy solutions of the future.



JEPPE 1 (GREENHAUS), HELSINGBORG

Location:	Helsingborg
Area:	~7,000 sq. m.
Occupancy:	Q2 2022
Investment:	MSEK 320

Late in the autumn of 2019, Castellum began the construction of GreenHaus, a modern 7,000-square metre office building, in the new Oceanhamnen district of central Helsingborg. The building is expected to be completed in the spring of 2022 and certified under WELL, the only construction standard that takes the wellness of people in their work life into consideration. Several different operations will take up occupancy, and the building will also contain coworking operations through United Spaces, a coworking company owned by Castellum.



SJUSTJÄRNAN 1 (E.ON), MALMÖ

Location:	Nyhamnen district, Malmö
Area:	31,460 sq. m.
Occupancy:	Q1 2023
Investment:	MSEK 1,296

Castellum is constructing a new Nordic head office for approximately 1,500 employees, in the Nyhamnen district near Malmö Central Station. The building will be a new national landmark in Malmö, and the office has been designed to satisfy a number of different requirements and needs that are imposed on a trendsetting building with sustainable workplaces and attractive architecture. The new construction will be certified under BREEAM's highest environmental certification level, and in accordance with the WELL Building Standard's highest level, Platinum. The latter places unique demands on the health and well-being of people at their work.



KORSNINGEN 1, ÖREBRO

Location:	Örebro
Area:	5,650 sq. m.
Occupancy:	Q2 2022
Investment:	MSEK 227

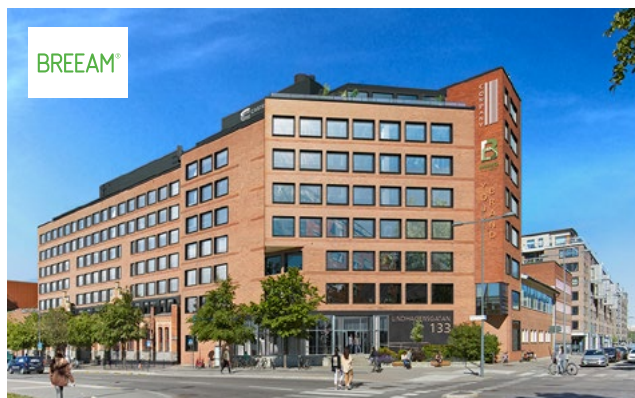
Castellum is planning to construct an office building in central Örebro with the Swedish Police as the tenant. The building is made entirely of wood and will be certified under the Sweden Green Building Council's (SGBBC) new NollCO₂ certification. The objective is that the building will have net-zero carbon emissions during its lifetime.



ÅSEBY 1:5, GOTHENBURG

Location:	Gateway Säve, Gothenburg
Area:	-14,800 sq. m.
Occupancy:	Q2 2023
Investment:	MSEK 301

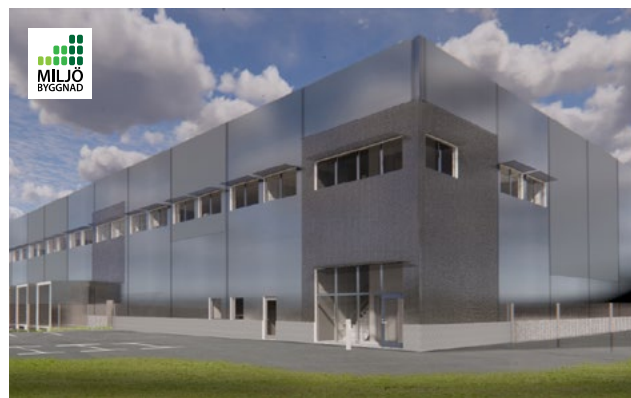
At Gateway Säve in Gothenburg, Castellum is constructing Sweden's largest research facility for electric and chargeable vehicles for the Swedish Electric Transport Laboratory (SEEL), which is owned by RISE and Chalmers University of Technology. This establishment is entirely in line with Castellum's vision of creating a centre for electric and autonomous vehicles.



HORNSBERG 10, STOCKHOLM

Location:	Västra Kungsholmen, Stockholm
Area:	~8,700 sq. m.
Occupancy:	Q2 2023
Investment:	MSEK 238

In the Västra Kungsholmen district of Stockholm, Castellum is renovating the Hornsberg 10 property. The newly-renovated premises will contain new, generous glass partitions that let the sunlight stream into airy spaces with high ceilings. The building will be environmentally certified, and the reconstruction is being carried out with a focus on re-use and sustainability.



DREVET 1 (LÅNGBERGA), HELSINGBORG

Location:	Långeborg, Helsingborg
Area:	~22,000 sq. m.
Occupancy:	Q4 2022
Investment:	MSEK 261

Helsingborg usually ranks as Sweden's second-best city for logistics (after Gothenburg), largely owing to its geographical conditions at the intersection of the E6 and E4 motorways as well as the country's second-largest port. Långeborg is a well-established logistics district that is simultaneously faced with an extensive expansion in which Castellum's new venture plays an important part. Two buildings of 9,000 and 11,500 square meters respectively are being built on the Drevet 1 lot.



SORBONNE BLOCK (INFINITY), STOCKHOLM

Location:	Hagastaden, Stockholm
Area:	~19,800 sq. m.
Occupancy:	Q3 2025
Investment:	MSEK 1,713

In the heart of the Hagastaden district, Castellum has started its Infinity project, an office building that will be on the leading edge as regards working methods, innovation and sustainability. The building will be certified under Miljöbyggnad and WELL, and the project has a major focus on reducing climate impact with materials such as recycled steel and green concrete in the foundation.

LARGER ONGOING PROJECTS, 2021

Property	Area, sq. m.	Rental value		Occupancy rate Jan 2022	Total inv. incl. land, MSEK	Of which built up 2021, MSEK	Remaining inv., MSEK	Completed	Category
		MSEK	SEK/ sq. m.						
Gamlestaden 22:14, Gothenburg	4,610	5.7	1,236	100%	73	69	4	Q1 2022	Reconstruction, office
Verkstad 14, Västerås ²⁾	5,800	14.3	2,466	95%	198	98	23	Q1 2022	New construction, pub. sector
Hissmontören 4, Örebro ²⁾	3,400	8.7	2,559	88%	118	70	37	Q1 2022	New construction, office
Sörred 7:23, Gothenburg	6,220	6.9	1,109	100%	78	63	15	Q1 2022	New construction, warehouse
Heliumgasen 11, Gothenburg	4,440	5.9	1,329	100%	69	57	12	Q1 2022	New construction, warehouse
Jeppe 1/GreenHaus, Helsingborg ^{2) 3)}	7,000	21.4	3,057	75%	320	93	32	Q2 2022	New construction, office
Korsningen 1, Örebro ^{2) 4)}	5,650	15.4	2,726	100%	227	110	62	Q2 2022	New construction, pub. sector
Örnäs 1:17, Stockholm	16,870	15.2	901	0%	218	120	98	Q2 2022	New construction, logistics
Annedal 21:10, Gothenburg	4,984	19.0	3,812	100%	55	13	42	Q2 2022	Reconstruction, pub. sector
Götaland 9, Jönköping ²⁾	9,200	22.9	2,489	100%	323	105	178	Q3 2022	New construction, pub. sector
Sesamfröet 2, Gothenburg	5,600	24.0	4,286	100%	260	150	93	Q3 2022	Reconstruction, pub. sector
Götaland 5, Jönköping	7,968	18.3	2,297	100%	114	18	88	Q3 2022	Reconstruction, pub. sector
Drevet 1/Långeberga, Helsingborg ²⁾	21,784	15.2	698	17%	261	70	191	Q4 2022	New construction, logistics
Bolaget 1/Lockarp, Malmö	5,135	5.1	993	100%	94	31	63	Q4 2022	New construction, logistics
Sjustjärnan/E.ON, Malmö ^{1) 3)}	31,460	78.0	2,479	91%	1,296	402	546	Q1 2023	New construction, office
Godsfinkan 1, Malmö ²⁾	26,500	81.0	3,057	91%	1,270	576	252	Q1 2023	New construction, pub. sector
Bollbro 15, Helsingborg	3,810	6.8	1,785	92%	125	57	63	Q1 2023	Reconstruction, pub. sector
Hornsberg 10, Stockholm ¹⁾	8,680	33.1	3,813	20%	238	11	223	Q2 2023	Reconstruction, office
Åseby 1:5, Gothenburg ²⁾	14,780	21.0	1,421	100%	301	39	234	Q3 2023	New construction, pub. sector
Effekten 13, Västerås	15,400	31.2	2,026	100%	445	32	413	Q3 2023	New construction, office
Oxelbergen 1:2, Norrköping	6,000	12.0	2,000	71%	91	4	32	Q4 2023	Reconstruction, office
Borgarfjord 5, Stockholm	9,300	27.5	2,957	40%	162	20	135	Q4 2024	Reconstruction, office
Finnslätten 1, Västerås	21,000	27.5	1,310	18%	250	52	130	Q4 2024	Reconstruction, office, industry
Sorbonne block/Infinity, Stockholm ^{1) 3)}	19,800	99.6	5,030	0%	1,713	75	1,638	Q2 2025	New construction, office
Götaland 5/Werket, Jönköping	20,718	46.9	2,264	23%	281	17	264	Q1 2026	Reconstruction, office

1. BREEAM evaluates and rates the overall environmental impact of buildings.

2. Miljöbyggnad is a certification system intended to create environmentally sustainable buildings. It takes into account energy, indoor environment and building materials.

3. WELL is the first construction standard that takes wellness in work life into account.

4. NollCO₂ is a supplementary certification to Miljöbyggnad, BREEAM-SE, LEED and Nordic Swan, and is intended to achieve net zero climate impact from new construction.

Larger completed projects



DRAGARBRUNN 21:1 (KUNGSPASSAGEN), UPPSALA

Location:	Uppsala
Area:	~14,130 sq. m.
Occupancy	Q4 2021
Investment	MSEK 493

At year end, Castellum began a new construction project and the reconstruction of Kungspassagen in central Uppsala. The project will cover a total of 14,000 square metres and was completed in Q4 2021. The property is approximately 80% let and will be clearly characterised by sustainability: solar cells, green electricity and carbon-neutral district heating.



BACKA 20:5, GOTHENBURG

Location:	Gothenburg
Area:	4,600 sq. m.
Occupancy:	Q1 2021
Investment:	MSEK 71

After the construction of new regional offices and stores for Ahlsell in Mölndal in 2019, Castellum completed an additional store for Ahlsell in 2021 at Hisings Backa in Gothenburg. The building has Miljöbyggnad Silver environmental certification, which means that it has been optimised for low energy use and healthy indoor environment, and that a premium has been placed on materials with low climate impact.



SELLERIN 3, LUND

Location:	Lund
Area:	5,190 sq. m.
Occupancy:	Q1 2021
Investment:	MSEK 94

The Sallerin 3 property is geographically located in the new Hasslanda planned district a stone's throw from Gastelyckan, the oldest industrial district in Lund. The property has Miljöbyggnad Silver certification, and has Nissan as a major tenant.

DEVELOPMENTS COMPLETED OR FULLY/PARTLY OCCUPIED IN 2021

Property	Area, sq. m.	Rental value		Occupancy rate Jan 2022	Total inv. incl. land, MSEK	Of which built up 2021, MSEK	Remaining inv., MSEK	Completed	Comments
		MSEK	SEK/sq. m.						
Sellerin 3, Lund ²⁾	5,800	7	1,207	100%	94	5	5	Q1 2021	New construction, warehouse/car dealership
Backa 20:5, Gothenburg ²⁾	4,600	7	1,522	100%	71	5	—	Q1 2021	New construction, warehouse/logistics
Dragarbrunn 21:1, Uppsala ²⁾	14,130	45	3,185	79%	493	171	53	Q4 2021	New/reconstruction, office
Löpöglan 2, Malmö	7,700	25	3,247	85%	406	169	9	Q4 2021	New construction, office
Stettin 6, Stockholm	25,000	69.8	2,792	93%	285	79	65	Q4 2021	Reconstruction, office
Taktipinnen 1, Norrköping	16,300	28.7	1,761	100%	136	32	39	Q3 2022	Reconstruction, office
Rotterdam 1, Stockholm	21,300	68.9	3,235	71%	236	43	55	Q4 2022	Reconstruction, office

2. Miljöbyggnad is a certification system intended to create environmentally sustainable buildings. It takes into account energy, indoor environment and building materials.

Building rights and planned developments

As part of Castellum's strategy, its development portfolio is improved through new construction. In this context, owning building rights in attractive locations with local detailed development plans already in place is a competitive advantage, as this entails the shortest possible lead time before tenants can occupy the premises. Castellum has a large volume of building rights, of which it is estimated that approximately 1,300,000 square metres can be started over the next five years. These projects correspond to an investment volume of approximately SEK 30 billion. Out of this volume, approximately 560,000 square metres are logistics and

the rest primarily offices. The geographic distribution and the 20 largest projects by area are shown in the following table.

During the year, Castellum announced several major potential projects, and these are summarised on the following pages. The projects are characterised by their location in attractive development areas, in combination with a clear sustainability focus. At the end of the year, Castellum secured a land allocation agreement in central Gothenburg, adjacent to "Station Centralen", Västlänken's (The West Link) future transportation hub. This will enable the company to contribute to the continued urban development of the area.

POTENTIAL CONSTRUCTION STARTS 2022-2026, LARGEST

Developments	Location	Type	Category	Detailed dev. plan	Lettable area, sq. m.
Säve Stage 2	Gothenburg	New construction	Logistics	Ongoing	221,000
Säve Stage 1	Gothenburg	New construction	Logistics	Ongoing	88,800
Vision Finnslätten 2	Västerås	New construction	Other	Not begun	50,000
Vallonsmidet Stages 2 & 3	Stockholm	New construction	Offices	Ongoing	38,000
Verkstaden 7	Västerås	New construction	Other	In effect	36,000
Halvorsäng Stage I ¹⁾	Gothenburg	New construction	Logistics	In effect	32,500
Halvorsäng Stage II ¹⁾	Gothenburg	New construction	Logistics	In effect	32,500
Halvorsäng Stage III ¹⁾	Gothenburg	New construction	Logistics	In effect	32,500
Halvorsäng Stage IV ¹⁾	Gothenburg	New construction	Logistics	In effect	32,500
Västerås 3:69 ²⁾	Västerås	New construction	Logistics	Ongoing	32,000
Mimer 6	Västerås	New construction	Offices	In effect	26,000
Vision Finnslätten	Västerås	New construction	Offices	In effect	26,000
Charkuteristerna 1-8	Stockholm	Conversion	Offices	Ongoing	25,000
North of Nordstaden ²⁾	Gothenburg	New construction	Offices	Ongoing	25,000
Hälsingland 19	Malmö	New construction	Offices	Not begun	25,000
K3	Helsinki	Conversion	Offices	In effect	17,200
Forskaren	Lund	New construction	Offices	In effect	17,200
Vallonsmidet Stage 1	Stockholm	New construction	Offices	Ongoing	16,000
Brunna Tibble 1:648	Stockholm	New construction	Logistics	In effect	15,100
Hornsberg 10	Stockholm	New construction	Offices	Ongoing	13,000
Total					801,300

1. 130,000 square metres pertain to projects being carried out in JV, where Castellum's share is 50%

2. Land allocation agreement.

POTENTIAL DEVELOPMENT PROJECTS, 2022-2026

Location	Category	Lettable area, sq. m.	
		Detailed dev. plan exists	Change to detailed dev. plan required
Borås	Other	6,100	6,000
Gävle	Other	6,500	—
Gothenburg	Logistics	135,000 ¹⁾	310,000
Gothenburg	Offices	4,300	25,000
Gothenburg	Other	21,100	18,000
Helsinki	Offices	26,800	—
Jönköping	Offices	—	5,600
Copenhagen	Logistics	7,300	—
Linköping	Offices	4,000	8,400
Linköping	Other	8,500	10,000
Lund	Offices	17,200	—
Lund	Other	6,000	6,000
Malmö	Offices	6,200	35,000
Malmö	Logistics	13,000	—
Malmö	Other	4,500	—
Norrköping	Offices	17,500	—
Nyköping	Other	—	10,000
Stockholm	Offices	—	197,000
Stockholm	Logistics	48,300	—
Stockholm	Other	—	30,600
Uppsala	Offices	—	12,300
Uppsala	Logistics	9,000	—
Västerås	Offices	56,000	13,900
Västerås	Logistics	—	32,000
Västerås	Other	35,000	118,000
Örebro	Offices	14,700	1,700
Örebro	Other	8,200	—
Total		455,200	839,500

1. 130,000 square metres pertain to projects being carried out in JV, where Castellum's share is 50%.

1. SLAKTHUSOMRÅDET, STOCKHOLM

After additional acquisitions in the Slakthusområdet district, Castellum now has several development opportunities in the active planning phase. Castellum is working together with the City of Stockholm and the other property owners to develop the area into a city district complete with residences, services and work-places. Castellum's properties are in a prime location, with a future entrance to the underground immediately adjacent. Castellum will develop 30-40,000 square metres in the Slakthusområdet district.

2. EDISON PARK, LUND

Edison Park is located within the grounds of the Ideon Science Park in Lund. Here, Castellum is planning a consolidation of the existing area with two new office buildings, a mobility building and a new park where existing buildings join up with the new. In total, Castellum will provide approximately 20,000 square metres of offices and a 16,000-square metre mobility building. The project has a strong focus on sustainability, and is planned to be energy-plus with a large solar cell to reduce its climate impact.

3. GATEWAY SÄVE, GOTHENBURG

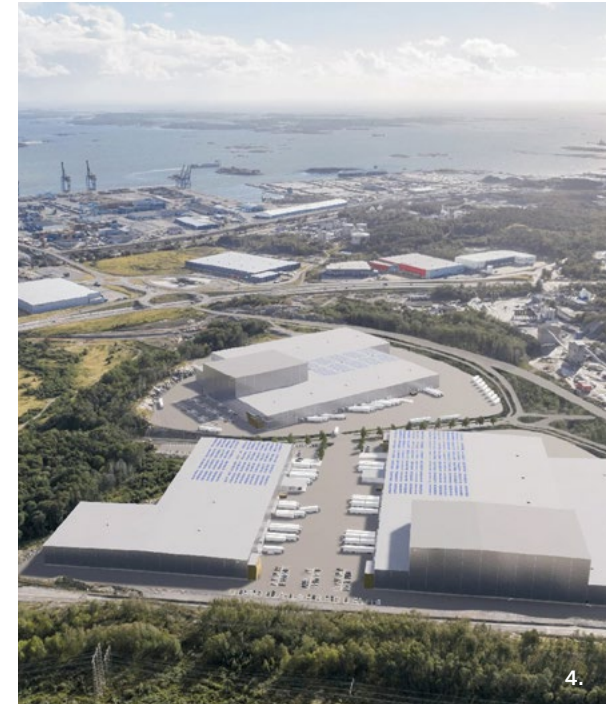
In December 2018, Castellum acquired Säve airport, with a development area with nearly three million square meters of land. Gateway Säve is the flexible logistics hub of the future, and an area for innovation and development focused on sustainable transportation and mobility. A gradual development of the area is planned over a ten-year period, with a total of approximately 800,000 square metres of modern logistics and business premises and test areas for autonomous vehicles. In 2021, Castellum began construction of Sweden's largest research facility for electric and chargeable vehicles for the Swedish Electric Transport Laboratory (SEEL), which is owned by RISE and Chalmers University of Technology.

4. HALVORSÅNG LOGISTIKPARK, GOTHENBURG

In partnership with Göteborgs Hamn AB, Castellum is creating a new, modern logistics park with a focus on sustainability and excellent access roads close to the Nordic region's largest port, combi terminal, industries and the major traffic routes to and from Gothenburg. In total, approximately 145,000 square metres could be constructed at the logistics park, and the start is planned for 2022.

5. NOON GARDEN, GOTHENBURG

Between the Nordstan and Lilla Bommen districts in central Gothenburg, Castellum has a land allocation agreement and is preparing for construction of approximately 25,000 square metres of premises. There will be an entrance from the Västlänken rail system in the ground floor of the building, and a green terrace featuring wind-breaks is planned for the roof. The start of the project is planned for 2024 and will have a major focus on sustainability with environmental certification and solar cells.



Transactions

Castellum's strategy for growth includes continually refining and developing its property portfolio by investing in new construction, extensions and reconstructions, as well as making acquisitions. The purpose of the investments is to improve cash flow, thereby increasing the value of the properties. New projects are gradually added through acquisitions of both development properties and unutilised building rights.

It has been an intense year of transactions, both for Castellum and in the market in general. The year started off with the completion of the previously announced sale of 39 properties to Blackstone, with a net price of approximately SEK 5 billion and a valuation at year-end of approximately SEK 4.8 billion. Since the transaction was contingent upon approval by the Swedish Competition Authority, which was received in January 2021, it was recognised as sold in the first quarter of 2021. The sale also resulted in recognised deferred tax of approximately MSEK 600.

An additional sale to Blackstone was subsequently announced, of 53 properties for net proceeds of SEK 4.8 billion after deductions for deferred tax and overheads of SEK 0.2 billion. The agreed property value involved a premium of 27% against the latest Q3 2020 valuation and 15% against the Q4 2020 valuation. Hand-over took place on 3 May 2021.

In the spring of 2021, the Ferring Building at Fiskers Plas 9-11 in Copenhagen was sold to Genesta for approximately SEK 1.1 billion.

On 1 July, two billion-krona transactions were signed in Region Stockholm-North: the acquisition of Aprikosen 3 in Solna Strand from Humlegården, and Herrjärva 2 – a newly-constructed office property constructed by NCC in the development area near Järva Krog.

The Finnish property company Kielo, with an asset portfolio of 22 office properties in five cities, was acquired in early July. To sharpen geographic focus, the partial portfolio in Jyväskylä

was sold shortly thereafter. All together, the transactions brought in a net contribution of approximately SEK 4.4 billion in property value in four cities in Finland: Helsinki, Tampere, Turku and Lahti. The transactions supplemented Castellum's Finnish portfolio with 13 modern, sustainable properties that house modern, flexible office premises. The portfolio has a stable, attractive and diverse tenant make-up. Of the over 150 individual tenants at present, the public sector, blue-chip and/or large companies represent approximately 60% of the gross rental income. The largest tenants are public institutions and well-known blue-chip companies such as AFRY, Nokia and Siemens. Helsinki represents 50% of the rental income.

On 2 August 2021, Castellum submitted a recommended public offer to the shareholders of Kungsleden to acquire all the shares in the company with the intent to combine the two companies. Kungsleden was consolidated as of 10 November 2021 into the Castellum Group at an acquisition cost of MSEK 23,868, corresponding to 91.9% distributed between MSEK 8,975 in cash and 65 million newly issued shares corresponding to a value of MSEK 14,893. Read more on page 17.

In late September, a portfolio consisting of 16 properties in Stockholm, Öresund, Norrköping and Västerås was sold to Oscar Properties, where Castellum also received shares corresponding to MSEK 200 as partial payment.

In late December, two public sector properties in Helsingborg were sold. The sale price totalled approximately SEK 2.4 billion, and exceeded the latest valuation by 23%. The transaction demonstrates the prevalent strength of the property market just as much as the development of the portfolio's value. The public sector properties were sold in order to boost Castellum's financial position after the combination with Kungsleden, but the company intends to continue investing in the segment in order to provide for the needs of its high-priority state-owned tenants.

Moreover, a number of supplementary acquisitions, such as offices, were made for project development in the Slakthusområdet district in Stockholm and the Främre Boländerna district in Uppsala.

With the acquisition of its associated company Entra, Castellum obtains exposure to the Norwegian market. Entra owns properties for NOK 68 billion in Oslo and the surrounding area, Bergen, Stavanger and Trondheim (Q4 2021), encompassing 1.5 million square metres in attractive locations, with a share of public tenants of 58%.

During the period, investments totalling MSEK 59,946 (5,158) were made in properties, of which MSEK 47,258 (—) were business combinations, MSEK 8,889 (2,646) pertained to property acquisitions and MSEK 3,799 (2,512) to new construction, extensions and reconstructions. After sales and cash settlements of MSEK 17,228 (891), net investments amounted to MSEK 42,718 (4,267).

The above information applies to Castellum's transactions. Kungsleden, which was acquired in November 2021, did not conduct any major transactions during the period.

2021 was an intense year for transactions, with investments of SEK 59,946 million.

Larger acquisitions during 2021



KIELO FINLAND

Location:	Helsinki, Tampere, Turku, Lahti
Area:	170,000 sq. m.
Occupancy:	July 2021
Investment:	SEK 4.4 billion

Castellum acquired Kielo AB and sold the partial portfolio in Jyväskylä shortly thereafter. The net acquisition was 13 modern, sustainable properties in four cities in Finland, of which the majority are located in the Helsinki metropolitan area.



HERRJÄRVA 2

Location:	Järva Krog district, Stockholm
Area:	12,000 sq. m.
Occupancy:	July 2020
Investment:	SEK 1.0 billion

Castellum acquired Herrjärva 2 from NCC in July, 2021. The building contains high-quality office premises and restaurants in an area that is growing into a neighbourhood with residences and offices.



APRIKOSEN 3

Location:	Solna Strand
Area:	21,600 sq. m.
Occupancy:	Sep 2021
Investment:	SEK 1.0 billion

Castellum acquired Aprikosen 3 from Humlegården in July 2021. The building contains offices and restaurants in an area with excellent public transportation via underground and commuter rail.

LARGER PROPERTY ACQUISITIONS DURING 2021

Property	Rental value			Occupancy rate Jan 2022	Acquisition cost, MSEK	Occupancy	Category
	Area, sq. m.	MSEK	SEK/ sq. m.				
Herrjärva 2	12,000	49	4,100	100% ¹⁾	1.0	July 2021	O
Aprikosen 3	21,600	56	2,600	92%	1.0	Sep 2021	O

Property	Rental value			Occupancy rate Jan 2022	Acquisition cost, MEUR	Occupancy	Category
	Area, sq. m.	MEUR	EUR/ sq. m.				
13 properties, Finland	170,000	40	240	87%	429.3	July 2021	O/P

1. Including rental guarantees

LARGER PROPERTY SALES DURING 2021

Property	Rental value			Occupancy rate Jan 2022	Acquisition cost, MSEK	Occupancy	Category
	Area, sq. m.	MSEK	SEK/ sq. m.				
53 properties to Blackstone	350,000	300		94%	4.8	May 2021	L
Mixed portfolio to Oscar Properties	115,600	147		82%	1.7	Nov 2021	O/R

Property	Rental value			Occupancy rate Jan 2022	Acquisition cost, DKK bn	Occupancy	Category
	Area, sq. m.	MDKK	DKK/ sq. m.				
Sundby Overdrev	32,500	65		34% ¹⁾	0.8	July 2021	O

1. Including rental guarantees

An internship helped Reshma become a part of the community



Reshma Ramamurthy,
HR Administrator,
Foodora



Helena Skoglund,
Head of People
Exp. Castellum



Arya Mustafa,
HR Manager
Logistics Foodora

Jobbsprånget became a path into Swedish working life for Reshma Ramamurthy.

"My time as an intern at Castellum was incredibly enriching, and gave me self-confidence and motivation. It was something that was crucial for my current job.

Castellum partners with Jobbsprånget, an internship program for academics who have recently arrived in the country. The purpose is to utilize the competence of these new arrivals and accelerate their introduction to the Swedish labour market.

Reshma is from southern India, and when her boyfriend got permission to work in Sweden she moved with him and studied Strategic Human Resource Management at Gothenburg University. After her degree, she got an internship in Castellum's People Experience division (HR).

"Being able to use my knowledge in practice was a stimulating experience. It was also challenging in many ways.

Previously, Reshma had experience mostly from administrative tasks. Now she got to learn more about competence development and HR digitalisation.

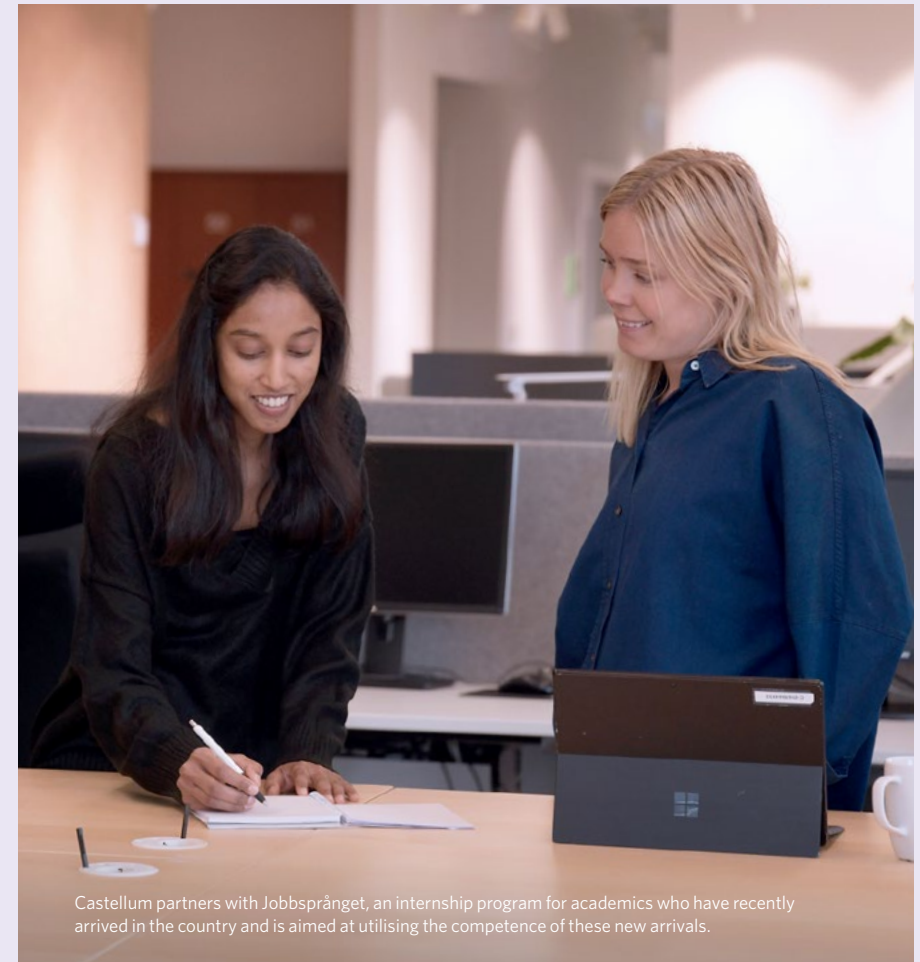
Taking on interns with different backgrounds is an important part of Castellum's work on social sustainability.

"Helping people get into the labour market and being a bridge into Swedish society is extremely positive. For an individual, it means a lot and could be something that changes their lives. For us at Castellum, it could mean that we find new talent and new employees. But it's also important from a larger, more long-term perspective, where we are working for a more inclusive society through increased diversity and decreased segregation," says Helena Skoglund, Head of People Experience.

"I quickly felt myself to be one of the team at Castellum. They listened to me, and they were open to my thoughts and ideas. The internship helped me a great deal, it was an experience that meant a lot to me both privately and in my occupation," says Reshma, who now has a permanent position as an HR administrator at the logistics division of Foodora. There, she works on a broad range of HR issues such as salaries and recruitment, as well as assisting the regional teams.

For Reshma's current employer, her internship at Castellum was a valuable asset that was a significant factor in employing her.

"We are extremely satisfied with Reshma, she's working out very well on our team and we see it as a highly successful recruitment," says Arya Mustafa, HR Manager Logistics, Foodora. ■



Castellum partners with Jobbsprånget, an internship program for academics who have recently arrived in the country and is aimed at utilising the competence of these new arrivals.

"Helping people get into the labour market is important from a long-term perspective, as it means we are working actively for a more inclusive society."

- Helena Skoglund,
Head of People Experience



Watch the video about
Castellum's partnership
with Jobbsprånget

A man and a woman are seated at a white table in a bright, modern office environment. The man, on the left, is wearing a dark blazer over a grey sweater and is focused on his laptop. The woman, on the right, is wearing a grey cardigan over a white top and is writing on a tablet with a white pen. On the table, there are three small, light-colored ceramic vases with green plants. The background shows a large window with a view of greenery outside.

Risks and risk management

Risks, exposure and risk management

Property ownership and management exposes operations to internal and external risks, or uncertainty factors that could impact the Group's ability to achieve its overall objectives for growth.

Castellum therefore works continually, in a structured manner, to identify and actively monitor financial and other risks that operations encounter or are faced with. The Group's risk management involves a structured process of analysis and decision-making with the aim of establishing a balance between the desire to limit uncertainty or risk and the task of generating growth and shareholder value.

Risks, exposure and risk management

Castellum defines risk as an uncertainty factor that may affect the company's ability to achieve its objectives. Risk management aims at balancing the desire to limit risk and achieving objectives. In order to assess the effect of identified risks, an internal risk rating is conducted in which each risk is assessed, from the perspectives of impact and probability. This process

determines if the risk should be further monitored (Monitor), if actions should be taken (Focus) or if it can be handled through standard review and management (Review). Castellum conducts an annual risk survey in which all the company's risks are assessed based on likelihood, impact, priority and development. Short- and medium-term risks are analysed for a period of up to 10 years. Over the last several years, Castellum has also worked on analysing various future climate-related risks and possibilities over the long term up through 2050. To facilitate risk management, Castellum has chosen to classify risks into the following categories:

- Business environment – risks due to the influence of external factors and events.
- Strategic risks – risks associated with reputation or the ownership of Castellum's asset portfolio.
- Operational risks – risks associated with routine administration of Castellum's property holdings.
- Sustainability and climate risks – risks associated with the environment, corporate responsibility and/or liability risks.
- People – risks associated with our employees and the people in and around our properties.
- Financial risk – risks in Castellum's financing and reporting.









Risk category	Risk	Impact	Probability	Priority	Change
BUSINESS ENVIRONMENT					
Macroeconomic risks	1. Macro – crisis	Serious	Likely	Focus	⬆️
Crises	2. Crises	Medium	Likely	Focus	⬆️
Changes in legislation	3. Changes in legislation	Medium	Certain	Focus	↔️
	4. Regulatory compliance	Serious	Likely	Focus	⬆️
STRATEGIC RISKS					
Composition of the asset portfolio	5. Composition of the asset portfolio	Major	Unusual	Monitor	↔️
	6. Obsolete product/property	Medium	Likely	Monitor	↔️
	7. Size – too big in a sub-market/area	Minor	Unusual	Review	↔️
Reputation	8. Brand	Major	Low	Monitor	✅
	9. Digitalisation	Medium	Possible	Monitor	↔️
Investments	10. Investments	Major	Likely	Focus	↔️
	11. Strategic acquisitions	Serious	Possible	Focus	↔️
Changes in value	12. Changes in value – property	Serious	Certain	Focus	↔️
OPERATIONAL RISKS					
Rental income	13. Rental income	Major	Possible	Focus	⬆️
	14. Dissatisfied tenants/customers	Serious	Low	Focus	↔️
Property costs	15. Property costs	Insignificant	Possible	Review	↔️
Tax	16. Tax	Major	Low	Review	↔️
SUSTAINABILITY AND CLIMATE-RELATED RISKS					
Sustainability	17. Operational environmental risks	Serious	Low	Focus	↔️
	18. Risks attributable to climate change	Medium	Possible	Monitor	↔️
	19. Breach of the Code of Conduct	Serious	Low	Focus	↔️
	20. Liability risks	Major	Possible	Monitor	↔️
PEOPLE					
People	21. Employees	Serious	Likely	Focus	⬆️
	22. People	Serious	Likely	Monitor	↔️
FINANCIAL RISK					
Financing	23. Financing	Serious	Possible	Focus	↔️
Reporting	24. Reporting	Serious	Unusual	Focus	↔️
Changes in value	25. Changes in value – derivatives	Medium	Likely	Monitor	↔️

✅ Reduced focus on risk area since previous year.
 ↔️ Unchanged focus on risk area since previous year.
 ⬆️ Increased focus on risk area since previous year.

Business environment

External environment risks refer to risks due to the influence of external factors, mainly outside Castellum's control, but to which Castellum has to relate. These risks can be divided into macroeconomic risks, crises changes in legislation and regulatory compliance.

Risk	Management	Exposure	
MACROECONOMIC RISKS		PRIORITY: FOCUS	DEVELOPMENT 
1. Macro – crisis Macroeconomic risks are risks associated with a general reduction in demand in the economy, low inflation, deflation or situations which entail general difficulties in obtaining financing, or alternatively obtaining financing at higher credit margins.	<ul style="list-style-type: none"> • Business intelligence. • Strong balance sheet and low loan-to-value ratio. • Well-composed contract portfolio with a wide spread regarding notice period, industry, type of premises, contract size and geography. • Deflation protection or a minimum upward adjustment of leases. • Multiple sources of financing. • Frequent renegotiations and supply of new credit agreements. • Asset portfolio concentrated on growth areas. • Natural macroeconomic hedging mechanism between higher/lower interest costs and rental income, but with some time delay. 	A weak economy negatively impacts the demand for premises, leading to increased vacancies, falling market rents and loss of indexation for existing leases. In addition, the risk of payment problems – or even bankruptcies – among tenants increases, resulting in immediate negative effects on cash flow. Limited access to capital reduces Castellum's opportunities to conduct operations. Ultimately, reduced demand in the economy leads to declining property values. Risks linked to changed customer needs based on the pandemic of the last two years, which has led to an increase in working remotely. Could lead to increased vacancy, falling rental levels and reduced property values.	
CRISES		PRIORITY: FOCUS	DEVELOPMENT 
2. Crises Crises include all crisis events that arise in the business environment that Castellum cannot influence and are difficult to foresee, for example, terrorist attacks, cyber attacks, pandemics, extreme weather events and environmental disasters as well as information leaks.	<ul style="list-style-type: none"> • Crisis plan. • Succession planning for senior executives. • Full coverage insurance, properties. • Guidelines for information security and the creation of understanding and awareness among users that information is an asset that should be handled with care. • Continuity plan IT. • Expanded efforts in digitalisation throughout our entire operations. • Increase knowledge of the impact of climate change on operations. 	<ul style="list-style-type: none"> • No one has remained unaffected by last year's global coronavirus pandemic. Castellum was affected as well, even though it has a highly differentiated asset portfolio. • In pace with rapid digitalisation, the threats and vulnerability that digitalisation entails also increase. • IT attacks and hacking in the world around us have increased over the last few years. • In pace with a continued increase in greenhouse gas emissions internationally, the risk of more extreme weather events and environmental catastrophes increases, as do their consequences. 	
CHANGES IN LEGISLATION		PRIORITY: FOCUS	DEVELOPMENT 
3. Changes in legislation Changes in legislation or ordinances, both national and international, can impact Castellum. Some examples are tax legislation, new regulations for banks, procedures for planning processes, and so on.	<ul style="list-style-type: none"> • Monitor developments regarding laws, regulations, praxis and so on within the areas most essential to Castellum. • Actively participate as much as possible in debate. • Prepare Castellum for new or amended regulations. • Continual renegotiation of credit agreements. • Broaden the financing base via more sources of financing and financiers. 	Changes in legislation can impact future opportunities to invest, or alternately result in price increases, which lead to poorer yields moving forward. New banking legislation can impact access to financing and the price of borrowed capital, and could trigger credit covenants that would lead to increased financing costs. Changes in tax rates and tax legislation, such as proposals regarding interest deduction limitations, new regulations concerning tax depreciation and prohibitions on "bundling" of properties, may affect Castellum's future tax expenses.	
4. Regulatory compliance		PRIORITY: FOCUS	DEVELOPMENT 
Inadequate compliance could lead to financial losses, supervisory sanctions, loss of reputation, and in the worst case to delisting. Some regulations, such as IFRS, are open to interpretation, which means that Castellum and regulatory supervisors may have different opinions.	<ul style="list-style-type: none"> • A corporate culture built on high ethical ideals. • Strict internal control processes with quality assurance at several stages. • Code of Conduct. • Competent and responsible employees. • Monitor the development of legislation, praxis, court orders etc. • Compliance function that reports directly to the Audit and Finance Committee. • Whistleblower function. 	Conducting Castellum's operations responsibly is crucial for the Group's long-term success. The company's operations and ability to continue creating value are based on relationships among employees, tenants, partners, investors, authorities and so on. Each and every employee jointly creates a shared image of Castellum through their conduct and what they provide to the surrounding community.	

 Reduced focus on risk area since previous year.
  Unchanged focus on risk area since previous year.
  Increased focus on risk area since previous year.

Strategic risks

Strategic risks are risks associated with Castellum's reputation or the ownership of Castellum's asset portfolio, which in turn can be divided into risks regarding the composition of the portfolio, reputation, digitalisation, investments and corporate acquisitions as well as changes in value on properties.

SENSITIVITY ANALYSIS - CASH FLOW

Effect on income, next 12 months

	Effect on income, MSEK	Probable scenario	
	+/- 1 ppt	Boom	Recession
Rental level/index	+83 / -83	+	—
Vacancy	+92 / -92	+	—
Property costs	-24 / 24	—	0
Interest costs ¹⁾	-335 / 194	0	—
Valuation, required yield	-24,506 / 37,685	+	—

1. The asymmetry is due to the fact that at present, Castellum deems the opportunities for fully including negative market rates to be limited.

SENSITIVITY ANALYSIS - CHANGE IN VALUE

Properties	-20%	-10%	0	+10%	+20%
Change in value, MSEK	-30,629	-15,315	0	15,315	30,629
LTV ratio	48%	43%	39%	36%	34%

VALUE RANGE - SIMPLIFIED EXAMPLE

	Net operating income	
	-5%	+5%
+0.5%	$\frac{95}{5.5\%} = 1,727$	$\frac{105}{5.5\%} = 1,909$
Required yield	-14%	-5%
	+6%	+17%
	Net operating income $\frac{100}{5.0\%} = 2,000$ Value Required yield	
-0.5%	$\frac{95}{4.5\%} = 2,111$	$\frac{105}{4.5\%} = 2,333$

Figures in green relate to change in value

Risk

ASSET PORTFOLIO

5. Composition of the asset portfolio

The composition of the asset portfolio can be affected at two levels: unfavourable geographical distribution (Castellum owns properties in the wrong sub-market, community or location with regard to factors such as future growth and current strong urbanisation trend) or that Castellum owns obsolete properties – a property portfolio that is not future-proof based on customer preferences, climate changes, technical requirements, micro-location or flexibility in usage and contractual terms and conditions.

Management

- Macro analysis: regular reviews of the sub-markets' conditions as regards economic growth, rental market, partnership climate, infrastructure investments and so on.
- Annual review of the asset portfolio regarding both geographic exposure and product types.
- Strategy documents established annually by the Board of Directors.
- Monitor climate risks in the asset portfolio, and analysis of climate risks in conjunction with investment decisions.

Exposure

PRIORITY: MONITOR

DEVELOPMENT: 

Castellum's portfolio is found in Swedish growth regions as well as in Copenhagen and the Helsinki area. Currently, all locations are assessed as having the right conditions for continued holding or investments. Additionally, major transactions have been carried out over the last few years for the purpose of creating better conditions for growth in the cash flow going forward. The Group's asset portfolio in the commercial property segment is divided into offices, public sector properties, and warehouse and logistics. All segments are linked to growth possibilities.

PRIORITY: MONITOR

DEVELOPMENT: 

Castellum annually invests approximately SEK 6 billion, net, evenly distributed in a normal year between acquisitions and new construction, extensions and reconstructions. Castellum also actively works on sales in order to reallocate capital to investment opportunities with better yields.

6. Obsolete product/property

A property portfolio that is not futureproof may become obsolete due to customer preferences, climate change, technical requirements, micro-location or to flexibility in usage and contractual terms and conditions. It entails a risk of increased vacancies and a decline in value as a result, or alternately large investment commitments.

- Monitor the rental market and its trends/offering.
- "Trendspotting".
- Be customer-centric, to understand not only the needs of today but also those of tomorrow.
- Monitor infrastructure investments.
- Participate actively in city/sub-market development.
- Innovation efforts (an innovation lab) that follows technological developments, focusing on megatrends.
- Routinely invest in the existing portfolio to "upgrade" and sell properties that are not deemed "right" going forward.
- Monitor climate crises.

PRIORITY: REVIEW

DEVELOPMENT: 

The property portfolio is concentrated in selected cities, all of which are regarded as stable with favourable conditions for long-term positive development.

7. Size - too big in a sub-market/area

Becoming too big in a sub-market or city may result in the municipality or the business environment placing stricter demands on Castellum, for example requiring the company to take overall financial responsibility for an area regarding infrastructure and so on.

- Be among the top three property owners in each respective city.
- Monitor market share, which is taken into account in the investment strategy established.
- Conduct annual analysis of the coming three-year period to identify available growth opportunities.

REPUTATION

8. Brand




Insufficient preparation for managing sensitive issues, discontent and/or crisis risks triggering a crisis, creating rumours and damaging confidence as a result.





- Open culture for creating the confidence to pass on information regarding any problematic state of affairs at an early stage.
- Monitoring in traditional and social media.




PRIORITY: MONITOR

DEVELOPMENT: 

• Misdirected campaign that creates shock and upset risks ruining our reputation and confidence among tenants, employees and other target groups.


 Reduced focus on risk area since previous year.  Unchanged focus on risk area since previous year.  Increased focus on risk area since previous year.

Risk	Management	Exposure
REPUTATION, CONT.		PRIORITY: MONITOR DEVELOPMENT: 
9. Digitalisation Trends in digitalisation move quickly, creating new conditions for the property industry. New digital or innovative solutions replace old technology and working methods, making new service possible and changing tenant demands. These trends also mean that new players enter the market. Players who do not adapt their operations to changing conditions could lose customers, suppliers and employees.	<ul style="list-style-type: none"> Business intelligence with a focus on megatrends and their impact on changing behaviours in operations and people. Innovation initiatives/lab that promote business development. Connected technology in properties to gather data and learn from it. Acquisition of United Spaces, a coworking company, in January 2019. 	<ul style="list-style-type: none"> Risk of inefficient working methods and/or lost tenants and employees if innovation, new technology, digitalisation and efficiency enhancements are not utilised. Risk that new players take over parts of Castellum's business, including tenant contact.
INVESTMENTS		PRIORITY: FOCUS DEVELOPMENT: 
10. Investments Erroneous investment strategy or alternately inability to execute the selected investment strategy, or inability to identify profitable investment projects. Investments can be in the form of new construction, extensions and reconstructions, or via acquisitions. Acquisitions of individual properties can be carried out directly as property acquisitions, or indirectly in corporate wrappers. Acquisitions can also be large-scale, either in the form of regional portfolios or property categories, or in the form of strategic corporate acquisitions (i.e. the purchase of an existing organisation).	<ul style="list-style-type: none"> Annual review and evaluation of the chosen investment strategy. Investment decisions linked to the chosen investment strategy to ensure the correct decision. Several investment discussions in parallel. Three-year follow-up of investments made. Risk-based model to determine the share of developments that can start without tenants. Structured decision-making process that analyses market conditions and risks. Contract forms that limit risk Leases signed prior to the production start are designed to limit the negative impact of unforeseen production delays, additional requirements, and so on. Quality assurance and monitoring of completed projects. Quality assured due diligence process regarding legal, financial and tax issues. Introduction programme for new employees. 	Investments with low yield and/or lack of growth potential mean that the growth target of 10% in income from property management is not reached. Additionally, the growth target requires making annual investments, which in a powerfully competitive property market entails increased risk that the chosen investment strategy cannot be carried out. Risks associated with new construction, extensions and reconstructions relate to both the technological side in the form of production risks such as choice of supplier, form of contract, technical design and so on; and to the market side in the form of lease and vacancy risks as well as misjudgements regarding potential rental level and customer desires. In addition, there are risks in the form of negative environmental impact and climate crises. Acquisitions via corporations also involve company-specific risks in the acquired companies – tax, disputes and environmental issues, for example. Takeover of personnel further entails employee integration.
11. Strategic corporate acquisitions		PRIORITY: FOCUS DEVELOPMENT: 
Strategic acquisitions can be carried out to obtain various advantages, but can also entail risks such as difficulties integrating operations and employees, drawing management's attention away from other important business issues, a possibly new market the acquirer has limited or no experience with, expenditures for unknown or potential legal liabilities in the acquired company, and an overly expensive acquisition.	<ul style="list-style-type: none"> Due diligence. Thorough planning and structured processes for incorporating a new company. Identify in advance the skills and market awareness needed. Identify key people in advance. Access to the market's best advisers. 	Castellum has the efficient processes and skills (directly or indirectly via advisers) required for major strategic acquisitions. Kungsleden was acquired in 2021, which means there are major integration initiatives between two corporate cultures in progress.
12. Changes in values – property		PRIORITY: FOCUS DEVELOPMENT: 
Changes in value can occur either as a result of macroeconomic factors (see section on macroeconomic risks), microeconomic factors (usually the wrong sub-market, city or location) or property-specific causes (often cash flow-related). In addition, there is also the risk of individual properties being incorrectly appraised. Whatever the reason, changes in value impact the income statement, the financial position and the loan-to-value ratio.	<ul style="list-style-type: none"> Strong balance sheet. A large number of properties, a geographically diversified property portfolio and great variation in lease agreements result in lower volatility in asset portfolio value. Routine analysis of the transaction market and quarterly reviews of the asset portfolio valuation yield early warning signs. Internal quality assurance and internal control of internal valuations. Annual external valuation of at least 50% of the portfolio. 	Large negative changes in value can ultimately lead to agreed terms and commitments in credit agreements being broken, thus resulting in costlier borrowing, or in the worst-case scenario credits falling due for payment.

 Reduced focus on risk area since previous year.
 Unchanged focus on risk area since previous year.
 Increased focus on risk area since previous year.

Operational risks


Operational risks refer to risks connected with routine administration of Castellum's property portfolio, which directly impacts income from property management. These can be categorised as rental income, dissatisfied customers/tenants, property costs and tax.




Risk	Management	Exposure	DEVELOPMENT: 
RENTAL INCOME		PRIORITY: FOCUS	
13. Rental income Rental income is impacted by a number of factors, both external and internal. External factors may include falling market rents, loss of indexation and bankruptcy (see section on macroeconomic risks). Poor property management can result in dissatisfied tenants, unnecessary vacancies and customer loss owing to a poorly adapted customer offering.	<ul style="list-style-type: none"> Properties in growth areas and a contract portfolio with a large number of agreements, not dependent on a single tenant or business sector, and a maturity structure spread over time. Proximity and attentiveness to customers. Experienced and competent property management and leasing staff who prevent notices of termination through active renegotiations before contract expiry. Competitor analysis; measure customer satisfaction and follow up on net lettings. Strive for leases with an index clause with deflation protection and minimum adjustment. 	For Castellum, reduced income can be derived from lower rental value, which is the potential rent that can be obtained from vacant premises, or alternately lower rental income, which is the actual rent received. Rental income is thus dependent on both the market rent of the property and on how Castellum handles vacancies. Reduced rental income ultimately leads to poorer cash flow and thus to a decline in the value of the asset portfolio. Because of the pandemic, numerous companies have begun reviewing their office spaces. Will these companies need as much office space going forward? Many companies may let their staff work from home to a greater extent even after the pandemic. The needs for creating attractive meeting places that replace traditional office premises are increasing. The acquisition of Kungsleden entails a better risk spread through a more diversified contract portfolio as well as longer average tenors on leases.	
14. Dissatisfied tenants/customers Several tenants or customers are dissatisfied and leave the Group. The opportunity to attract new tenants disappears, with large vacancies and decline in value as a result.	<ul style="list-style-type: none"> Be close and attentive to customers. Experienced and competent property management and leasing staff. Annual measurement, Customer Satisfaction Index. 	Castellum has a strong and clear customer focus, and it is important that the Group lives up to its tenants' expectations. This is why a Customer Satisfaction Index measurement is conducted annually.	
PROPERTY COSTS		PRIORITY: REVIEW	
15. Property costs Risks concerning property costs relate primarily to cost increases beyond what Castellum can be compensated for through contractual rents, indexation and supplementary charges for costs incurred. It can also refer to unforeseen costs and extensive renovation needs.	<ul style="list-style-type: none"> High percentage of cost re-invoicing. Compensation via minimum indexation. Continuous optimisation of operations and efficiency enhancement. Demarcation list landlord/tenant. Preventing customer losses via background checks and "in-house" debt recovery. Long-term maintenance planning, in order to optimise maintenance costs over time. 	The price of electricity is determined by supply and demand in an open, deregulated and partly international market. Other media costs are partly controlled by local monopolies, which creates uncertainty in future costs. The basis for calculating site leasehold fees may change in future renegotiations, and political decisions can change both tax rate and tax assessment value used for calculating property tax. Indirect costs for employees – such as payroll taxes and other obligations – could also be affected by political decisions.	
TAX		PRIORITY: REVIEW	
16. Tax Castellum failing to comply with existing regulations or to adapt to changing regulations regarding income tax and VAT. Additionally, tax is an important parameter in a calculation context.	<ul style="list-style-type: none"> Strict internal control processes and external quality assurance of income tax returns, for example. Open claims regarding doubtful items. Routine training of employees. Closely following trends in legislation, praxis and court orders. 	Incorrect tax governance can lead to the wrong tax being paid, tax penalties and in some cases to remarks in the auditor's report. Incorrect fiscal management in calculations can lead to overestimation of yield – which means insufficient actual yield – or underestimation of yield with the risk of a profitable investment not being made.	

 Reduced focus on risk area since previous year.
 Unchanged focus on risk area since previous year.
 Increased focus on risk area since previous year.

Sustainability and climate-related risks


Sustainability risks refer to risks directly or indirectly associated with environmental risks, climate change, the Code of Conduct and liability risks.



Risk	Management	Exposure	DEVELOPMENT: 
SUSTAINABILITY		PRIORITY: FOCUS	
17. Operational environmental risks Environmental risks directly related to Castellum's operations can include the physical environment that impacts people and properties, as well as prices for natural resources in the form of materials and energy. Castellum estimates that risks related to rising raw materials prices owing to potential resource shortages will increase over the long term. With new construction, extensions and reconstructions there is also a risk that the materials and methods being used could subsequently prove hazardous in the future. In addition, political decisions and general opinion on specific environmental issues could impact Castellum.	<ul style="list-style-type: none"> • All new constructions are certified for sustainability. • Develop green relationships with customers. • Require more efficient use of resources. • Prioritise environmental aspects in all parts of operations. • Monitor developments in laws and ordinances. 	Inadequate management of the work on environmental risks could affect Castellum's brand, legal compliance, and direct costs. Castellum works with certification for sustainability and environmental inventory to reduce environmental and health risks. 48% of the property portfolio is certified and 93% has undergone environmental inventory. Efficient property management focusing on decreased use of resources reduces the risk of high costs and environmental and health impacts, as well as providing customers with a healthy working environment. Since 2007, energy consumption has been reduced by 34% per square metre and carbon dioxide emissions by 77% per square metre.	
18. Risks attributable to climate change Climate change poses a great risk to humanity from a global perspective. From a corporate perspective, climate change implies a risk of property damage caused by weather conditions changing over time, higher water levels and other changes in the physical environment that impact properties. Castellum estimates these risks will increase over the long term. This could mean increased need for investment in properties located in vulnerable areas, so that objects do not become obsolete. In addition, environmental policy decisions could impact Castellum, especially in the form of increased taxes or necessary investments.	<ul style="list-style-type: none"> • All investment issues are to be reviewed from a climate perspective in order to assess a property's sensitivity to climate change. • All new constructions are certified for sustainability. • Prioritise environmental aspects in all parts of operations. • Monitor developments in laws and ordinances. • Environmental inventory of existing portfolio and when acquiring properties, in order to identify and address environmental and health risks. • Climate scenario analyses were drawn up in 2019 and are reviewed annually to provide Castellum with tools and knowledge of how climate change could affect its operations. 	Inadequate efforts in analysing climate risks can lead to extensive unforeseen costs for Castellum in the form of emergency measures or obsolete properties, and thus lost rental income. Climate change could also entail increased operating costs. Investments in the wrong kind of measures in our properties could result in a risk of unprofitable investments, if climate change is not taken into account. Castellum is currently reviewing every investment issue from a climate perspective; we also work with sustainability certification to reduce climate risks.	
19. Breach of the Code of Conduct For a major player in the construction and property industry, there are risks pertaining to working environment, corruption and human rights. These risks can be found within the company, but also among suppliers and partners working on assignments for Castellum. This corporate responsibility risk can cause significant damage to Castellum's operations and brand.	<ul style="list-style-type: none"> • Mandatory training for Castellum employees on the internal Code of Conduct. • Castellum's Code of Conduct for suppliers to be incorporated into contracts. • Compliance function works systematically with monitoring and management. • Whistleblower function. • Comply with standards and documentation requirements. 	Risk of breaches of the Code of Conduct may exist internally as well as among engaged suppliers. Through properly integrated codes of conduct in the form of procurement requirements, mandatory training for all Castellum employees, an active compliance function and a whistleblower function, the risk of a breach is considered low.	
LIABILITY RISKS		PRIORITY: MONITOR	
20. Liability risks All ownership entails responsibility. For Castellum, the properties could be destroyed by fire, water, theft or other damage. Moreover, through negligence Castellum could cause personal injury or property damage and cause environmental damage for which it will be held liable.	<ul style="list-style-type: none"> • Preventive measures to minimise the risk of damage to property, persons or the environment. • Unlimited cover insurance on all properties. • Insurance coverage for liability and property damage. • Environmental inventory of existing portfolio and when acquiring properties, in order to identify and address environmental and health risks. 	Inadequate insurance coverage may result in unforeseen costs for Castellum. The obligation to pay compensation for damage caused can also arise for personal injury and damage to the property of another, as well as for remediation of environmental damage.	

 Reduced focus on risk area since previous year.
  Unchanged focus on risk area since previous year.
  Increased focus on risk area since previous year.

People




Risks related to people affect both employees and people in Castellum's business environment.




Risk PEOPLE	Management	Exposure PRIORITY: FOCUS DEVELOPMENT: 
21. Employees Employees are one of our most important assets; their decisions and actions drive our business forward. The largest risk is failure to recruit, develop and retain employees and senior executives with the right skills, which may lead to underperformance at Castellum.	<ul style="list-style-type: none"> • Castellum's core values. • Open and transparent work environment. • Skills and leadership development. • Employee survey. • Succession plan for key employees/senior executives. • Market-based, competitive remuneration. • Analysis of staff turnover. 	Wrong employees in the wrong place, dissatisfied employees, poor management and an organisation that does not encourage open dialogue and development can lead to employees feeling unhappy, underperforming or quitting. In turn, dissatisfied employees and high employee turnover lead to increased costs, poorer customer relations and reduced internal efficiency, which results in impaired profitability. Castellum is in the midst of a process of change in which both a reorganisation and the integration of Kungsleden are in progress.
22. People Castellum works actively to minimise the risk of employees, insourced staff or other people being injured physically or mentally in connection with its offices, developments or properties.	<ul style="list-style-type: none"> • Continual work in accordance with Castellum's health and safety manual. • Routine monitoring. • Protection committee. • Design and architecture with "people in focus" in order to ensure a good environment for tenants, visitors and employees. • Provide attractive offices and environments where people feel happy and are encouraged to create good conditions for performance. 	Castellum works actively to minimise the risk of employees, outside staff hired by us or other people being injured in a workplace-related accident or an accident related to deficient working conditions, work environment or work safety.

 Reduced focus on risk area since previous year.
  Unchanged focus on risk area since previous year.
  Increased focus on risk area since previous year.

Financial risk

Castellum's single greatest risk is not having access to financing. Conditions and rules in the credit market can change quickly, which impacts interest rate risk and financing costs as well as the opportunity to obtain and extend credits. Risks can be divided into funding risk, reporting and changes in values on derivatives.

Risk	Management	Exposure
FINANCING		PRIORITY: FOCUS DEVELOPMENT: 
23. Financing Liquidity and funding risk: Financing is either not available or very disadvantageous at a given time. Lacking proper access to the capital market through a loss of an investment-grade rating. Chosen capital structure: Castellum breaching the 50% loan-to-value ratio or similar covenant for 65% can impact market confidence in the company; and <ul style="list-style-type: none"> A proportion greater than 65% could entail certain agreements falling due. A proportion greater than 45% secured borrowing in relation to the Group's total assets could mean certain bond financing will fall due for payment. For the Kungsleden Group, there are also covenants for the debt/equity ratio, the loan-to-value ratio and the interest coverage ratio, all of which have been fulfilled by a wide margin. Interest rate risk: the risk of earnings or cash flow impact as a result of changing market rates. Castellum could breach the established mandate of an interest coverage ratio of not less than 200% or corresponding covenants of a minimum of 150%.	<ul style="list-style-type: none"> A financial policy that establishes risk mandates. Liquidity reserves/unutilised credit facility. Multiple sources of financing in various geographical markets (banks, capital markets including bonds and commercial paper). Several lenders, moreover only counterparties with high credit ratings. Continuous renegotiation of credit agreements. Strong balance sheet. An interest rate maturity structure spread across various tenors. Reduced loan-to-value ratio. Reduced share of secured assets. Long-term credit agreements with fixed margins. Revolving credits to obtain maximum flexibility. Established calculation formulas. Reconciliation between internal and external appraisals. Compliance function to ensure independence. 	Property ownership is a capital-intensive business that requires a well-functioning credit market. Access to financing is fundamental for Castellum and for continued growth. Insufficient liquidity reserves could result in Castellum missing out on business opportunities. All lenders are not equally strong financially, however, which means there are counterparty risks in the system. Changes in capital structure might cause Castellum to breach the agreed financial key metrics of the loan conditions, which would lead to more expensive loans or to credit agreements maturing. Failure to ensure an appropriate capital structure could negatively impact capital market confidence in Castellum. The market interest rate is impacted by central bank monetary policy, expectations for financial trends – both national and international – and unexpected events. The pandemic has affected financing possibilities. Owing to the prevailing situation globally, there is a significant level of uncertainty on the finance market. The acquisition of Kungsleden has resulted in a significantly larger loan portfolio, which means increased access to diversified sources of financing and a stronger negotiating position in relation to external creditors.
REPORTING		PRIORITY: FOCUS DEVELOPMENT: 
24. Reporting The risk that an official report, in the form of interim or annual reports, does not provide a true and fair view of Castellum's operations, earnings and financial position.	<ul style="list-style-type: none"> A corporate culture based on high ethical ideals and orderliness. Strict internal control processes with quality assurance at several stages. Skilled and experienced staff. Monitor trends in regulations in order to implement new changes in good time. Compliance function that reports directly to the Board's Audit and Finance Committee. External audit, full-year and half-year. 	A misleading report would give Castellum bad will and a poor reputation in the market. This could lead to uncertainty among investors, increased risk premium and ultimately to a negative exchange rate impact, creating economic losses for Castellum's current owners. Other effects include investors making incorrect investment decisions, regulators imposing sanctions and ultimately the Castellum share being delisted.
CHANGES IN VALUE		PRIORITY: MONITOR DEVELOPMENT: 
25. Change in values on derivatives Changes in value to Castellum's interest rate derivatives or currency derivatives arise from changes in market interest rate or exchange rates.	<ul style="list-style-type: none"> Financial policy that establishes which derivative instruments may be utilised for interest rate fixing and currency risk. Only marketable instruments in the market to be used, which is why listed prices can be obtained. Established calculation formulas. Reconciliation between internal and external appraisals. Compliance function to ensure independence. 	Changes in market interest rate and exchange rates impact the market value of the derivatives portfolio. Improper valuation of derivatives may provide an inaccurate picture of the Group's financial position.

 Reduced focus on risk area since previous year.  Unchanged focus on risk area since previous year.  Increased focus on risk area since previous year.

Emissions scenarios – risks and opportunities

Castellum uses emissions scenarios to identify financial and operational risks and opportunities linked to climate changes that impact the company over both the short and long term. The purpose is to ensure that both operations and the property portfolio have the conditions to manage climate changes.

Climate reporting

For three years, Castellum has provided climate reporting in accordance with the voluntary international recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This year, the TCFD's updated recommendations for the property sector were also taken into account. The purpose is to report climate-related financial disclosures and make it possible for investors and other stakeholders to better understand the company's exposure to climate-related risks and opportunities.

Two emissions scenarios: the world in 2050

In 2019, an analysis was conducted to evaluate climate risks and opportunities based on two different emissions scenarios linked to how the world might look in the year 2050. The scenarios used were developed by the UN Intergovernmental Panel on Climate Change (IPCC):

- Fulfilling the Paris Agreement (RCP 2.6)
- On the beaten path (RCP 8.5)

RCP 2.6 is a scenario in which we have succeeded in limiting the temperature increase to 1.5–2 degrees Celsius. RCP 8.5 is a “business as usual” scenario in which the world has failed to make

any changes and greenhouse gas emissions continue to increase at the current rate.

Both scenarios entail risks for Castellum, but opportunities as well. The company needs to be resilient, adapting its operations based on changed climate conditions both locally and nationally.

Evaluating climate risks

Castellum conducts an annual survey of all the company's risks based on the perspectives of likelihood, impact, priority and development for a period of up to ten years. For climate risks, we have a more long-term perspective, with an analysis based on emissions scenarios up through 2050.

As regards climate risks, both physical and transition risks that could follow from a changed climate are assessed. Ahead of investments in new production, the climate risks are evaluated for a building during its technical service life, with emphasis on precipitation, extreme weather and the risk of flooding. The intermediate IPCC scenario, which involves emissions increasing up until 2040 and then tapering off, is also used here. Ahead of decisions on investment, the Head of Sustainability assesses the investment from a sustainability perspective, in which climate change is an important issue.

The resistance of properties to climate change

Castellum is investigating the possibilities of evaluating the exposure of its property portfolio to climate change through participation in the EU-financed Carbon Risk Real Estate Monitor (CRREM) research project. This project will define scientifically-based measures to reduce carbon emissions in commercial properties and housing in the property sector for the purpose of achieving the Paris Agreement.

“Fulfilling the Paris Agreement” (RCP 2.6)¹

- Greenhouse gas emissions halved by 2050.
- +1.5–3° C national temperature increase in Sweden.
- New renewable energy technology introduced on a large scale.
- Low energy intensity.
- Dramatic changes made to society, the infrastructure and buildings.
- The countries of the world succeed in collaborating on shared initiatives.
- Political decisions, taxes and regulations regarding greenhouse gases introduced.
- Increased regulations with sustainability requirements regarding land use and construction codes.
- Changed demands from customers and investors.

1. Sources: smhi.se/klimat/framtidens-klimat and TCFD, The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities

“On the beaten path” (RCP 8.5)¹

- Greenhouse gas emissions continue to increase at current rates.
- +2–4° C national temperature increase in Sweden.
- Rising ocean levels.
- More days with extreme weather and flooding.
- Increased number of forest fires.
- Unchanged behaviour and demands from customers and investors.
- High energy intensity and heavy dependence on fossil fuels.
- Political climate initiatives and collaboration fail.
- Poorer indoor climate impacts peoples' health.
- Increased population and immigration to Sweden.
- Operations become more event-driven owing to extreme weather.

1. Sources: smhi.se/klimat/framtidens-klimat and TCFD, The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities

The world in 2050

Emissions scenario: "Fulfilling the Paris Agreement"

Risks

- Increased regulation, taxes and fees for carbon emissions, land use, construction codes, etc.
- Older properties could become obsolete.
- Risk of unprofitable investments if unproven technology is used to rapidly initiate the transition.
- Requirements for zero emissions of greenhouse gases throughout the value chain; the circular economy requires major changes in the business model.
- Price increase for construction materials, transportation and energy owing to political restrictions.
- Volatile or steeper energy prices.
- Increased need for investments in new technology, new construction and existing properties.

Opportunities

- Increased production of solar energy and increased use of renewable energy.
- Increased demand for innovation and new technology.
- Increased urbanisation and need for consolidation in core city areas make the portfolio attractive.
- Decreased energy needs owing to more efficient resource use.
- Changed customer and investor preferences, as well as increased sustainability requirements make Castellum an attractive property owner and investment.

Potential impact on Castellum's financial performance

- Increased investments in the transition.
- Increased costs for climate adaptation.
- Increased operating costs.
- Decreased value of properties that are not climate-adapted or are located in risk areas.
- Increased value of climate-adapted properties.

Emissions scenario: "On the beaten path"

Risks

- Water damage owing to flooding in ocean-front constructions and low-lying zones.
- Damages to roofs and façades owing to extreme weather such as storms, heat waves and fires.
- Decreased demand for properties located in areas at risk.
- Risk of obsolete properties, since the cost of climate adaptation measures exceeds the value.
- Increased need for maintenance, repairs and periodic building closures, as construction materials and technology are negatively impacted by increased temperatures and a moist climate.
- Increased shortages of electricity and energy, which is strongly driven by increased electrification and the need for more energy in society.
- Increased competition from low-price operators who lack sustainable agendas.

Opportunities

- Increased production of solar energy and increased use of renewable energy.
- Measures to enhance energy efficiency become more profitable to carry out.
- Increased requirements for indoor climate place demands on more adaptable properties and districts.
- Climate-adapted properties make Castellum a more attractive property owner.

Potential impact on Castellum's financial performance

- Dramatically increased investments in managing climate changes.
- Dramatically increased costs for climate adaptation.
- Volatile or reduced rental incomes.
- Volatile or increased energy costs.
- Dramatic increase in operating costs.
- Increased insurance costs.
- Decrease in or eradication of value of properties that are not climate-adapted or are located in risk areas.
- Increased value of climate-adapted properties.

Strategies that deal with climate risks and climate opportunities

- Net-zero carbon emissions according to the Science Based Targets initiative.
- Climate-proof properties.
- Production of renewable energy and energy storage.
- Enhancements to energy efficiency and limitation of effects.
- Sustainability programme for investments.
- Climate requirements for larger projects.
- Sustainability certifications and environmental inventories of buildings.
- Portfolio analysis of climate impact (planned).
- Increased focus on circularity and re-use of resources and materials.



Castellum's "100 på sol" (100 on Solar) solar cell programme

Read more on pages 23, 26 and 33.

Financial impact on rental income and the portfolio's value in the event of obsolete properties

In the IPCC's various emissions scenarios, the Nordic countries where Castellum conducts its operations are generally less affected by physical climate changes than countries further south in Europe. Castellum has developed a sensitivity analysis showing how the company is impacted financially if 10% of its properties become unusable or unlettable as a result of flooding or water shortages, or that properties that have not been adapted for climate become unattractive in the market. In 2020, a selection of the

properties in Castellum's portfolio were stress-tested. The test showed that approximately 10% of the properties analysed will be affected by physical climate risks in the RCP 8.5 emissions scenario. The stress-test initiatives and refined impact assessments will continue over the coming years.

Castellum	Reduced rental income (MSEK)	Reduced total property value (MSEK)
If 10% of properties become obsolete	635	15,315





**Financial
statements**

Group net income

Castellum's business model is built on investing in and developing commercial premises managed by a decentralised and customer-centric organisation. Castellum focuses on cash flow and operates with low financial risk.

Castellum owns 762 properties encompassing 5.6 million square metres in Sweden, Copenhagen and Helsinki. Our properties can be found in city centre locations and well-situated business districts, with good public transportation and built-out services. In addition, there is exposure to the Norwegian property market via the 33% owner share in the associated company Entra.

Castellum works with a long-term perspective; its strategy for growth includes continually refining and developing its property portfolio by investing in new construction, extensions and reconstructions, as well as making acquisitions. The purpose of the investments is to improve cash flow, thereby increasing the value of the properties. New projects are gradually added through acquisitions of both development properties and unutilised building rights.

The operations comprise three different areas:

Property management

Through customer-centric property management, that is built on good business conduct, sustainability and innovation, Castellum enables its customers to reach their business goals.

Project development

Castellum will continually invest in existing portfolios and develop new portfolios, resulting in a quality shift to a more sustainable and stable portfolio, as well as increased earning power. In addition, Castellum will be an active player that promotes urban development and growth.

Transactions

Castellum continually develops its property portfolio in order to strengthen the company's position as the leading player in Nordic growth cities.

Castellum's earnings in 2021

Income from property management

Income from property management (i.e. net income excluding acquisition costs and financing fees for acquisitions, changes in value and tax and other items in associated companies, revaluation and impairment of associated company participations as well as impairment of goodwill) for the period January–December 2021 amounted to MSEK 3,522 (3,380), corresponding to SEK 12.45 per share (12.35) – an increase of 1%.

SEGMENT INFORMATION

MSEK	Income		Income from property mgmt	
	2021	2020	2021	2020
Central	1,685	1,595	945	913
West	1,272	1,365	749	790
Öresund	1,168	1,262	663	747
Stockholm–North	1,723	1,611	1,105	1,025
Finland	336	59	60	8
Coworking	169	112	-30	-10
Total	6,353	6,004	3,492	3,473

The difference between the income from property management of MSEK 3,492 (3,473) above and the Group's reported income before tax of MSEK 11,869 (7,028) consists of unallocated income from property management of MSEK 30 (-93), acquisition costs of MSEK -76 (-25), financing fees for acquisitions of MSEK -27 (-70), impairment of goodwill of MSEK -194 (—), change in values on properties of MSEK 7,185 (3,863) and change in values on derivatives of MSEK 325 (-120) and change in value, revaluation and impairment, tax and other items in income from associated companies of MSEK 981 (—), which are specified in Note 17.

Income

The Group's income totalled MSEK 6,353 (6,004). Rental income includes discounts of MSEK 116 (119) as well a lump sum of MSEK 27 (16) as a result of early termination of leases.

The average economic occupancy rate was 93.2% (93.1), where the calculation has been changed to only take into account vacancies unlike previously, where discounts were also included. The comparative figures have been restated. Moreover, the coworking company United Spaces generated income of MSEK 169 (112) in the period.

DEVELOPMENT OF INCOME

MSEK	2021	2020	Change, %
Like-for-like portfolio	4,781	4,688	+2.0%
Development properties	234	195	
Transactions	1,169	1,009	
Coworking	169	112	
Income	6,353	6,004	+5.8%

Rental income in the like-for-like portfolio increased 2.0%, which was due to higher rents, up 1.7%, but also to lower discounts of 0.3%. Gross lettings (i.e. the annual value of total lettings) during the period was MSEK 720 (644), of which MSEK 185 (258) pertained to lettings in conjunction with new construction, extensions and reconstructions. Notices of termination amounted to MSEK 558 (405), of which bankruptcies were MSEK 8 (9) and MSEK 81 (17) were notices of termination with more than 18 months left of contract. Accordingly, net lettings for the period totalled MSEK 162 (239). The time difference between reported net lettings and the income effect thereof is estimated to be between 9–18 months in investment properties and 12–24 months for investments in new construction, extensions and reconstructions.

NET LETTINGS

MSEK	Region						Total
	Central	West	Öresund	Stockholm	North	Finland	
New lettings							
Existing properties	147	128	91	146	7	16	535
Investments	70	72	20	23	0	0	185
Total	217	200	111	169	7	16	720
Terminated							
Terminated	-159	-147	-76	-152	-6	-10	-550
Bankruptcies	-5	0	0	-3	0	0	-8
Total	-164	-147	-76	-155	-6	-10	-558
Net lettings	53	53	35	14	1	6	162
<i>In 2020</i>	88	39	77	22	10	3	239

Operating costs

Direct property costs totalled MSEK 1,396 (1,170), corresponding to SEK 346 per square metre (279). Property costs for the like-for-like portfolio decreased 6.3%. In addition, expenses for coworking totalled MSEK 194 (120).

Property administration totalled MSEK 417 (379), corresponding to SEK 79 per square metre (90).

Central administrative expenses were MSEK 174 (149). Central administrative expenses also included costs related to the earnings and share price-related incentive plans for members of Executive Management of MSEK 9 (14).

In the third quarter, Castellum announced its offer for the listed property company Kungsliden. Costs worked up pertaining to the above total approximately MSEK 76. The fourth quarter of 2020 was charged with acquisition costs of MSEK 25 attributable to Castellum's attempt to acquire the listed Norwegian property company Entra. The transaction was not completed, however, which was announced in February 2021.

DEVELOPMENT OF PROPERTY COSTS

MSEK	2021	2020	Change, %
Like-for-like portfolio	1,003	944	+6.3%
Development properties	72	55	
Transactions	321	171	
Direct property costs	1,396	1,170	+19.3%
Coworking	194	120	
Property administration	417	379	
Central administration expenses	174	149	
Total property costs	2,181	1,818	+20.0%

PROPERTY COSTS

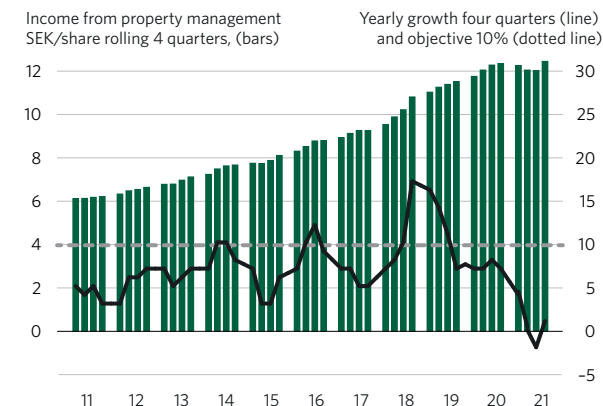
SEK/sq. m.	Offices	Public sector properties	Ware-house/Logistics	Light industry	Retail	2021 Total	2020 Total
Operating costs	259	205	128	215	139	213	155
Maintenance expenses	50	37	23	32	34	40	38
Property tax	133	89	27	24	78	93	86
Total property costs	443	331	178	271	252	346	279
Lettings and property administration expenses						79	90
Total	443	331	178	271	252	425	369

Net financial items

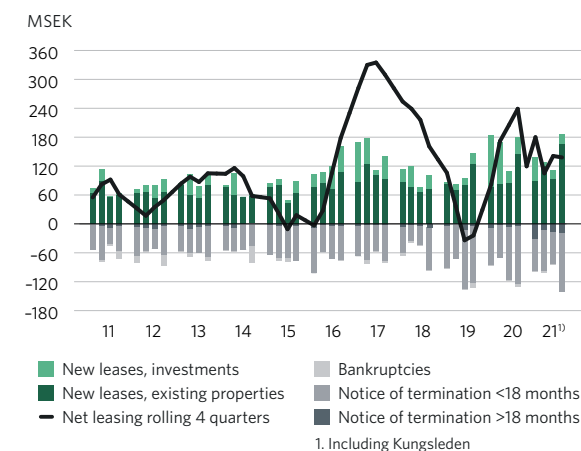
Net interest was MSEK -845 (-786). The average interest rate over the period was 1.8% (1.9). Net interest was positively affected by approximately MSEK 42 due to the 0.1 percentage point decrease in the average interest rate. Furthermore, interest costs for leases amounted to MSEK 27 (20), of which site leasehold fees were MSEK 23 (18).

Castellum signed credit agreements to ensure financing of the acquisition of Kungsliden, which was subsequently cancelled as a result of financing completed in the capital market. Net income for the period was charged with approximately MSEK 27 for these credits. Similar costs of MSEK 70 arose in 2020 in conjunction with Castellum's bid for Entra.

INCOME FROM PROPERTY MANAGEMENT PER SHARE



NET LETTINGS PER QUARTER



Property value and changes in value

Interest in property investments remained high while access to capital was good, which has resulted in a stable and strong property market. Castellum recognised an unrealised change in value of MSEK 6,307 (3,712).

Moreover, realised changes in value of MSEK 878 (151) were recognised, comprising the sale and/or cash settlement of 126 properties during the year.

The value of the derivatives changed by MSEK 325 (-120), mainly due to changes in long-term market interest rates.

CHANGE IN VALUES ON PROPERTIES

MSEK	2021	2020
Cash flow	589	502
Project gains/building rights	1,162	780
Required yield	4,489	2,065
Acquisitions	67	365
Unrealised changes in value	6,307	3,712
NOI %	4.3%	3.7%
Sales	878	151
Total	7,185	3,863
NOI %	4.9%	3.9%

PROPERTY-RELATED KEY METRICS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Rental value, SEK/sq. m.	1,648	1,538	1,495	1,407	1,341	1,304	1,095	1,064	1,036	1,015
Economic occupancy rate	93.2%	93.1%	93.8%	94.4%	92.5%	92.2%	91.4%	90.0%	89.6%	90.1%
Property costs, SEK/sq. m.	425	369	384	378	366	376	316	307	307	298
Net operating income, SEK/sq. m.	1,008	1,039	1,001	933	853	816	673	637	608	601
Property value, SEK/sq. m.	26,667	23,549	22,363	20,417	18,268	16,558	12,282	11,118	10,285	9,916
Number of properties	762	642	632	647	676	665	597	583	626	635
Lettable area, thousand sq. m.	5,853	4,447	4,255	4,283	4,381	4,292	3,392	3,329	3,623	3,621
Average valuation yield	4.7%	5.0%	5.1%	5.3%	5.5%	5.8%	6.5%	6.9%	7.2%	7.3%

AVERAGE VALUATION YIELD, MSEK

(excl. projects/land and building rights)	2021	2020
Net operating income, properties	6,181	4,771
+ Index 2022, 0.3%	367	294
+ Real occupancy rate, 94% at the lowest	236	17
- Property admin, SEK 30/sq. m.	-171	-133
Normalised net operating income	6,613	4,949
Valuation (excl. building rights of MSEK 1,139)	140,140	98,953
Average valuation yield	4.7%	5.0%

Income over time

Income from property management over the past ten years shows stable development and has grown by an average of 7% per year. However, changes in value on properties have been volatile over the past ten years, totalling an average of 4% per year, which is above the inflation rate (approximately 1%) for the corresponding period.

Tax

Recognised tax totalled MSEK -41 (1,413), of which MSEK -173 (-247) is current tax.

Proposed appropriation of profits

The following funds are at the Annual General Meeting's disposal:

Retained earnings	SEK 41,269,447,022
Net income for the year	SEK 3,546,408,136
Total	SEK 44,815,855,158

The Board of Directors propose that the profits be appropriated as follows:

Dividend to shareholders, SEK 7.60 per share	SEK 2,588,134,408
Carried forward	SEK 42,227,720,750
Total	SEK 44,815,855,158

The company has 345,731,968 registered shares, of which 5,187,967 shares are currently treasury shares not entitled to a dividend. The total dividend payment proposed above of SEK 2,588,134,408 may change if the number of the company's treasury shares changes before the record date for the dividend.

Financing

The chosen capital structure is pivotal for the financial returns and risk exposure anticipated by owners. Among the factors influencing the choice are business risk and tax shield, as well as the risks and costs associated with increased borrowing. By the time Castellum was listed, it had already established that the company would have a low level of financial risk – expressed today in the formulation that the long-term loan-to-value ratio should not exceed 50% and that the interest coverage ratio should be at least 200%.

As of 31 December 2021, Castellum's assets amounted to SEK 178 billion and the loan-to-value ratio for properties was 45%, while the interest coverage ratio during the year was 517%.

Financial policy and monitoring

Castellum's financial activities are conducted in accordance with the financial policy established by the Board, and in such a way that ensures the need for long- and short-term financing, and liquidity is fulfilled. Moreover, the aim is to achieve low, stable net interest expenses, after

taking established risk mandates into account. Trends in the financial markets have a great impact on Castellum. Reflecting and supporting the goals and conditions of business operations are of importance to financial operations. Using the financial policy, the Group can control and manage financial risks and ensure risk management through close control and monitoring. The financial risks are monitored and reported quarterly to both the Audit and Finance Committee and the Board. The Board annually conducts a review of the financial policy.

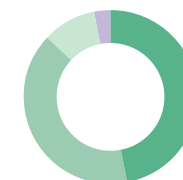
Castellum regularly follows up and monitors future financing needs based on assumptions about earnings, net investment volume, property value growth and maturity profile of the existing debt portfolio, covenants in credit agreements and interest-rate risk exposure. Furthermore, the Group carries out sensitivity analyses to understand how changes in the asset portfolio – as well as movements in market interest rates and property values – affect the balance sheet and earnings.

Financial strategy

Castellum's financing strategy is to support operations and manage the Group's financial risks while promoting an open and transparent climate. The strategy will be reflected in the financial policy – all to ensure risk management through close control. Castellum's financial strategy can be summarised by five cornerstones: diversification, liquidity, strength, transparency and flexibility.

	Policy	Commitment	Outcome
LTV ratio, Property	Not exceeding 50%	Not exceeding 65%	45%
Interest coverage ratio	At least 200%	At least 150%	517%
The share of secured borrowing/total assets		Not exceeding 45%	9%
Funding risk			
• Average debt maturity	At least 2 years		3.8 years
• Maturing within 1 year	No more than 30% of loans outstanding and unutilised credit agreements		10%
• Average credit price tenor	At least 1.5 years		3.1 years
• Liquidity reserve	Secured credit agreements corresponding to MSEK 750 and 4.5 months upcoming loan maturities		Achieved
Interest rate risk			
• Average interest duration	1.5–4.5 years		3.3 years
• Maturing within 6 months	No more than 50%		43%
Credit and counterparty risk			
• Rating restriction	Credit institutions with high ratings, at least S&P BBB+		Achieved
Currency risk			
• Translation exposure	Net investments are hedged		Achieved
• Transaction exposure	Handled if exceeding MSEK 25		Achieved

FINANCING, 31 DEC 2021



Shareholders' equity	MSEK 83,637	(47%)
Interest bearing liabilities	MSEK 70,829	(40%)
Deferred tax liabilities	MSEK 17,351	(10%)
Other liabilities	MSEK 5,815	(3%)

DISTRIBUTION OF INTEREST-BEARING FINANCING, 31 DEC 2021



MTNs	MSEK 43,088	(61%)
Bank loans	MSEK 17,391	(24%)
Commercial papers	MSEK 10,350	(15%)

SECURED CREDIT FACILITIES, 31 DECEMBER 2021



Unsecured credits	MSEK 54,042	(76%)
Secured credits	MSEK 16,787	(24%)

Interest rate risk

By definition, interest rate risk refers to a potentially negative impact on the income statement and balance sheet caused by a change in market interest rates. To limit fluctuations in net interest costs, Castellum will feature a mix of fixed interest rate durations on loans and interest rate derivatives. However, as long as the STIBOR 3 month rate is negative, derivatives in the form of interest rate swaps do not always provide a stable cost structure for Castellum when combined with bank credits, since elements of the floor for the STIBOR rate occur in individual cases. The choice of interest-rate profiles should take the Group's Business Plan, as well as anticipated inflows and outflows, into account.

Interest costs are the single largest cost item and have a major impact on growth in income from property management. These are partly affected by changes in market interest rates, and partly by the margin required by creditors as compensation for lending money. The short-term market interest rate is primarily controlled by the Riksbank, whereas the long-term market interest rate is affected by other factors such as expectations of future growth and inflation. The credit margin is controlled both by supply and demand for credit and by regulations in the credit and capital markets. Both interest and credit markets can change rapidly, but are beyond Castellum's control.

Rising market interest rates are normally considered a result of economic growth and rising inflation, which in turn are also presumed to result in increased demand for commercial

premises, thereby leading to increased rents and/or reduced vacancy rates. Falling market interest rates are normally assumed to have opposite causes and effects. Given this reasoning, rising or falling market interest rates are thus met by rising or falling rental income, over time. Changes in credit margins may occur regardless of prevailing economic conditions; recently, they have been affected by factors such as a broader offering of property-related bonds in the capital markets and regulatory changes, primarily in the banking credit market. Changes in market interest rates and credit margins affect net financial items. How quickly – and by how much – largely depends on the chosen fixed interest term and the duration of credit margins.

To ensure a low and stable net interest cost in the cash flow, Castellum has chosen to restrict the proportion of fixed maturities due within six months at a maximum 50% of net debt; the average fixed interest term will be between 1.5 and 4.5 years. The interest coverage ratio is the financial key ratio that describes a company's risk level and resilience to fluctuations in net interest.

Castellum's strategy includes an interest coverage ratio of at least 200%. For 2021, the interest coverage ratio was 517% (530). The average fixed interest term at 31 December 2021, was 3.3 years (3.3), while the share of maturities due within 6 months was 43%. The average debt maturity structure for utilised borrowing facilities including extension options at year end was 3.8 years (3.8), whereas the average credit price tenor at the same point in time was 3.1 years

CASTELLUM'S FIVE FINANCING CORNERSTONES

DIVERSIFICATION

Castellum is to have a diversified loan portfolio and avoid dependence on both single sources of financing and counterparties. In addition, the maturity of various sources of financing and individual credits is to be distributed over time. Castellum will monitor and follow developments on financial markets for the purpose of acting quickly and matching the needs of the operation.

At year end, Castellum's gross interest-bearing financing amounted to SEK 70.8 billion, of which SEK 53.4 billion came from capital market financing (an MTN programme totalling 24.8 billion, an EMTN programme totalling MEUR 18.3 billion, and a programme for commercial paper totalling SEK 10.3 billion) equivalent to 75% and the remainder comprising loans in major Nordic banks and credit institutions. As regards loan-to-maturity structure, it averaged 3.8 years at year end and the interval for the loans ranged from 1 month to 14 years.

LIQUIDITY

Castellum will have unused credit facilities available to respond rapidly to the needs of the operations and the opportunities provided. Moreover, there will be revolving credit facilities for the purpose of reducing the need to invest the surplus liquidity.

At year end, Castellum had SEK 97.2 billion in credit agreements, of which SEK 70.8 billion was unutilised.

STRENGTH

The Group's financial key ratios must be strong, with a loan-to-value ratio not exceeding 50% and an interest coverage ratio of at least 200%. The strength of our asset portfolio is enhanced by the quality of our cash flow as well as by the composition of our debt and interest rate portfolio.

Castellum aims to reduce the risk of a sudden negative impact on net financial items arising from changes in the general interest rate and/or the assessment of Castellum as a borrower, that cannot be offset by earnings from operating activities.

The loan-to-value ratio for properties was 45% at year end, while the interest coverage ratio for 2021 was 517%.

TRANSPARENCY

Castellum encourages long-term relationships with both banks and other lenders and investors; its aim is to be transparent in order to increase the relevant parties' understanding of the Group's operations and thereby its credit exposure.

FLEXIBILITY

Castellum must have flexible financing arrangements in order to support the development of operations in relation to acquisitions, divestments and project development. Our credit facilities will provide us with strong flexibility to withdraw and repay on short notice and at no extra cost. Furthermore, Castellum is to have access to flexibility, both in terms of pricing (fixed and floating) and maturities.

(3.0). At the end of the year, the net debt to EBITDA ratio was 17 (11). The increase is attributable largely to Kungsleden having been consolidated for a limited portion of the year.

Net interest for 2021 amounted to MSEK -845 (-786) with an average interest rate of 1.8% (1.9), and consisted of market interest rates at issue dates plus creditors' margins. The average effective rate at 31 December 2021 was 1.67% (1.69) excluding unutilised credit agreements, and 1.79% (1.82) including unutilised credit agreements.

In the table, credit margins and fees are distributed according to the maturity segments for the reported credit volumes, while credit fees and rate differences in MTN and EMTN are reported in the segment for 0-1 year.

Funding risk

Funding risk refers to the risk that financing is not available or is very unfavourable at a given time. It is by far the Group's largest funding risk. The Group's assets – primarily commercial properties – should be seen as long-term investments, which thereby comply with demands for a long-term approach to financing the asset portfolio. However, pricing in the credit market should also be taken into account.

Castellum should have sufficient, and competitive, financing so the Group's activities can be conducted in a suitable and cost-efficient manner. The funding risk is managed through advance planning, an appropriate capital maturity structure, balanced loan pricing, diversification of financing sources and maturities, and a reasonable liquidity reserve.

At the end of the year, Castellum held credit agreements totalling MSEK 97,223 (63,500) of which MSEK 77,945 (46,894) were long-term and MSEK 19,278 (16,606) were short-term. Of the utilised borrowing facilities at the end of the year, MSEK 51,997 (29,693) was long-term and MSEK 18,832 (15,866) short-term.

After deduction of cash of MSEK 1,197 (161), net interest-bearing liabilities were MSEK 69,632 (45,559), of which MSEK 43,088 (29,127) were bonds outstanding and MSEK 10,350 (8,844)

commercial paper outstanding (nominal MSEK 43,184 and MSEK 10,355 respectively).

During the year, bank credit facilities of approximately MSEK 7,000 were raised with new counterparties, approximately MSEK 840 were extended and approximately MSEK 2,430 were settled. During the period, Castellum conducted two NOK bond issues and one EUR bond issue with maturities of 5-8 years at a nominal (counter) value of approximately MSEK 8,200 as part of its EMTN programme, while bonds at a nominal amount of MSEK 2,550 were issued as part of Castellum's Swedish MTN programme and bonds at a nominal amount of MSEK 4,950 were repaid.

Issued commitments in credit agreements – known as covenants – stipulate a loan-to-value ratio in properties of not more than 65% and an interest coverage ratio of at least 150% and, for EMTNs, also that the share of secured borrowing may not exceed 45% of the Group's total assets, which Castellum accomplished by a wide margin: 45%, 517%, and 9% respectively. For the Kungsleden Group, there are also covenants for the debt/equity ratio, the loan-to-value ratio and the interest coverage ratio, all of which have been accomplished by a wide margin.

Credit and counterparty risk

Credit and counterparty risk is the risk that the counterparty cannot fulfil its commitments, such as liquidity supply or payment. In financial operations, credit and counterparty risk arises primarily in connection with long-term credit agreements, derivative contracts and the investment of cash and cash equivalents. Castellum limits this risk by requiring high credit ratings from its counterparties, which are currently all major Nordic banks.

Currency risk

Currency risk refers to a negative impact on the income statement, balance sheet and cash flow due to changes in exchange rates. Currency risk can be divided into translation exposure and transaction exposure. At year end, Castellum owned properties in

CREDIT MATURITY STRUCTURE, 31 DECEMBER 2021

Maturity date	Utilised in				Share, %
	MSEK	Bank	MTN/ Commercial paper	Total	
0-1 year	19,278	1,422	17,410	18,832	27%
1-2 years	21,266	2,207	10,759	12,966	18%
2-3 years	11,261	3,563	3,750	7,313	10%
3-4 years	21,422	2,528	5,194	7,722	11%
4-5 years	7,186	630	6,556	7,186	10%
>5 years	16,810	7,041	9,768	16,809	24%
Total	97,223	17,391	53,438	70,829	100%

INTEREST RATE MATURITY STRUCTURE, 31 DECEMBER 2021

Credit agreements	MSEK ²⁾	Share, %	Average interest rate, % ¹⁾	Average fixed interest rate term, years
0-1 year	32,448	46%	2.0%	0.2
1-2 years	5,791	8%	2.3%	1.8
2-3 years	1,401	2%	1.6%	2.8
3-4 years	2,797	4%	0.7%	3.7
4-5 years	6,662	9%	1.2%	4.6
>5 years	21,730	31%	1.3%	7.7
Total	70,829	100%	1.7%	3.3

1. Including fees for utilised credit agreements and exchange rate differences for MTNs.

2. Calculated on the net volume of interest-bearing liabilities and derivatives.

Denmark and Finland totalling MSEK 13,122 (9,091) and shares in the Norwegian company Entra, which means that the Group is exposed to currency risk. The currency risk primarily occurs when income statements and balance sheets in foreign currency are translated into Swedish kronor. As a rule, shareholders' equity is not hedged for translation exposure, while transaction exposure is hedged if the exposure in any currency exceeds an exchange value of MSEK 25.

Secured interest-bearing liabilities

Long-term bank facilities are mainly secured with collateral comprising the company's property holdings, and commitments also include a number of covenants. Castellum's bonds under the EMTN programme are also covered by financial covenants.

Issued MTNs, commercial paper and certain short-term bank loans – such as overdraft credits – are unsecured. Of net interest-bearing liabilities totalling MSEK 69,632 (45,559), MSEK 16,787 (7,588) was secured against property deeds and MSEK 52,845 (37,971) was unsecured, which means that approximately 24% (17) of loans outstanding were secured. Castellum's share of unsecured assets at the end of the year was 55% (61). Secured borrowing in relation to total assets was 9% (7). In 2021, Castellum AB issued hybrid bonds with a maturity to the first potential redemption of 5.5 years and with a fixed coupon rate of 3.125%. The hybrid bonds are unsecured and are recognised as equity under IFRS but are classified as 50% equity by Moody's.

Undertakings issued in credit agreements and EMTNs mean that the loan-to-value ratio in properties may not exceed 65%, the interest coverage ratio may not be less than 150%, and the share of secured borrowing may not exceed 45% of the Group's total assets. Additionally, there are general commitments that Castellum is to provide its creditors with such financial information as annual reports, interim reports and property valuations. In some cases, the banks have the right to renegotiate credit agreements due to a significant change in business direction or delisting, and bondholders have the right to early repayment due to a change in the majority ownership of Castellum AB.

Derivatives

Interest rate derivatives

Under the IFRS 9 accounting standard, derivatives are subject to market valuation. For interest rate derivatives, this means that a surplus or a deficit occurs if the contracted interest rate varies from the current market rate. Castellum recognises this change in

value in profit or loss. By extending the fixed interest term, the interest rate risk in terms of cash flow is limited, whereas the risk for accounting-based changes in value is higher. It is worth noting that loans with long-term fixed interest rates that are less flexible, but can – from an interest rate risk perspective – primarily be compared with extension via interest rate derivatives, are normally not subject to market valuation under applicable accounting standards.

Currency derivatives

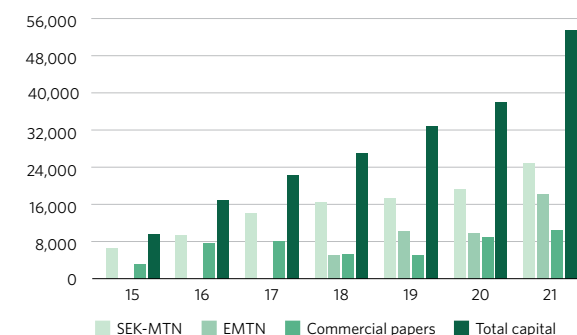
Castellum's need for financing in Danish kroner and euros can be achieved through borrowing in Danish kroner and euros respectively and by using currency derivatives. The exposure is the same, but in accordance with the accounting standards in IFRS 9, derivatives are subject to market valuation, which means that a surplus or deficit arises if the stipulated exchange rate differs from the current exchange rate. Castellum applies hedge accounting under IFRS 9, which means that the effective portion of the change in value is reported in other comprehensive income.

Organisation

All financial risk management is centralised in the Parent Company. The internal bank is responsible for the Group's credit supply, risk management, financing for subsidiaries and Group-wide cash management. The Parent Company also includes a back-office and compliance function, which provides accounting and independent control of financial operations.

DEVELOPMENT OF CAPITAL MARKET FINANCING, 2015–2021

Outstanding volumes nominal, MSEK



Current list of MTNs outstanding available at www.castellum.se

FINANCIAL FACILITIES

Credit/facility type	Frame/ facility type	Utilised 31 Dec 2021
MTNs, MSEK ¹⁾	40,000	24,820
EMTNs, MEUR ¹⁾	3,000 ²⁾	1,550
EMTNs, MEUR ¹⁾	3,000 ²⁾	2,450
Commercial paper ¹⁾	12,000	10,350
Bank credits incl. overdrafts	43,689	17,391

1. Nominal volume

2. EMTN programmes of MEUR 3,000

SECURED BORROWING

	31 Dec 2021
Secured borrowing, share of total borrowings	24%
Secured borrowing, share of total property value	18%
Secured borrowing, share of total assets	9%

Property valuation

Internal valuation

Castellum recognises its properties at fair value and has carried out an internal valuation of all properties as of December 31, 2021. The valuation was conducted in a uniform manner, and was based on a ten-year cash flow model, which is described below. The internal valuation was based on an individual assessment for each property of both its future earnings capacity and its required market yield. In addition to an assumed inflation level of 1.5%, the valuation of a property's future earnings capacity took potential changes in rental levels, occupancy rates and property costs into consideration. Ongoing projects have been valued in accordance with the same principle, but with deductions for remaining investments. Building rights were valued on the basis of an estimated average market value of approximately SEK 1,150 per square metre (1,750). Further information about the valuation is provided in Note 13.

Required yield

The required yield on equity is individual to each property and based on assumptions regarding a real interest rate of 3%, inflation of 1.5% and a risk premium. The risk premium is individual to each property and consists of general risk and individual risk. General risk reflects the fact that property investment is not as liquid as bonds, and that it is dependent on the general economic trend. Individual risk is specific to each property and constitutes a balanced assessment of a number of factors such as property category, the town or city where the property is located, the location of the property within the town or city, the technical standard and so on. Properties owned by site leasehold rights, where Castellum has a land rehabilitation obligation under contractual agreement, are assigned an additional individual risk premium of 1%.

The cost of borrowed capital is assumed to be 5% and to consist of a long-term view on the real interest rate, credit margin and inflation. The loan-to-value ratio is assumed to be between 55% and 65% depending on the property category. The required yield on total capital is used to discount the estimated ten-year future cash flow. The residual value is discounted by calculating the return on total capital minus growth equivalent to inflation, in order not to assume perpetual real growth.

AVERAGE VALUATION YIELD, MSEK

(Excl. projects/land and building rights)	2021	2020
Net operating income, properties	6,181	4,771
+ Index 2022, 0.3%	367	294
+ Real occupancy rate, 94% at the lowest	236	17
- Property admin, SEK 30/sq. m.	-171	-133
Normalised net operating income	6,613	4,949
Valuation (excl. building rights of MSEK 1,139)	140,140	98,953
Average valuation yield	4.7%	5.0%

Uncertainty range

Property valuations are calculations performed in accordance with accepted principles on the basis of certain assumptions. The value range indicated in property valuations, which in a functioning market most often lies within +/- 5-10%, should be regarded as a measurement of the uncertainty in the assumptions and calculations made. In a less liquid market, the range may be wider. For Castellum, an uncertainty range of +/- 5% means a range in value of the asset portfolio of MSEK 160,803-145,489, corresponding to +/- MSEK 7,657.

Changes in value

Interest in property investments remained high while access to capital was good, which has resulted in a stable and strong property market. Castellum recognised an unrealised change in value of MSEK 6,307 (3,712).

Moreover, realised changes in value of MSEK 878 (151) were recognised, comprising the sale and/or cash settlement of 126 properties during the year.

Change in value	2021	2020
Cash flow	589	502
Project gains/building rights	1,162	780
Required yield	4,489	2,065
Acquisitions	67	365
Unrealised changes in value	6,307	3,712
NOI %	4.3%	3.7%
Sales	878	151
Total	7,185	3,863
NOI %	4.9%	3.9%

Total return

As regards the total return from the properties (i.e. the total of investment yield and changes in value), the result for Castellum depends on when the measurement period commences.

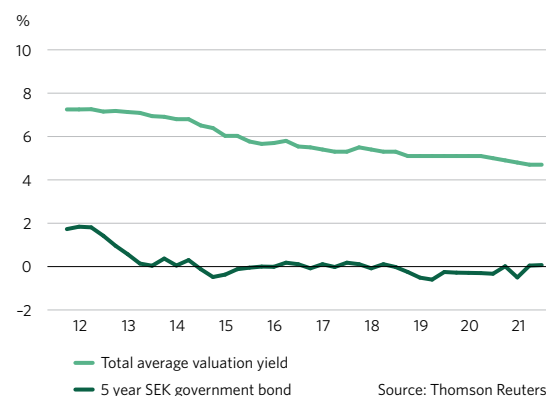
Over the last ten years, Castellum has had a total yield of 9.2% (5.6% investment yield +3.7% change in value). In 2021, the total yield was 11.1% (4.5% investment yield +6.6% change in value). Calculations do not include project gains or acquisitions from the year the acquisition was completed.

	1 yr	3 yrs avg/yr	10 yrs avg/yr
Total return			
Properties	11.1%	10.1%	9.2%
The Castellum share	20.7%	18.2%	17.0%
Nasdaq Stockholm (SIX Return)	39.3%	29.2%	16.8%
Real Estate Index Sweden (EPRA)	45.1%	28.7%	22.1%
Real Estate Index Europe (EPRA)	18.3%	11.4%	11.4%
Real Estate Index Eurozone (EPRA)	3.8%	5.2%	10.1%
Real Estate Index Great Britain (EPRA)	28.9%	12.3%	10.7%
Change in value			
Changes in values on properties, unweighted	7.3%	5.2%	4.0%
Inflation	3.9%	2.0%	1.1%

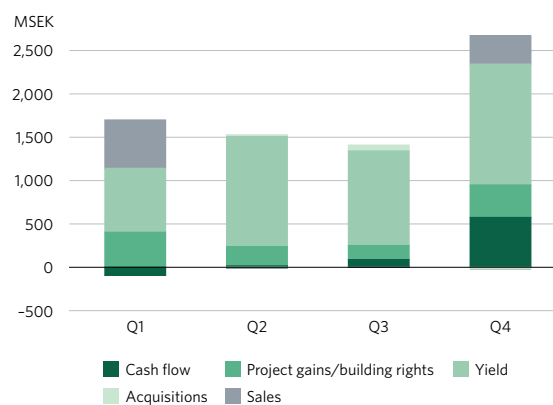
External valuation

In order to confirm the valuation, 393 properties, equivalent in value to 69% of the portfolio, were valued externally by Cushman and Wakefield as well as Newsec. The properties were selected on the basis of the largest properties in terms of value to reflect the composition of the property portfolio as a whole in terms of category and geographical location. The external valuations carried out during the year were on par with the internal valuations, thus confirming the carrying amount at 31 December 2021. All of Kungsleden's properties were externally valued in conjunction with the acquisition.

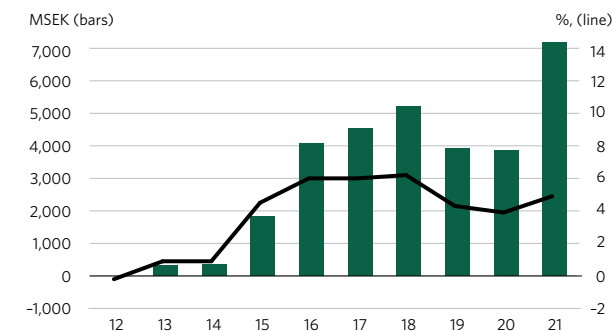
AVERAGE VALUATION YIELD OVER TIME



CHANGES IN VALUE, 2021



CHANGE IN VALUE



Tax

At Castellum, there are a number of areas that are taxed: income tax on current earnings, property tax, VAT, stamp duty and energy taxes. Political decisions such as changes in corporate taxation, tax legislation or interpretations thereof may lead to Castellum's tax situation increasing or decreasing.

Tax policy

Castellum's work with taxes is governed in the company's tax policy. In managing its taxes, Castellum must comply with the company's tax policy, which in brief entails:

- Castellum must endeavour to pay the correct taxes in every country where it conducts operations.
- Castellum continually monitors changes to laws and legal praxis so that taxes are managed in accordance with applicable laws and regulations.
- Tax management will be evaluated as an integral part of the company's business decisions and general risk management. This evaluation will also take risks to brand and reputation into consideration.
- Castellum will acquire operations not in order to gain tax advantages, but because they are a fit with its business model. In the event of an acquisition, the laws and regulations in force will be complied with.
- The company will operate ethically, legally and in a businesslike manner in view of its tax expenses but at the same time will not operate in grey zones or engage in aggressive tax avoidance. "Aggressive tax avoidance" pertains to transactions that have no business purpose other than reducing tax, or transactions that could risk Castellum's reputation and standing as a responsible societal stakeholder.
- Castellum's contact with the tax authorities in the respective countries will be marked by openness and transparency. The company will openly describe the principles that govern its tax governance and the tax that is to be paid for its stakeholders. In cases where regulations are unclear or ambiguous, the spirit of the law will be interpreted and Castellum will be proactive and transparent through open requests, applications for preliminary decisions or alternately in dialogue with the tax authority.

- Castellum's tax policy will be revised on a regular basis and adopted by the Board at least once each year.
- Castellum's Chief Financial Officer is the document owner and responsible for the policy.
- Any breach of this policy is to be reported to Castellum's compliance function, also serving as the Group's Chief Legal Officer, who will in turn inform Castellum's CEO.

Income tax

Castellum's recognised income from property management for 2021 amounted to MSEK 3,522 (3,380), while taxable income from property management totalled MSEK 1,192 (1,404). In the absence of tax loss carry forwards, current tax of MSEK 246 (302) attributable to the income from property management would arise, equivalent to 7% effective tax paid.

Deductions for tax base depreciation

Property investments are divided into different components for which the Swedish Tax Agency specifies different deductions for depreciation: Buildings (2–5% depending on type of property), land improvements 5% and inventories 20% or 30%. Land is not depreciated.

Tax deductible reconstructions

Costs for building repairs and maintenance can be deducted immediately. The "extended repair concept" allows for direct deduction for certain types of reconstructions, even if they add value and are capitalised in the accounts.

Sales of properties

Properties can be divested directly or indirectly in corporate wrappers; each have different tax consequences.

Profit on sales of properties that fiscally represent fixed assets is taxable, while a loss is put in a "fold" and can only be netted against profits within the Group from direct sales of properties that represents fixed assets. Profit on sales of

TAX CALCULATION 2021

MSEK	Basis current tax	Basis deferred tax
Income from property management	3,522	
In associated companies	-161	
Non-deductible interest	174	
Deductions for tax purposes		
depreciation	-1,376	1,376
reconstructions	-499	499
Transfers to tax allocation reserve	-198	198
Other tax adjustments	-271	-312
Taxable income from property management	1,192	1,761
Current income tax 20.6%, if tax loss carry forwards are not utilised	-246	
Sales of properties	1	-9,063
Change in values on properties	0	6,307
Change in values on derivatives	-32	32
Taxable income before tax loss carry forwards	1,161	-963
Tax loss carry forwards, opening balance	-603	603
Tax loss carry forwards, closing balance	2,236	-2,236
Taxable income	838	-640
Tax according to the income statement for the period	-173	132

NET DEFERRED TAX LIABILITY, 31 DECEMBER 2021

MSEK	Basis	Nominal tax liability	Actual tax liability
Tax loss carry forwards	2,236	461	461
Untaxed reserves	-829	-171	-171
Properties	-95,761	-19,727	-3,450
Total	-94,354	-19,437	-3,160
Properties, asset acquisitions	10,128	2,086	—
In the balance sheet	-84,226	-17,351	—

Deferred tax is in principle both interest-free and amortisation-free, and can therefore be considered as shareholders' equity. Actual deferred tax is lower than nominal tax partly due to the possibility of selling properties in a tax-efficient way, and partly due to the time factor, which means that the tax will be discounted.

The net estimated real deferred tax liability has been estimated at 3% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realised with a nominal tax of 20.6%, and that the properties are realised in 50 years and where the entire portfolio is sold indirectly in corporate wrappers where the buyers' tax discount is 7%.

shares that fiscally are considered fixed assets is not taxable, while a loss is not tax deductible.

For properties or shares that fiscally represent current assets, a profit is always taxable while a loss is tax deductible.

Changes in values on properties and derivatives

Swedish accounting laws do not allow recognition of properties at fair value in a legal entity, meaning that changes in value do not affect taxation. Certain financial instruments, such as interest rate swaps, might be measured at fair value at entity level.

Castellum has no ongoing tax disputes.

Deferred tax on the balance sheet

Above all, Castellum has three items that make up the basis for deferred tax: properties, tax loss carry forwards and untaxed reserves. All tax loss carry forwards are recognised since expected future taxable income may be used to net the tax loss carry forwards. Deferred tax attributable to properties arises primarily due to changes in value, tax deductions such as depreciation and deduction of certain reconstructions that are capitalised in the financial accounting. Untaxed reserves consist of transfers to the tax allocation reserve.

Property tax

Property tax is paid on almost all the Group's properties. Special buildings such as communication buildings, educational and healthcare buildings are tax exempt. For other properties, the tax rate – as set by the Swedish Tax Agency – depends on the type of building and site. For offices, the tax is 1% of the assessed value; for logistics and warehouse buildings, it is 0.5%. In Denmark and Finland, tax rates vary depending on which municipality the prop-

erties are located in. Property taxes for 2021 amounted to MSEK 401 (371), based on an assessed value of SEK 57 billion (42). A large part of the property tax will be charged onward to the customer, however, with higher rental income as a result.

Value added tax (VAT)

Properties are exempt from compulsory VAT. If a premises is let to a customer who runs a permanent VAT-liable business, the property owner can voluntarily register for VAT and thus deduct input VAT on both operating costs and investments. No deductions can thus be made for input VAT attributable to operating costs and investments in premises not registered for voluntary tax liability. Non-deductible VAT on operating expenses for 2021 totalled MSEK 19 (20) and was recognised as an operating cost. Non-deductible input VAT on investments for 2021 was MSEK 26 (33) and was recognised as investment in property.

Stamp duty

Upon acquisition of property in Sweden there is a stamp duty (title deed) of 4.25%, calculated on either the purchase price or the assessed value, whichever is greater. In Denmark, the corresponding tax is 0.6% and in Finland it is 4.0%. In Finland, a stamp duty of 2.0% can also be paid on shares in a property company. There is also an additional stamp duty of 2% (1.5% in Denmark) for mortgage deeds in properties. MSEK 116 (10) in stamp duties were paid in 2021.

Energy taxes

Castellum purchases energy to use for heating, cooling, ventilation and lighting in its properties. Of this, approximately MSEK 23 (26) pertains to energy taxes.

Employees

Employers in Sweden pay 31.42% in social security contributions based on salary and a payroll tax of 24.26% on pension contributions. In 2021, Castellum paid MSEK 114 (109) in social security contributions and payroll taxes.

Summary of tax

In 2021, Castellum's operations generated a total of MSEK 872 (816) in various taxes.

SUMMARY OF TAX PAID

MSEK	2021
Income tax	173
Property tax	401
VAT, not deductible	45
Stamp duty	116
Energy tax	23
Social security contributions and payroll tax	114
Total tax paid	872



Quarterly summary

	2021 Jan-March	2021 April-June	2021 July-Sep	2021 Oct-Dec	2021	2020 Jan-March	2020 April-June	2020 July-Sep	2020 Oct-Dec	2020
Income statement, MSEK										
Income	1,502	1,434	1,501	1,916	6,353	1,476	1,523	1,489	1,516	6,004
Property costs	-483	-419	-441	-664	-2,007	-438	-391	-367	-473	-1,669
Net operating income	1,019	1,015	1,060	1,252	4,346	1,038	1,132	1,122	1,043	4,335
Central administrative expenses	-38	-39	-31	-66	-174	-37	-38	-30	-44	-149
Acquisition and restructuring costs, etc.	—	—	-47	-56	-103	—	—	—	-95	-95
Income from associated companies	—	—	-239	1,381	1,142	—	—	—	—	—
Letting cost/Site leasehold fee	-7	-7	-6	-7	-27	-7	-5	-6	-2	-20
Net interest costs, etc.	-195	-133	-173	-283	-784	-200	-194	-187	-205	-786
Income including associated companies	779	836	564	2,221	4,400	794	895	899	697	3,285
Impairment of goodwill	—	-53	-20	-121	-194	—	—	—	—	—
Change in values on properties	1,607	1,515	1,409	2,654	7,185	3	415	398	3,047	3,863
Change in values on derivatives	19	98	74	134	325	-167	-42	-3	92	-120
Change in value on financial holdings	491	-195	-245	-9	42	—	—	—	—	—
Revaluation of earnings due to stepwise acquisition	—	—	—	111	111	—	—	—	—	—
Current tax	-23	-109	-23	-18	-173	-42	-40	-58	-107	-247
Deferred tax	967	-382	-245	-208	132	-106	-176	-221	-663	-1,166
Net income for the year/period	3,840	1,710	1,514	4,764	11,828	482	1,052	1,015	3,066	5,615
Other comprehensive income	119	-50	1	51	121	140	-178	18	-152	-172
Comprehensive income for the year/period	3,959	1,660	1,515	4,815	11,949	622	874	1,033	2,914	5,443
Balance sheet, MSEK										
Investment properties	95,816	97,250	104,342	153,146	153,146	96,262	97,012	98,076	103,042	103,042
Goodwill	1,673	1,620	1,600	5,544	5,544	1,691	1,670	1,673	1,673	1,673
Other assets	10,912	10,215	18,345	17,745	17,745	2,257	2,196	2,158	5,040	5,040
Cash and cash equivalents	1,203	997	2,227	1,197	1,197	1,174	200	198	161	161
Total assets	109,604	110,082	126,514	177,632	177,632	101,384	101,078	102,105	109,916	109,916
Equity	49,921	50,926	62,622	83,637	83,637	42,623	43,469	44,502	48,243	48,243
Deferred tax liability	10,416	10,794	11,045	17,351	17,351	10,279	10,493	10,718	11,376	11,376
Other provisions	10	10	10	38	38	6	5	3	3	3
Derivatives	720	653	606	563	563	506	863	871	1,132	1,132
Interest-bearing liabilities	42,824	43,023	47,987	70,829	70,829	43,544	41,834	42,486	45,720	45,720
Non-interest bearing liabilities	5,713	4,676	4,244	5,214	5,214	4,426	4,414	3,525	3,442	3,442
Total equity and liabilities	109,604	110,082	126,514	177,632	177,632	101,384	101,078	102,105	109,916	109,916

Quarterly summary, cont.

	2021 Jan-March	2021 April-June	2021 July-Sep	2021 Oct-Dec	2021	2020 Jan-March	2020 April-June	2020 July-Sep	2020 Oct-Dec	2020
Financial key metrics										
Surplus ratio	70%	73%	73%	68%	71%	72%	76%	76%	70%	74%
Interest rate, average	1.9%	1.9%	1.8%	1.8%	1.8%	2.0%	1.9%	1.9%	1.9%	1.9%
Interest coverage ratio	499%	567%	572%	460%	517%	497%	561%	581%	486%	530%
Return on EPRA NRV	15.0%	15.4%	10.9%	50.2%	18.4%	4.1%	17.6%	9.3%	34.3%	13.4%
Return on total capital	11.2%	8.3%	6.4%	13.5%	8.6%	4.0%	5.9%	5.8%	14.9%	7.5%
Return on equity	32.6%	13.8%	10.8%	30.3%	22.7%	4.5%	9.9%	9.3%	27.6%	13.1%
Investments in properties, MSEK	865	1,149	9,320	48,612	59,946	643	854	620	3,041	5,158
Sales, MSEK	9,879	1,121	3,708	2,520	17,228	—	119	2	770	891
LTV ratio, Property	41%	43%	43%	45%	45%	44%	43%	43%	44%	44%
Data per share (since there are no potential shares, there is no dilution effect)										
Average number of shares, thousand	273,201	273,405	272,075	310,088	282,917	273,201	273,113	273,031	275,197	273,628
Income from prop. mgmt, SEK	2.85	3.06	3.26	3.29	12.45	2.91	3.28	3.29	2.88	12.35
Income from prop. mgmt. after tax (EPRA EPS), SEK	2.55	2.77	3.05	3.20	11.58	2.65	2.93	2.96	2.71	11.25
Earnings after tax, SEK	14.06	6.25	5.56	15.36	41.81	1.76	3.85	3.72	11.14	20.52
Number of shares outstanding, thousand	275,187	272,075	272,075	340,544	340,544	273,201	273,031	273,031	277,093	277,093
Property value, SEK	348	357	384	450	450	352	355	359	372	372
Net reinstatement value (EPRA NRV), SEK	220	227	230	251	251	193	199	200	214	214
Net tangible assets (EPRA NTA), SEK	211	219	221	241	241	185	190	191	205	205
Net disposal value (EPRA NDV), SEK	179	185	187	197	197	153	156	157	168	168
Dividend, SEK/share (2021 proposed)	—	—	—	—	7.60	—	—	—	—	6.90
Payout ratio	—	—	—	—	61%	—	—	—	—	56%
Property-related key metrics										
Rental value, SEK/sq. m.	1,649	1,584	1,627	3,142	1,648	1,516	1,551	1,546	1,640	1,538
Economic occupancy rate	92.9%	93.2%	92.9%	93.4%	93.2%	93.8%	91.4%	92.4%	92.3%	93.1%
Property costs, SEK/sq. m.	469	375	393	822	425	383	344	331	441	369
Property value, SEK/sq. m.	25,638	25,998	26,993	26,667	26,667	22,451	22,541	22,836	23,549	23,549
Valuation yield	4.9%	4.8%	4.7%	4.7%	4.7%	5.1%	5.1%	5.1%	5.0%	5.0%

Multi-year summary

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Income statement, MSEK										
Income	6,353	6,004	5,821	5,577	5,182	4,533	3,299	3,318	3,249	3,073
Property costs	-2,007	-1,669	-1,708	-1,632	-1,605	-1,497	-1,074	-1,096	-1,105	-1,042
Net operating income	4,346	4,335	4,113	3,945	3,577	3,036	2,225	2,222	2,144	2,031
Central administrative expenses	-174	-149	-163	-158	-162	-143	-113	-108	-96	-93
Acquisition and restructuring costs, etc.	-103	-95	-9	—	-5	-163	—	—	—	—
Income from associated companies/joint ventures	1,142	—	—	—	—	3	23	—	—	—
Letting cost/Site leasehold fee	-27	-20	-22	—	—	—	—	—	—	—
Net interest costs, etc.	-784	-786	-782	-835	-885	-832	-602	-664	-702	-683
Income including associated companies/joint ventures	4,400	3,285	3,137	2,952	2,525	1,901	1,533	1,450	1,346	1,255
Impairment of goodwill	-194	—	-179	—	—	-373	—	—	—	—
Change in values on properties	7,185	3,863	3,918	5,216	4,540	4,085	1,837	344	328	-69
Change in values on derivatives	325	-120	-111	152	247	82	216	-660	429	-110
Change in value on financial holdings	42	—	—	—	—	—	—	—	—	—
Revaluation of earnings due to stepwise acquisition	111	—	—	—	—	27	-2	—	—	—
Current tax	-173	-186	-165	-74	-96	-23	-16	-11	-6	-7
Deferred tax	132	-1,227	-950	-793	-1,340	-727	-687	88	-390	404
Net income for the year/period	11,828	5,615	5,650	7,453	5,876	4,972	2,881	1,211	1,707	1,473
Other comprehensive income	121	-172	45	8	-8	6	-8	8	3	-4
Comprehensive income for the year/period	11,949	5,443	5,695	7,461	5,868	4,978	2,873	1,219	1,710	1,469
Balance sheet, MSEK										
Investment properties	153,146	103,042	95,168	89,168	81,078	70,757	41,818	37,599	37,752	36,328
Goodwill/joint venture (2015)	5,544	1,673	1,691	1,659	1,659	1,659	526	—	—	—
Other assets	17,745	5,040	1,953	1,070	772	5,640	269	442	291	259
Cash and cash equivalents	1,197	161	173	243	203	257	39	47	70	44
Total assets	177,632	109,916	98,985	92,140	83,712	78,313	42,652	38,088	38,113	36,631
Equity	83,637	48,243	43,777	39,749	33,736	29,234	15,768	13,649	13,127	12,065
Deferred tax liability	17,351	11,376	10,153	9,203	8,405	7,065	4,299	3,612	3,700	3,310
Derivatives	563	1,132	715	716	1,352	1,582	1,117	1,357	683	1,105
Interest-bearing liabilities	70,829	45,720	40,826	40,358	38,226	38,467	20,396	18,446	19,481	19,094
Non-interest bearing liabilities	5,252	3,445	3,514	2,114	1,993	1,965	1,072	1,024	1,122	1,057
Total equity and liabilities	177,632	109,916	98,985	92,140	83,712	78,313	42,652	38,088	38,113	36,631

Multi-year summary, cont.

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Financial key metrics										
Surplus ratio	71%	74%	72%	71%	69%	67%	67%	67%	66%	66%
Interest rate, average	1.8%	1.9%	2.0%	2.0%	2.4%	2.7%	3.0%	3.3%	3.7%	3.9%
Interest coverage ratio	517%	530%	502%	454%	386%	348%	351%	318%	292%	284%
Return on long-term EPRA NRV	18.4%	15.2%	15.1%	22.0%	18.3%	20.9%	20.4%	7.6%	13.2%	7.9%
Return on total capital	8.6%	7.5%	8.4%	10.6%	10.1%	11.9%	10.0%	6.5%	6.4%	5.3%
Return on equity	22.7%	13.0%	14.5%	22.6%	20.6%	20.1%	21.7%	9.5%	14.6%	13.5%
Investments in properties, MSEK	59,946	5,158	6,112	5,292	6,488	31,491	3,553	2,525	1,768	2,798
Sales, MSEK	17,228	891	4,138	2,635	875	6,754	1,140	3,054	687	253
LTV ratio, Property	45%	44%	43%	45%	47%	50%	49%	49%	51%	52%
Data per share (since there are no potential shares, there is no dilution effect)										
Average number of shares, thousand	282,917	273,628	273,201	273,201	273,201	234,540	189,014	189,014	189,014	189,014
Income from prop. mgmt, SEK	12.45	12.35	11.52	10.81	9.26	8.80	8.11	7.67	7.12	6.64
Income from prop. mgmt. after tax (EPRA EPS), SEK	11.58	11.25	10.44	9.65	8.39	8.26	7.84	7.17	6.97	6.31
Earnings after tax, SEK	41.81	20.52	20.68	27.28	21.51	21.20	15.24	6.41	9.03	7.79
Number of shares outstanding, thousand	340,544	277,093	273,201	273,201	273,201	273,201	189,014	189,014	189,014	189,014
Property value, SEK	450	372	348	326	297	259	221	199	200	192
Net reinstatement value (EPRA NRV), SEK	251	214	195	176	153	133	112	99	93	87
Net tangible assets (EPRA NTA), SEK	241	205	187	169	146	131	109	97	91	86
Net disposal value (EPRA NDV), SEK	197	168	154	139	117	101	83	72	69	64
Dividend, SEK/share (2021 proposed)	7.60	6.90	6.50	6.10	5.30	5.00	4.25	3.99	3.69	3.43
Payout ratio	61%	56%	56%	56%	57%	57%	52%	52%	52%	52%
Property-related key metrics										
Rental value, SEK/sq. m.	1,648	1,538	1,495	1,407	1,341	1,304	1,095	1,064	1,036	1,015
Economic occupancy rate	93.2%	93.1%	92.6%	93.2%	90.9%	91.3%	90.3%	88.7%	88.4%	88.6%
Property costs, SEK/sq. m.	425	369	384	378	364	376	316	307	307	298
Property value, SEK/sq. m.	26,667	23,549	22,363	20,417	18,268	16,558	12,282	11,118	10,285	9,916

Financial key metrics

A number of the financial key metrics presented by Castellum are not defined in accordance with the IFRS accounting standards. However, the company believes that these metrics provide useful supplementary information to both investors and Castellum management, as they facilitate evaluation of company performance. It is to be noted that, since not all companies calculate financial metrics in the same manner, these are not always comparable to metrics used by other companies. These financial metrics should therefore not be seen as a substitute for metrics defined according to IFRS. Unless otherwise stated, the table below presents metrics, along with their reconciliation, which are not defined according to IFRS. Furthermore, definitions for these metrics also appear on page 200.

Income from property management

Castellum's operations are focused on cash flow growth from ongoing management operations (i.e. growth in income from property management), the prime yearly objective being a 10% increase in property management income. Income from property management also forms the basis of the annual shareholder dividend: at least 50% of income from property management. Income from property management is calculated before tax paid, as well as after the theoretical tax that Castellum would have paid on income from property management had there been no loss carryforwards.

	Jan-Dec 2021		Jan-Dec 2020	
	MSEK	SEK/share	MSEK	SEK/share
Income from property management				
Income before tax	11,869	41.95	7,028	25.68
Reversed:				
Acquisition costs	76	0.27	25	0.09
Financing fees, etc. for acquisitions	27	0.10	70	0.26
Revaluation of earnings due to stepwise acquisition	-111	-0.39	—	—
Income from associated companies excl. income from property management	-981	-3.47	—	—
Change in values on properties	-7,185	-25.40	-3,863	-14.12
Change in value on financial holdings	-42	-0.15	—	—
Change in values on derivatives	-325	-1.15	120	0.44
Impairment of goodwill	194	0.69	—	—
= Income from property management	3,522	12.45	3,380	12.35
EPRA Earnings (Income from property management after tax)				
Income from property management	3,522	12.45	3,380	12.35
Reversed:				
Current tax, income from property management	-246	-0.87	-300	-1.10
EPRA Earnings/EPRA EPS	3,276	11.58	3,080	11.25

	31 Dec 2021	31 Dec 2020
Average number of shares, thousand (key metrics related to income statement) ¹⁾	282,917	273,628
Number of shares outstanding, thousand (key metrics related to balance sheet) ¹⁾	340,544	277,093

Net asset value

Net asset value describes the total equity that the company manages for its owners. Based on this equity, Castellum wants to create return and growth at a low level of risk. Net asset value can be calculated in different ways, where mainly time and turnover in the asset portfolio impact on the value. Long-term net reinstatement value (EPRA NRV) is based on the balance sheet, with adjustments for items that will not lead to any short-term payment or do not belong to owners of ordinary shares. In Castellum's case, these would include such items as goodwill, derivatives, deferred tax liability and hybrid bonds. Net tangible assets (EPRA NTA) is the same as long-term EPRA NRV, but with the difference that goodwill that is not attributed to deferred taxes is not seen as an asset. Furthermore, the deferred tax should be based on market value according to how the company has completed property transactions in recent years. Net disposal value (EPRA NDV) is equal to equity according to the balance sheet less non-controlling interest and hybrid bonds, adjusted for goodwill that does not constitute deferred tax.

	Jan-Dec 2021		Jan-Dec 2020	
	MSEK	SEK/share	MSEK	SEK/share
Net asset value				
Equity according to the balance sheet	83,637	246	48,243	174
Reversed:				
Hybrid bonds	-10,164	-30	1,132	4
Non-controlling interest	-693	-2	1,132	4
Derivatives according to the balance sheet	563	2	1,132	4
Goodwill attributable to deferred tax	-5,351	-15	-1,480	-5
Deferred tax according to the balance sheet	17,351	50	11,376	41
Net reinstatement value (EPRA NRV)	85,343	251	59,271	214
Deduction:				
Goodwill due to acquisition of United Spaces	-193	-1	-193	-1
Estimated real deferred tax, 3% ¹⁾	-3,160	-9	-2,285	-8
Net tangible assets (EPRA NTA)	81,990	241	56,793	205
Reversed:				
Derivatives according to above	-563	-2	-1,132	-4
Deferred tax	-14,191	-41	-9,091	-33
Net disposal value (EPRA NDV)	67,236	197	46,570	168

1. The net estimated real deferred tax liability has been estimated at 3% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realised with a nominal tax of 20.3%, and that the properties are realised in 50 years and where the entire portfolio is sold indirectly in corporate wrappers where the buyers' tax discount is 7%.

Financial risk

Castellum's strategy is to own, develop and manage properties at low financial risk. This is expressed in a loan-to-value ratio not permanently exceeding 50% and an interest coverage ratio of at least 200%. Furthermore, net debt to EBITDA that expresses how many years it takes for a company to repay its interest-bearing debt, is an important financial risk metric.

Interest coverage ratio	Jan-Dec 2021	Jan-Dec 2020
Income from property management	3,522	3,380
Reversed:		
Net interest costs	845	786
Income from property management excluding net interest	4,367	4,166
Interest coverage ratio	517%	530%
Loan-to-value ratio		
Interest-bearing liabilities	70,829	45,720
Cash and cash equivalents	-1,197	-161
Net interest-bearing liabilities	69,632	45,559
Total assets	177,632	109,916
Loan-to-value ratio	39%	41%
LTV ratio, Property		
Net interest-bearing liabilities, according to above	69,632	45,559
Investment properties	153,146	103,042
Acquired properties not taken into possession	-187	—
Divested properties still in Castellum's possession	88	-220
Net investment properties	153,047	103,262
LTV ratio, Property	45%	44%
Net debt to EBITDA		
Interest-bearing liabilities	70,829	45,720
Cash and cash equivalents	-1,197	-161
Net interest-bearing liabilities	69,632	45,559
Net operating income	4,346	4,335
Central administration expenses	-174	-149
Operating income	4,172	4,186
Net debt to EBITDA	16.7	10.9

Investment

In order to achieve the overall target of 10% growth in income from property management per share, Castellum will make annual net investments of at least 5% of the property value.

Net investments	Jan-Dec 2021	Jan-Dec 2020
Acquisitions	56,147	2,646
New construction, extensions and reconstructions	3,799	2,512
Total investments	59,946	5,158
Net sales prices	-17,228	-891
Net investments	42,718	4,267
Proportion of the property value, %	41%	4%

Other key financial metrics

	Jan-Dec 2021	Jan-Dec 2020
Surplus ratio	71%	74%
Interest rate, average	1.8%	1.9%
Net debt to EBITDA	16.7	10.9
Return on EPRA NRV	18.4%	13.4%
Return on total capital	8.6%	7.5%
Return on equity	22.7%	13.1%
Property value, SEK/share	450	372
Gross lettings	720	644
Net lettings	162	239

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Consolidated statement of comprehensive income

MSEK		31 Dec 2021	31 Dec 2020
Rental income		5,723	5,438
Service income		461	454
Coworking income		169	112
Income	Note 3	6,353	6,004
Operating costs	Note 4	-840	-654
Maintenance expenses	Note 4	-155	-145
Property tax	Note 4	-401	-371
Coworking expenses	Note 4	-194	-120
Lettings and property administration expenses	Note 4	-417	-379
Net operating income		4,346	4,335
Central administrative expenses	Note 4	-174	-149
Acquisition costs	Note 5	-76	-25
Income from associated companies	Note 6	1,142	—
<i>Net financial items</i>			
Interest income	Note 7	2	6
Interest costs	Note 8	-847	-792
Financing fees, etc. for acquisitions	Note 8	-27	-70
Dividend		61	—
Letting cost/Site leasehold fee	Note 9	-27	-20
Income from prop. mgmt incl. acquisition costs/financing costs		4,400	3,285
of which income from property management¹⁾		3,522	3,380
Goodwill, impairment	Note 15	-194	—
<i>Changes in value</i>	Note 10		
Properties		7,185	3,863
Financial holdings		42	—
Revaluation of earnings due to stepwise acquisition		111	—
Derivatives		325	-120
Income before tax		11,869	7,028
Current tax	Note 11	-173	-247
Deferred tax	Note 11	132	-1,166
Net income for the year²⁾		11,828	5,615

MSEK	31 Dec 2021	31 Dec 2020
Other comprehensive income		
<i>Items that will be reclassified to net income for the year</i>		
Translation difference of currencies, etc.	629	-216
Change in values on derivatives, currency hedge	-508	44
Comprehensive income for the year²⁾	11,949	5,443
Data per share (since there are no potential shares, there is no dilution effect)		
Average number of shares, thousand	282,917	273,628
Earnings per share, SEK	41.81	20.52

1. For calculation, refer to Financial Key Metrics, page 104.

2. Of net income for the year, MSEK 11,828 (—) is assignable to the Parent Company's shareholders. Of comprehensive income for the year, MSEK 11,949 (—) is assignable to the Parent Company's shareholders.

Consolidated balance sheet

MSEK		31 Dec 2021	31 Dec 2020
ASSETS			
Fixed assets			
Investment properties	Notes 13, 26	153,146	103,042
Tangible fixed assets	Note 14	204	170
Leases, right-of-use		1,741	888
Goodwill	Note 15	5,544	1,673
Financial assets	Note 16	190	2,729
Associated companies	Note 17	13,571	—
Other fixed assets		73	30
Total fixed assets		174,469	108,532
Current assets			
Rent receivables	Note 3	130	47
Receivables, property sales		88	220
Other receivables		1,050	554
Prepaid expenses and accrued income		698	402
Cash and cash equivalents		1,197	161
Total current assets		3,163	1,384
TOTAL ASSETS		177,632	109,916

MSEK		31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
	Note 19		
Share capital		173	139
Other capital contribution		29,027	13,259
Reserves		-1	-122
Hybrid bonds		10,164	—
Retained earnings		43,581	34,967
Total equity attributable to Parent Company shareholders		82,944	48,243
Non-controlling interest		693	—
Total equity		83,637	48,243
Liabilities			
	Note 20		
<i>Long-term liabilities</i>			
Deferred tax liability	Note 21	17,351	11,376
Other provisions	Note 22	38	3
Derivatives	Note 23	563	1,132
Long-term interest-bearing liabilities	Note 24	70,829	45,720
Other long-term liabilities/Lease liabilities		1,741	888
<i>Total long-term liabilities</i>		<i>90,522</i>	<i>59,119</i>
<i>Short-term liabilities</i>			
Accounts payable		405	126
Tax liabilities		297	423
Other liabilities		736	623
Accrued expenses and prepaid income	Note 25	2,035	1,382
<i>Total short-term liabilities</i>		<i>3,473</i>	<i>2,554</i>
Total liabilities		93,995	61,673
TOTAL EQUITY AND LIABILITIES		177,632	109,916

Income statement for the Parent Company

MSEK		31 Dec 2021	31 Dec 2020
Income	Note 3	167	102
Central administrative expenses	Note 4	-283	-216
<i>Financial items</i>			
Impairment of participations in Group companies	Note 28	-73	-70
Income from participations in associated companies	Note 17	509	—
Financial income	Note 7	4,225	2,978
Financial costs	Note 8	-1,072	-973
Income before changes in value and tax		3,473	1,821
<i>Changes in value</i>			
Financial investment	Note 10	153	—
Derivatives		-75	-57
Income before tax		3,551	1,764
Current tax	Note 11	-5	—
Deferred tax	Note 11	—	-15
Net income for the year		3,546	1,749

Statement of comprehensive income for the Parent Company

MSEK	31 Dec 2021	31 Dec 2020
Net income for the year according to the income statement	3,546	1,749
Other comprehensive income		
<i>Items that will be reclassified to net income for the year</i>		
Translation difference of currencies, etc.	65	-108
Change in values on derivatives, currency hedge	-27	44
Comprehensive income for the year	3,585	1,685

Balance sheet for the Parent Company

MSEK		31 Dec 2021	31 Dec 2020
ASSETS			
Fixed assets			
Tangible fixed assets	Note 14	45	49
<i>Financial fixed assets</i>			
Participations in Group companies	Notes 27, 28	46,239	20,957
Participations in associated companies	Note 17	12,690	3
Financial assets	Note 16	190	2,729
Long-term receivables, Group companies	Notes 26, 29	35,578	31,051
<i>Total financial fixed assets</i>		94,697	54,740
Total fixed assets		94,742	54,789
Current assets			
Current receivables, Group companies		7,325	12,658
Prepaid expenses and accrued income		27	62
Other receivables		68	8
Cash and cash equivalents		37	6
Total current assets		7,457	12,734
TOTAL ASSETS		102,199	67,523

MSEK		31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity	Note 19		
<i>Restricted equity</i>			
Share capital		173	139
Statutory reserves		20	20
<i>Non-restricted equity</i>			
Fair value reserve		-12	-51
Share premium reserve		25,026	9,258
Hybrid bonds		10,164	—
Retained earnings		6,092	7,269
Net income for the year		3,546	1,749
Total equity		45,009	18,384
Liabilities	Note 20		
<i>Long-term liabilities</i>			
Derivatives	Note 23	619	1,132
Long-term interest-bearing liabilities	Note 24	42,257	43,318
Long-term interest-bearing liabilities, Group companies		14,090	4,126
<i>Total long-term liabilities</i>		56,966	48,576
<i>Short-term liabilities</i>			
Short-term interest-bearing liabilities, Group companies		—	—
Other short-term liabilities		16	292
Accounts payable		29	3
Accrued expenses and prepaid income	Note 25	179	268
<i>Total short-term liabilities</i>		224	563
Total liabilities		57,190	49,139
TOTAL EQUITY AND LIABILITIES		102,199	67,523

Change in equity

Group, MSEK (Note 19)	Attributable to Parent Company shareholders						Non-controlling interest	Total equity
	Number of shares outstanding, thousand	Share capital	Other capital contribution	Currency translation reserve	Currency hedge reserve	Hybrid bonds	Retained earnings	
Equity, 31 Dec 2019	273,201	137	12,434	366	-316	—	31,156	43,777
Dividend, March and Sep 2020 (SEK 6.50/share)	—	—	—	—	—	—	-1,776	-1,776
Repurchase of own shares	-170	—	—	—	—	—	-28	-28
Share issue in kind	4,062	2	825	—	—	—	—	827
Net income 2020	—	—	—	—	—	—	5,615	5,615
Other comprehensive income, 2020	—	—	—	-216	44	—	—	-172
Equity, 31 Dec 2020	277,093	139	13,259	150	-272	—	34,967	48,243
Dividend, March and Sep 2021 (SEK 6.90/share)	—	—	—	—	—	—	-1,888	-1,888
Repurchase of own shares	-5,018	—	—	—	—	—	-1,038	-1,038
Share issue	68,469	34	15,768	—	—	10,164	-288	26,371
Net income, 2021	—	—	—	—	—	—	11,828	11,828
Other comprehensive income, 2021	—	—	—	629	-508	—	—	121
Equity, 31 Dec 2021	340,544	173	29,027	779	-780	10,164	43,581	83,637

Parent Company, MSEK (Note 19)	Number of shares outstanding, thousand	Share capital	Statutory reserves	Fair value reserve		Hybrid bonds	Retained earnings	Share premium reserve	Total equity
				Currency translation reserve	Currency hedge reserve				
Equity, 31 Dec 2019	273,201	137	20	219	-206	—	9,073	8,433	17,676
Dividend, March and Sep 2020 (SEK 6.50/share)	—	—	—	—	—	—	-1,776	—	-1,776
Repurchase of own shares	-170	—	—	—	—	—	-28	—	-28
Share issue in kind	4,062	2	—	—	—	—	—	825	827
Net income 2020	—	—	—	—	—	—	1,749	—	1,749
Other comprehensive income, 2020	—	—	—	-108	44	—	—	—	-64
Equity, 31 Dec 2020	277,093	139	20	111	-162	—	9,018	9,258	18,384
Dividend, March and Sep 2021 (SEK 6.90/share)	—	—	—	—	—	—	-1,888	—	-1,888
Repurchase of own shares	-5,018	—	—	—	—	—	-1,038	—	-1,038
Share issue	68,469	34	—	—	—	10,164	—	15,768	25,966
Net income, 2021	—	—	—	—	—	—	3,546	—	3,546
Other comprehensive income, 2021	—	—	—	65	-26	—	—	—	39
Equity, 31 Dec 2021	340,544	173	20	176	-188	10,164	9,638	25,026	45,009

Cash flow statement

MSEK	Group		Parent Company	
	2021	2020	2021	2020
Operating activities				
Net operating income	4,346	4,335	167	102
Central administrative expenses	-174	-149	-283	-216
Reversed depreciation	139	95	11	12
Net financial items paid	-835	-789	-223	-80
Tax paid	-244	-177	-5	—
Translation difference of currencies	45	-134	—	—
Cash flow from operating activities before change in working capital	3,277	3,181	-333	-182
<i>Cash flow from changes in working capital</i>				
Change in current receivables	-493	-78	8,479	335
Change in current liabilities	-181	-159	-342	-9
Cash flow from operating activities	2,603	2,944	7,804	144
Investment activities				
Investments in new construction, extensions and reconstructions	-3,799	-2,512	—	—
Property acquisitions	-8,889	-1,819	—	—
Change in liabilities upon property acquisitions	187	-304	—	—
Sales of properties	17,228	891	—	—
Change in receivables on sales of properties	132	-217	—	—
Business combinations	Note 18	-6,484	—	—
Investment in financial assets	-2,730	-2,442	—	-2,442
Investments in subsidiaries	—	—	-9,606	—
Dividend received	—	—	208	—
Investments in associated companies	-9,413	—	-9,413	—
Other investments, net	-204	-105	-115	-76

MSEK	Group		Parent Company	
	2021	2020	2021	2020
Cash flow from investment activities	-13,972	-6,508	-18,926	-2,518
Financing activities	Note 31			
New borrowing, interest-bearing liabilities	5,361	5,345	8,559	6,520
Change in other long-term liabilities	—	—	—	—
Change in long-term receivables	—	11	-4,450	-2,390
Swap termination	-194	—	-194	—
Repurchase of own shares	-1,038	-28	-1,038	-28
Hybrid bond	10,164	—	10,164	-1,776
Dividend paid	-1,888	-1,776	-1,888	-1,776
Cash flow from financing activities	12,405	3,552	11,153	2,326
Cash flow for the year	1,036	-12	31	-48
Cash and cash equivalents opening balance	161	173	6	54
Cash and cash equivalents, closing balance	1,197	161	37	6

Accounting policies and Notes

(All figures in MSEK unless stated otherwise.)

Note 1 Accounting policies

General information

The financial reports of Castellum AB (the "Parent Company") for the financial year ending 31 December 2021 were approved by the Board of Directors and the Chief Executive Officer on 6 March 2022, and will be proposed to the 2022 Annual General Meeting for adoption. The Parent Company is a Swedish public limited liability company registered in Gothenburg, Sweden. The business activities of the Group are described in the Directors' Report.

Basis for preparation of the accounts

Castellum's accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated accounts have been prepared according to Swedish law by application of the Swedish Financial Reporting Board's recommendation RFR1 Supplementary Accounting Rules for Corporate Groups. The accounts are prepared based on the fair value of investment properties and derivatives, the nominal value of deferred tax and acquisition cost for the remaining items.

Critical assessments and estimates

Accounts are completed in accordance with the IFRS, and generally accepted accounting principles require assessments and assumptions affecting recognised assets, liabilities, income and costs, as well as other information. These assessments and assumptions are based upon historical experience and other factors which are considered reasonable under the prevailing circumstances. Actual outcomes may differ from these assessments if other assumptions are made or other conditions exist.

Investment properties

For valuation of investment properties, assessments and assumptions can have a significant effect on the income and financial position of the Group. These valuations require estimates and assumptions of future cash flows and determination of the discounting factor (required yield). To reflect the uncertainty that exists in the assessments and assumptions, an uncertainty range of +/- 5-10% is normally used in property valuations. Information about this, along with prevailing assessments and assumptions, is presented in Note 13.

Asset acquisitions versus business combinations

A company acquisition can be classified as either a business combination or an asset acquisition. An acquisition whose primary purpose is acquiring a company's property (i.e. where the company's potential property management and administration are of secondary importance to the acquisition) is classified as an asset acquisition. Other company acquisitions are classified as business combinations.

For asset acquisitions, no deferred tax is recorded in the acquisition. Instead, a possible tax discount reduces the acquisition cost of the property, meaning that changes in value will be affected by the tax discount in the subsequent valuation.

Business combinations are recognised using the acquisition method. Establishing fair value often requires assumptions and estimates of future events by company management, which in general entails large assessments and estimates. Changes in the assumptions or estimates that are required to establish the fair value of the assets and liabilities acquired may impact the amount pertaining to assets, liabilities and goodwill as a result of allocating the purchase price.

Goodwill

Estimates and assessments are also made regarding goodwill in the form of an impairment test. When goodwill is impairment tested, a number of material assumptions and assessments must be taken into consideration in order to calculate the value in use of the cash-generating unit. These assumptions and assessments are attributable to expected future discounted cash flows. Forecasts for the future cash flows are based on the best possible assessments of future income and costs as well as general market conditions and trends in the industry.

Associated companies

On every balance-sheet date, the carrying amounts of the company's holdings in associated companies are tested to assess whether there are indications of a need for impairment for the investment. If so, an impairment amount is calculated corresponding to the difference between the assessed recoverable amount and the carrying amount. There are significant assessments regarding the recoverable amount.

Hybrid bond

Castellum has issued hybrid bonds. The hybrid bond has a maturity to the first potential redemption of 5.5 years and a fixed coupon rate of 3.125%. Upon initial recognition, it was assessed that the hybrid bond was to be classified as equity and not as a financial liability.

The assessment that forms the basis for the classification is that there is no explicit contractual obligation to settle the agreement through the payment of cash or another financial asset. Nor are there any other circumstances indicating that the agreement will be settled in cash or other financial asset. Castellum has the right to postpone interest payments indefinitely, provided that the hybrid bond holders are informed within the period of time agreed upon and the hybrid bond is subordinate to all other claimants.

Deferred tax liability

According to the accounting rules, deferred tax is to be recognised using the nominal tax rate without discount, calculated according to the tax rate of 20.6% in Sweden set by the Riksdag. Actual tax is considerably lower, in part due to the possibility of selling properties in a tax-efficient manner, and in part due to the time factor.

Income from property management

Castellum's operations are focused on cash flow growth from routine property management (i.e. growth in income from property management), the yearly objective being a 10% increase in income from property management. Income from property management also forms the basis of the annual shareholder dividend: at least 50% of income from property management. The size of the changes in value have therefore not been defined; they are neither part of the basis for dividends nor of any other basis, for example, the Executive Management's incentive plan. To provide an accurate picture of Castellum's view over its business operations, the statement of comprehensive income has been prepared accordingly (i.e. changes in value not affecting cash flow are presented after items affecting cash flow). Furthermore, one performance item has been added by which the business operations are managed and targeted: income from property management.

Note 1 cont.

Classification

Fixed assets and long-term liabilities consist of amounts that are expected to be recovered, or mature more than twelve months from the balance sheet date. Current assets and short-term liabilities consist of amounts that are expected to be recovered or settled within twelve months of the balance sheet date.

Consolidated financial statements

The Group's balance sheet and income statements include all companies where the Parent Company has a direct or indirect controlling interest, which is obtained when Castellum achieves a voting majority. In addition to the Parent Company, the Group comprises the Group companies and their respective sub-groups listed in Note 28. The consolidated financial statements are based upon the accounts prepared for all Group companies as of 31 December.

The consolidated financial statements are prepared according to the acquisition method, which means that equity in the subsidiaries at the time of acquisition – calculated as the difference between the fair value of the assets and liabilities – is fully eliminated. The equity in the Group includes only the part of the equity in the subsidiaries that has been earned after acquisition.

Companies acquired or sold during the year are included in the consolidated income statement for the period in which they were owned. Intra-Group sales, income, losses and balances are eliminated in the consolidated accounts. The accounts of foreign operations are translated to SEK by translating the balance sheet at the exchange rate on the balance-sheet date – except for equity, which is translated at the historical exchange rate at the acquisition date, while profit or loss is translated at the average exchange rate for the period. Currency translation differences are recognised in other comprehensive income.

Associated companies

Participation in another company is recognised as an associated company if Castellum exercises a significant influence over the company's operational and financial governance through holding at least 20% and at most 50% of the votes. Associated companies are recognised in the consolidated financial statements in accordance with the equity method.

When applying the equity method, the investment is initially measured at cost, and the carrying amount subsequently increases or decreases in order to take into account the Group's share of earnings

and other comprehensive income from its holdings after the acquisition date. The Group's share of profit or loss from an associated company is included in the Group's earnings.

The carrying amounts are tested on every balance-sheet date to assess whether there are indications of a need for impairment for the investment in an associated company. If so, an impairment amount is calculated corresponding to the difference between the recoverable amount and the carrying amount. The impairment is recognised under "Income from associated companies" in profit or loss.

Income

Rental and service income, and income from coworking

Rental income, which from an accounting perspective represents income from operating leases, is invoiced in advance and recognised as a linear allocation in profit or loss, based on the terms in the leases.

The income is divided into rental income and service income. The former includes the customary rent debited including index adjustments, additional charging for investments, and property tax; the latter refers to all other additional charging for extra services such as heating, cooling, waste, water, and so on. Service income is recognised in the period the service was performed and delivered to the tenant. Rental and service income are paid in advance, and prepaid rents are recorded as deferred rental income.

In cases where a lease permits a reduction in rent during a certain period of time matched by a higher rent at another point in time, this rent deficit and surplus are distributed over the term of the lease. Pure discounts, such as reduction for gradual occupancy, are charged to the period in which they occur.

Income from United Spaces, the wholly owned coworking group, consists of membership fees and sales of other services.

Income from property sales

Income from property sales is entered as of the contract date, unless special conditions exist in the purchasing agreement. Sales of properties in corporate wrappers are net accounted for with reference to underlying property price and calculated tax. Earnings from sales of properties are recognised as changes in value and refer to the differences between received sales prices after deduction of sales costs, calculated tax and recognised values in the latest interim report, with adjustments for investments closed down after the latest interim report.

Financial income

Financial income consists of interest income and is recognised in the period it refers to. Group contributions received, as well as dividends received and anticipated, are also recognised as financial income. The effective interest method is applied in calculating financial income.

Financial costs

Financial costs include interest costs (interest and other costs that arise when borrowing money) as well as letting costs and site leasehold fees. Pledging costs for mortgages are not considered financial costs but are capitalised as an increase in value of the investment property. Financial costs are recognised in the period they are attributable to. Interest costs also include costs for interest rate derivative agreements. Payment streams from these agreements are taken up as income in the period they refer to. Net financial items are not affected by market valuation of the interest rate derivatives entered into, which are instead recognised as changes in value under a separate heading. The portion of the interest cost pertaining to interest rates during the production period for larger new construction, extensions or reconstructions is capitalised. Interest is calculated based on the average funding cost for the Group.

Letting costs consist primarily of leases in United Spaces, the coworking group.

From an accounting perspective, site leasehold agreements are leases. The site leasehold fee is recognised as a cost for the period it refers to.

Remuneration to employees

Remuneration to employees is recognised in pace with the performance of services in exchange for remuneration. Remuneration under incentive plans, which is settled in cash and paid as non-pensionable salary, is recognised in pace with achieving objectives and the term of the plan.

Pensions and other post-employment benefits can be classified as defined-contribution or defined-benefit plans. The majority of the Castellum Group's pension commitments are defined-contribution plans, fulfilled through regular payments to independent authorities or bodies administering the plans. Obligations regarding payments to defined-contribution plans are recognised as costs when they arise. A small number of employees within the Castellum Group have defined-benefit ITP plans with ongoing payments to Alecta. These plans are recognised as defined-contribution plans, since Alecta does

Note 1 cont.

not provide the information needed in order to report the plan as a defined benefit plan. There are, however, no indications of any significant liabilities exceeding what has been paid to Alecta.

Income taxes

Income tax is divided into current and deferred tax in profit or loss. Income tax is recognised in the income statement except when attributable to transactions recognised directly against equity, as the tax effect is also recognised directly against shareholders' equity. Current tax is calculated based on the current tax rate of 20.6% in Sweden. As regards Denmark and Finland, current and deferred tax are calculated at 22% and 20% respectively.

Deferred tax

Deferred tax on temporary differences arising between the recognised value of an asset or liability and its tax base is recognised in Castellum under the balance-sheet method. A tax liability or tax asset is thus realised on the date the asset or liability is sold. Exceptions are made for temporary differences arising from the initial recognition of assets and liabilities that make up asset acquisitions. Castellum has three items that contain temporary differences: properties, tax loss carry forwards and untaxed reserves. Deferred tax assets related to tax loss carry forwards are recognised, since it is probable that future taxable income, which may be utilised to offset tax loss carry forwards, will be available. Deferred tax liability is calculated on the difference between the properties' recognised value and their tax base, as well as on untaxed reserves. For changes to any of the items above, the deferred tax liability/tax asset is also changed, which is recognised in profit or loss as deferred tax.

Current tax

Current tax recognised in profit or loss corresponds to the tax the company must pay on taxable income for the year, adjusted for any current tax regarding previous periods.

Leases

Leases where essentially all risks and benefits associated with ownership fall to the lessor are classified as operational leases. From a reporting perspective, all current rental agreements attributable to Castellum's investment properties are to be regarded as leases. Recognition of these leases is indicated in the income policy and Note 3.

There are also a small number of low-value leases, where Castellum is the lessee. These pertain primarily to cars. Payments made during the leasing period are expensed in profit or loss in a straight line over the leasing period.

Investment properties

Investment properties are properties held for the purpose of generating rental income, capital appreciation, or a combination of both rather than for use in the company's own operations for production and supply of goods and services or for administrative purposes and sales in operating activities. All of Castellum's properties, whether owned or used through site leasehold agreements, are deemed to make up investment properties. If the Group begins investment in an existing investment property for continued use as an investment property, it is also recognised as an investment property going forward.

Valuation

Investment properties, which upon acquisition were recognised at acquisition cost including expenses directly attributable to the acquisition, have been recognised in profit or loss at fair value together with changes in value. Fair value was established through an internal valuation model described in Note 13. The note also indicates the assumptions serving as the basis for the valuation. The valuation model is built on a valuation based on the current value of future cash flows with differentiated required yields per property at market rates, depending on factors including location, purpose, condition and standard. In order to provide further assurance for the internal valuation, part of the portfolio has been valued externally. Regarding Kungsleden, an external valuation of the entire portfolio has been carried out.

Change in value

Change in value is recognised in profit or loss and consists of both unrealised and realised change in value. The unrealised change in value is calculated based on the valuation at the end of the period compared with the valuation last year, or alternately on the acquisition cost – if the property was acquired during the year – plus additional expenses capitalised during the period. For properties sold during the year, unrealised change in value is calculated based on the valuation at the latest interim report prior to the sale, compared with the valuation at the end of the preceding year adjusted for additional expenditures capitalised during the period. The method for calculating realised change in value is indicated by the accounting policies for income from property sales.

Additional expenditures

Additional expenditures that entail economic benefits for the company (i.e. they increase valuation and can be reliably calculated) are capitalised. Costs for repairs and maintenance are expensed in the period they arise in. For major new construction, extensions and reconstructions, interest costs during the construction period are capitalised.

Acquisitions and sales

For acquisitions and sales of properties or companies, the transaction is recognised as of the signing date, provided no special conditions exist in the purchasing contract.

Tangible fixed assets

Tangible fixed assets consist of equipment recognised at acquisition cost less any accumulated depreciation and impairment. The acquisition cost includes the purchase price and costs directly attributable to bringing the asset to the site, in usable condition in accordance with the aim of the acquisition. Depreciation of equipment is based on the acquisition cost less any later impairments. The residual value is assumed to be non-existent. Impairments on assets acquired during the year take the acquisition date into account. Depreciation is on a straight-line basis, which means equal depreciation over the period of use – normally five years, except for computers, which are expected to have a three-year period of use.

Goodwill

Goodwill in the consolidated accounts represents the difference between the acquisition cost and the Group's share of the fair value of the acquired Group company's identifiable net assets at the acquisition date.

On the acquisition date, goodwill is valued at acquisition cost; thereafter, it is valued at acquisition cost less any impairment. Goodwill is tested at least once a year regarding the need for any impairment, or when there is an indication that a recognised value is not recoverable.

Financial instruments

Financial instruments recognised in the balance sheet include cash and cash equivalents, rent receivables, financial assets, other receivables excluding non-contractual receivables and loan receivables among assets; and interest rate and currency derivative instruments, accounts payable, other liabilities and loans among liabilities.

Note 1 cont.

Financial instruments are initially recorded at fair value equivalent to acquisition cost plus transaction costs, excepting the category of financial instruments recognised at fair value through the income statement, where transaction costs are excluded. Subsequent recognition occurs thereafter depending on classification in accordance with the below.

Financial transactions such as receipt or payment of interest and credits are recognised on the settlement day of the bank keeping the account, while other receipts and payments are recognised on the accounting date of the bank keeping the account.

A financial asset is removed from the balance sheet when the rights in the agreement are realised or expire, or when the company no longer exercises control over it. A financial liability is removed from the balance sheet when contractual obligations in the agreement have been paid or otherwise extinguished.

Cash and cash equivalents

Cash and cash equivalents could consist of the Group's available cash balances in banks and similar institutions, as well as bank deposits with a residual maturity of no more than ten (10) banking days, short-term investments in government bonds and bank and municipal bonds with a residual maturity of a maximum of three (3) months. At 31 December, cash and cash equivalents consisted entirely of unapproprated bank balances.

Receivables

Financial assets which are not derivatives, that feature fixed or fixable payments and are not quoted on an active market, are recognised as receivables. Financial assets are classified under amortised cost, fair value through profit or loss or fair value through other comprehensive income based on the character of the asset's cash flow and on the business model that covers the asset. All Castellum's financial assets that are not derivatives meet the criteria for contractual cash flows and are held in a business model whose purpose is to collect these contractual cash flows. The receivables are thereby recognised at amortised cost. The Group has rent receivables and other receivables, where the latter pertains chiefly to VAT and tax receivables, and receivables attributable to properties sold. After individual valuation, receivables were taken up at the amount at which they are expected to be received, which means that they are recognised at acquisition cost with allowance for expected credit losses.

The simplified model for credit loss provisions is used for the Group's receivables with the exception of cash and cash equivalents. Credit provisions are routinely assessed based on historic data as well

as current and prospective factors. Owing to the short tenor of the receivables, the amounts of the allowances are insignificant. The Group defines "in default" as receivables that are overdue by more than 90 days; in such cases, an individual assessment and allowance are made. The allowance for cash and cash equivalents is assessed based on the likelihood of default and on prospective factors. Owing to short tenors and high credit ratings, the amounts of the allowances are insignificant.

Receivables in the Parent Company consist only of receivables from the subsidiaries, which are recognised at acquisition cost. Receivables from the subsidiaries are analysed in the general model, and the expected credit reserves are calculated based on the contract, adjusted for prospective factors and taking the value of the collaterals into account. Receivables without collaterals in properties are an insignificant amount, and given the value of the collaterals, the amount of the reserve is insignificant.

Liabilities

Liabilities refer to credits and operating liabilities such as accounts payable. The majority of Castellum's credit agreements are long-term. In the event short-term credits covered by unutilised long-term credit agreements are taken out, these are also considered long-term. The credits are recognised in the balance sheet on the settlement day and recognised at amortised cost. Accrued unpaid interest is recognised under accrued expenses. A liability is recognised when the counterparty has delivered and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when the invoice is received. Accounts payable and other operating liabilities with short maturities are recognised at nominal value.

Foreign currency

Transactions in foreign currencies are translated to Swedish kronor (SEK) at the exchange rate current at the time of the transaction. Monetary assets and liabilities are translated at the rate on the balance sheet date.

Derivatives

Interest rate derivatives comprise financial assets or liabilities measured at fair value, with changes in value recognised in profit or loss. To manage exposure to fluctuations in the market interest rate in accordance with its adopted financial policy, Castellum has entered into interest rate derivative agreements. Changes in value will occur when using interest rate derivatives, depending primarily on changes to the market interest rate. Interest rate derivatives are initially

recognised on the trade date at acquisition cost in the balance sheet, and subsequently appraised at fair value, with changes in value, in the income statement.

Changes in value can be realised as well as unrealised. Realised changes in value refer to settled interest rate derivative contracts and constitute the difference between the price at the time of settlement and the recognised value according to the latest interim report. Unrealised changes in value refer to the changes in value that arose during the period for the interest rate derivative agreements Castellum held at the end of the period. Changes in value are calculated based on valuation at the end of the period, compared to valuation from the previous year, or alternately the acquisition cost if the interest rate derivative agreement was entered into during the year. For interest rate derivatives settled during the year, an unrealised change in value is recognised and calculated based on valuation at the time of the latest interim report, prior to settlement, compared with valuation at the end of the preceding year. Rolling cash flows under the agreement are taken up as income for the period they refer to.

Castellum uses currency derivatives in order to hedge investments in Denmark, Norway and Finland as well as to manage currency risk and adjust its interest rate structure for borrowing in the international capital market. Financing of foreign investments can be achieved both through raising loans in the functional currency of the foreign company, and by entering into currency derivatives. Castellum applies hedge accounting for both net investments in foreign operations and currency exposure as a consequence of borrowing in the international capital market in those cases where currency derivatives are used. They are initially recognised in the balance sheet at acquisition cost on the transaction date, and thereafter reported at fair value in which the effective portion of the change in exchange rate regarding the hedging instrument is recognised in other comprehensive income, while the ineffective portion is recognised as a change in value in the income statement. The exchange rate on the balance sheet date is used to establish fair value.

At the time the hedge is opened, there is hedging documentation describing the hedging as well as the company's strategy and risk management, and a description of the efficiency of the hedging and how it is measured and monitored.

Based on the criteria below, the hedging is deemed to be very efficient.

There is a financial link between the hedged item and the hedging instrument. The effects of credit risk are not predominant in the changes following from the financial link. The hedge ratio for the hedging relationship is the same as the one resulting from the quantity of the hedged item that the company actually hedges and the quantity of

Note 1 cont.

the hedging instrument that the company actually uses to hedge the amount of hedged items.

If a hedge ceases to be efficient for reasons related to the hedge ratio but nothing changes in the risk strategy, the company will rebalance the hedge.

Castellum designates only the spot risk in hedges using forward contracts; other parts of the market value are recognised in profit or loss.

The Group discontinues hedge reporting only when the hedge no longer meets the qualification criteria: when the hedging instrument is sold or redeemed, or when a hedged forecast no longer meets the requirements for being highly probable. Adjustments for counterparty risk – credit valuation adjustment (CVA) and derivative valuation adjustment (DVA) – are made when appraising derivatives at fair value.

Provisions

Provisions are liabilities that are uncertain as regards time of payment or amount. A provision is recognised when there are contractual obligations, court orders or other legal grounds likely to involve future payments. The amount allocated is routinely assessed. Obligations that fall due in over a year are appraised through discounting.

Equity

Repurchase of own shares

Repurchased shares reduce equity by the purchase price paid, including any transaction costs.

Dividends

Dividends are recognised as a reduction of equity after resolution by the Annual General Meeting (AGM). Anticipated dividends are recognised as financial income by the recipient.

Hybrid bond

Bonds are classified as liability or equity based on whether any contractual obligation exists to settle the agreement through the payment of cash or another financial asset. This assessment applies to both nominal amounts and interest payments. Upon initial recognition, it was assessed that the hybrid bond was to be classified as equity and not as a liability. Interest on the hybrid bond is recognised directly against equity.

Earnings per share

Calculation of earnings per share is based on the Group's net income for the year pertaining to the shareholders of the parent company, and on the weighted average number of shares outstanding during the year.

Non-controlling interest

Non-controlling interest consists of the minority of shares in subsidiaries that Castellum did not control as of the end of the accounting period. Acquisition of shares owned by a minority owner entail a transfer within equity.

Definition of operating segments

The Group's operations are organised, governed and reported by geographical region. Operating segments are consolidated according to the same principles as the Group in its entirety. Income and costs reported for each operating segment are actual costs. No allocation of shared costs has thus been made. The same applies to the assets and liabilities recognised in the note on segments.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Net profit or loss is adjusted for effects of non-cash transactions during the period as well as for income or costs associated with the cash flow from investment or financing activities.

Differences in Group and Parent Company accounting policies

The Annual Report of the Parent Company has been prepared according to the Annual Accounts Act and by application of the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for legal entities. RFR 2 states that a legal entity shall apply the same IFRS/IAS that are applied in the consolidated accounts, with exceptions for and additions of rules and laws mainly according to the Annual Accounts Act, and with consideration to the relationship between accounting and taxation. Differences in accounting policies between the Group and the Parent Company are presented below.

Presentation

The income statement and balance sheet for the Parent Company are presented according to the Annual Accounts Act schedules.

Shares in Group companies and associated companies

Shareholdings in Group companies and associated companies are accounted for in the Parent Company according to the cost method. Transaction costs are capitalised as part of the cost of the shares. Dividends are recognised as financial income. The carrying amount is regularly compared to the consolidated equity of the companies. In the event the carrying amount is lower than the consolidated value of the companies, an impairment is recognised in profit or loss. Previous write-downs that are no longer justified are reversed.

Contingent liabilities

Contingent liabilities for the benefit of Group companies are financial guarantees and accounted for in accordance with RFR 2 (i.e. they are not recognised as provisions).

New accounting policies

New and revised existing standards and interpretations, approved by the EU interpretations, approved by the EU

New standards that entered force in 2021

Amendments to IFRS 9, IAS 39 and IFRS 7 attributable to Phase 2 of the reference rate reform entered force on 1 January 2021 and provide guidance regarding how the effects of the reform are to be recognised. Castellum applied the amendments to IFRS in advance starting in 2019. The amended accounting policies did not have any impact on the financial reports, but were implemented in order to facilitate continued hedge accounting of currency derivatives.

Other EU-approved new and amended standards, as well as interpretations from the IFRS Interpretations Committee, are currently not expected to affect Castellum's net income or financial position to any significant extent.

Changes in Swedish regulations

Changes in 2021 had no material impact on Castellum's accounting.

New standards that enter force in 2022

EU-approved new and amended standards, as well as interpretations from the IFRS Interpretations Committee, are currently not expected to affect Castellum's net income or financial position to any significant extent. The same applies to Swedish regulations.

Note 2 Operating segments

Castellum owns properties primarily in Sweden, but in Denmark and Finland as well. The Group's operating segments consist of the following geographical areas: Central (Örebro, Vasterås, Linköping, Norrköping, Jönköping and Växjö), West (Greater Gothenburg including Borås and Halmstad), Stockholm–North (Stockholm, Uppsala and Gävle), Öresund (Malmö, Lund, Helsingborg and Copenhagen) and Finland. The operating segments are identified by geographical field of activity, which is according to how they are followed up and analysed by the highest operational decision-maker in the Group. The Group manages only commercial properties.

	Central		West		Stockholm–North		Öresund		Finland		Unallocated items		Total segments	
Operating segments	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Rental income, external	1,590	1,491	1,185	1,277	1,596	1,492	1,063	1,123	290	55	—	—	5,723	5,438
Service income, external	96	104	87	88	127	119	105	139	46	4	—	—	461	454
Coworking income, external	—	—	—	—	—	—	—	—	—	—	169	112	169	112
Income	1,685	1,595	1,272	1,365	1,723	1,611	1,168	1,262	336	59	169	112	6,353	6,004
Property costs	-517	-451	-371	-349	-421	-364	-350	-334	-138	-25	-16	-26	-1,813	-1,549
Coworking costs	—	—	—	—	—	—	—	—	—	—	-194	-120	-194	-120
Central administration expenses	-8	-7	-7	-8	-12	-10	-7	-9	-24	-4	-116	-111	-174	-149
Income from prop. mgmt, associated companies	—	—	—	—	—	—	—	—	—	—	161	—	161	—
Interest income	12	13	33	12	32	10	31	23	19	—	-125	-52	2	6
Dividend	—	—	—	—	—	—	—	—	—	—	61	—	61	—
Leases/Site leasehold fees	-2	-2	-7	-6	-7	-7	-3	-3	-3	—	-5	-2	-27	-20
Interest costs	-225	-235	-171	-224	-210	-215	-177	-192	-128	-22	65	96	-847	-792
Income from property management	945	913	749	790	1,105	1,025	662	747	62	8	—	-103	3,522	3,380
Impairment of goodwill/Transaction costs	-20	—	—	—	—	—	—	—	—	—	-277	-95	-297	-95
Other income, associated companies	—	—	—	—	—	—	—	—	—	—	981	—	981	—
Change in values on properties	838	705	1,844	948	2,869	1,247	1,684	734	-32	229	-18	—	7,185	3,863
Change in values on derivatives	—	—	—	—	—	—	—	—	—	—	325	-120	325	-120
Change in value on shares	—	—	—	—	—	—	—	—	—	—	153	—	153	—
Income before tax	1,763	1,618	2,593	1,738	3,974	2,272	2,346	1,481	30	237	1,164	-318	11,869	7,028
Investment properties	36,884	24,316	28,769	23,160	56,915	32,452	23,391	20,402	7,187	2,712	—	—	153,146	103,042
of which investments this year	12,785	703	7,521	571	26,148	962	6,967	1,265	6,542	1,657	-18	—	59,946	5,158

Of the Group's external rental income and investment properties, MSEK 707 (476) pertains to rental income from tenants in Denmark and Finland, and MSEK 13,122 (9,091) pertains to investment properties located in Denmark and Finland.

Note 3 Income

Rental value

The Group's income totalled MSEK 6,353 (6,004). Rental income includes discounts of MSEK 116 (119) as well a lump sum of MSEK 27 (16) as a result of early termination of leases. Rental income consists of the rental value less the value of vacant premises during the year and service income. Rental value refers to income received and the estimated market rent of vacant premises. The rental value also includes supplementary charges for the tenant such as heating, property tax and an indexation supplement. Castellum granted discounts of MSEK 3 in accordance with the government's rent support package linked to COVID-19, whereby Castellum takes 50% of the cost. Income for the year also includes MSEK 168 (112) from United Spaces, the wholly owned coworking company. Rental value in SEK per square metre for the different geographies and types of properties, as well as which areas contributed to the income trend, are shown in the tables below. Rental levels in the like-for-like portfolio increased 2% (2) year-on-year.

Rental value, SEK/sq. m.	Offices		Public sector properties		Warehouse/Logistics	
	2021	2020	2021	2020	2021	2020
Central	1,615	1,544	1,799	1,783	836	812
Öresund	2,044	1,889	1,814	2,206	906	842
Stockholm	2,536	2,424	2,420	3,168	1,277	1,242
West	1,792	1,815	1,259	1,360	890	821
North	1,192	1,632	1,454	1,492	—	—
Denmark	2,101	2,423	2,417	2,513	833	837
Finland	2,680	3,120	1,630	—	—	—
Total	2,049	1,949	1,769	1,939	938	912

Rental value, SEK/sq. m.	Retail		Light industry		Total	
	2021	2020	2021	2020	2021	2020
Central	1,344	1,288	1,053	1,070	1,477	1,469
Öresund	1,423	1,522	815	792	1,562	1,667
Stockholm	1,598	1,537	1,140	1,250	2,174	1,901
West	1,397	1,278	960	873	1,275	1,191
North	1,200	—	—	—	1,412	1,499
Denmark	—	—	—	—	1,994	3,120
Finland	—	—	—	—	2,543	3,120
Total	1,439	1,414	1,029	979	1,648	1,538

Earnings trend, MSEK	2021	2020	Change, %
Like-for-like portfolio	4,781	4,688	+2.0%
Development properties	234	195	
Transactions	1,169	1,009	
Coworking	169	112	
Income	6,353	6,004	

Renegotiation

Commercial leases, for which rents are paid quarterly in advance, are signed for a fixed period of time, which means that a change in market rents does not have an immediate effect on rental income. Rental levels can only be changed when the lease in question is due for renegotiation. Commercial leases include an index clause, which provides for an upward adjustment of the rent corresponding to a certain percentage of inflation during the previous year.

The lease maturity structure for Castellum's portfolio is shown in the table below, where lease value refers to annual value. The relatively low proportion of contracts maturing in 2021 is primarily due to the fact that most contracts, owing to notice periods, have already been renegotiated. The most common terms for new lettings include a 3–5 year duration, with a nine-month notice period. The average remaining lease duration in the portfolio is 3.7 years (3.9).

Lease maturity structure	Number of leases	Thousand sq. m.	Lease value, MSEK	Percentage of value
Commercial, term				
2022	2,481	739	1,138	14%
2023	2,017	933	1,479	18%
2024	1,485	927	1,576	19%
2025	945	683	1,182	14%
2026	303	436	665	8%
2027+	487	1,071	1,994	24%
Total	7,718	4,789	8,034	97%
Residential	521	42	50	1%
Parking spaces and other	6,751	3	177	2%
Total	14,990	4,834	8,261	100%

Note 3 cont.

Economic occupancy rate

The average economic occupancy rate during 2021 was 93.2% (93.1). Gross lettings (i.e. the annual value of total lettings) during the period was MSEK 720 (644), of which MSEK 185 (258) pertained to lettings in conjunction with new construction, extensions and reconstructions. Notices of termination amounted to MSEK 558 (405), of which bankruptcies were MSEK 8 (9). MSEK 81 (17) related to notice periods with more than 18 months left of the contract. Hence, net lettings for the year were MSEK 162 (239). The time difference between reported net lettings and the effect in income is estimated to be 9–18 months.

	Offices		Public sector properties		Warehouse/Logistics	
Economic occupancy rate	2021	2020	2021	2020	2021	2020
Central	92.5%	91.9%	96.3%	96.7%	88.8%	87.7%
Öresund	93.3%	92.5%	97.7%	98.6%	91.4%	96.1%
Stockholm	91.0%	90.4%	97.9%	97.2%	94.4%	91.9%
West	93.0%	92.5%	94.7%	90.4%	91.2%	93.8%
North	87.9%	98.4%	96.9%	95.3%	—	—
Denmark	93.4%	91.6%	98.5%	99.2%	76.7%	81.0%
Finland	91.8%	86.2%	89.2%	—	—	—
Total	92.1%	91.4%	96.3%	96.5%	91.3%	92.8%

	Retail		Light industry		Total	
Economic occupancy rate	2021	2020	2021	2020	2021	2020
Central	96.0%	97.6%	97.5%	96.8%	94.0%	93.7%
Öresund	92.2%	90.2%	88.1%	94.0%	93.1%	93.5%
Stockholm	98.6%	94.9%	97.2%	95.5%	92.6%	92.7%
West	94.2%	96.9%	97.0%	95.8%	93.1%	93.2%
North	100.0%	—	—	—	96.0%	95.5%
Finland	—	—	—	—	91.6%	86.2%
Total	96.0%	95.4%	96.9%	95.5%	93.2%	93.1%

Risk exposure, credit risk

Castellum's lease portfolio features a good risk exposure. The Group has approximately 7,700 commercial leases and 500 residential leases; their distribution in terms of size is presented in the table below. The single largest lease accounts for 1.2% of the Group's total rental income, while the corresponding figure for the single largest customer is 1.9%, which means that Castellum's exposure to credit risk from a single customer is very low.

Lease size, MSEK	Number of leases	Share	Lease value, MSEK	Share
Commercial				
<0.25	3,569	24%	256	3%
0.25–0.5	1,192	8%	442	5%
0.5–1.0	1,167	8%	822	10%
1.0–3.0	1,221	8%	2,072	25%
>3.0	569	4%	4,442	54%
Total	7,718	52%	8,034	97%
Residential	521	3%	50	1%
Parking spaces and other	6,751	45%	177	2%
Total	14,990	100%	8,261	100%

The table below shows contractual future rental income.

	Group		Parent Company	
Future rental income for existing leases	2021	2020	2021	2020
Contractual rental income, year 1				
Commercial leases	7,924	5,755	—	—
Residential	19	14	—	—
Contractual rental income between 2 and 5 years	16,935	12,730	—	—
Contractual rental income after more than 5 years	8,786	6,502	—	—
Total	33,664	25,001	—	—

Rent receivables

Rents are invoiced and paid in advance, which means that all of the Group's rent receivables total MSEK 130 (47) after provisions/impairments of MSEK 36 (33) fell due for payment.

Parent Company

The Parent Company consists of only Group-wide functions and the turnover mainly consists of intra-Group services.

Note 4 Costs

Direct property costs totalled MSEK 1,396 (1,170), corresponding to SEK 346 per square metre (279). Costs include both direct property costs (such as operation, maintenance, site leasehold fee and property tax) and indirect costs (lettings and property administration expenses). In addition, expenses for coworking of MSEK 194 (120) are included.

Cost trend, MSEK	2021	2020	Change, %
Like-for-like portfolio	1,003	944	+6.3%
Development properties	72	55	
Transactions	321	171	
Direct property costs	1,396	1,170	+19.3%
Coworking	194	120	
Property administration	417	379	
Central administration expenses	174	149	
Costs	2,181	1,818	+20.0%

Operating costs

Operating costs include costs such as electricity, heating, water, facilities management, cleaning, insurance, rent losses and property-specific marketing costs. Most costs are recharged to the customers as supplements to rent. For warehouse and logistics properties, however, customers are in most cases directly responsible for the majority of operating costs. Operating costs amounted to MSEK 840 (654) corresponding to SEK 213 per square metre (155). Operating costs, which are considered to be at a normal level for the business, are weather dependent, and vary between years and seasons. Operating costs include rent losses of MSEK 1 (19), corresponding to 0% of rental income.

Maintenance

Maintenance costs are ongoing measures to maintain the property's standard and technical systems. Maintenance costs totalled MSEK 155 (145), corresponding to SEK 40 per square metre (38).

Property tax

The Group's property tax was MSEK 401 (371), corresponding to SEK 93 per square metre (86). Property tax is a federal tax based on the property's tax-assessed value. The tax rate in Sweden was 1.0% of the tax assessment value for office/retail properties and 0.5% for warehouse/logistics. In Denmark and Finland, tax rates vary depending on which municipality the properties are located in. A large part of the property tax will be charged onward to the customer.

Lettings and property administration expenses

The Group's lettings and property administration expenses for 2021 were MSEK 417 (379), corresponding to SEK 79 per square metre (90). Lettings and property administration expenses are indirect costs for routine property management, as well as costs for leasing operations, rent negotiation, leases, and rent debiting and collecting as well as accounting and project administration costs, and costs for depreciation on equipment and installations at subsidiaries. Of those costs, MSEK 239 (220) pertained to employee benefits and MSEK 26 (21) to depreciation on equipment.

Summary property costs

Property costs per square metre, distributed by property category and type of cost are shown below.

	Offices		Public sector properties		Warehouse/Logistics	
Property costs, SEK/sq. m.	2021	2020	2021	2020	2021	2020
Operating costs	259	208	205	173	128	93
Maintenance expenses	50	56	37	35	23	18
Property tax	133	130	89	112	27	28
Direct property costs	443	394	331	320	178	139

	Retail		Light industry		Total	
Property costs, SEK/sq. m.	2021	2020	2021	2020	2021	2020
Operating costs	139	134	215	98	213	155
Maintenance expenses	34	32	32	25	40	38
Property tax	78	75	24	27	93	86
Direct property costs	252	241	271	150	346	279
Lettings /property administration expenses					79	90
Total	252	241	271	150	425	369

Central administrative expenses

Central administrative expenses consist of costs for portfolio management and administration as well as costs for maintaining the Stock Exchange listing. This involves all costs for Castellum AB covering Executive Management, the finance and accounting department, IT, staff, investor relations, annual report, audit fees, depreciation of equipment and facilities, and so on. Costs for the CEO at the regional level are also included. Of these costs, excluding the incentive plan described below, MSEK 69 (79) pertains to remuneration to employees and MSEK 11 (13) to depreciation on equipment.

Central administrative expenses also include costs relating to an earnings and share price-related incentive plan for Executive Management amounting to MSEK 9 (14).

Auditors' fees

	Group		Parent Company	
Auditors' fees	2021	2020	2021	2020
Audit assignment	5	5	1	1
Audit in addition to the audit assignment	4	2	4	—
Other services	—	—	—	—
Total	9	7	5	1

The Group's total remuneration to auditors of KSEK 8,858 (7,035) pertains to all remuneration to Deloitte.

Note 5 Acquisition costs

In the third quarter, Castellum publicised its offer for the listed property company Kungsleden. Costs worked up pertaining to the above total approximately MSEK 76. The fourth quarter of 2020 was charged with acquisition costs of MSEK 25 attributable to Castellum's attempt to acquire the listed Norwegian property company Entra. The transaction was not completed, however, which was announced in February 2021.

Note 6 Income from associated companies

In the third quarter, Castellum increased its holding in the Norwegian listed property company Entra, meaning that the holdings changed in character, as regards reporting, from financial holdings to associated company. This means that Castellum's share of Entra's profits is recognised from the point in time when its ownership exceeded 20%, which occurred in late August. The holdings are recognised using the equity method. Income from associated companies totalled MSEK 1,142 and consisted in part of Castellum's share of Entra's profits of MSEK 880 and in part of impairment of participations in associated companies of MSEK 509 and -246 respectively as well as income from Castellum's other associated companies of MSEK -1 (—). For further information on Entra, refer to Note 17.

	Group	
	2021	2020
Income from property management	161	—
Change in values on properties	935	—
Tax	-234	—
Other	17	—
Castellum's share of associated company earnings	879	—
Revaluation of participations in associated companies	509	—
Impairment of participations in associated companies	-246	—
Income from associated companies	1,142	—

Note 7 Interest and financial income

	Group		Parent Company	
	2021	2020	2021	2020
Interest income	2	3	—	—
Group contributions received, subsidiaries	—	—	114	100
Received/anticipated dividend, subsidiaries	—	—	3,058	1,441
Received dividend, associated companies	—	—	147	—
Interest income, subsidiaries	—	—	845	865
Other financial income	—	3	61	8
Total	2	6	4,225	2,414

Interest income, for both the Group and the Parent Company, is attributable to receivables valued at amortised cost.

Note 8 Interest and financial costs

	Group		Parent Company	
	2021	2020	2021	2020
Interest costs	847	792	815	804
Interest costs, subsidiaries	—	—	147	74
Fees for acquisitions	27	70	27	70
Other financial costs	—	—	83	25
Total	874	862	1,072	973

Net interest for the year was MSEK -845 (-786). During the year, interest of MSEK 50 (37) was capitalised regarding investments in the asset portfolio, where an average interest rate level of 1.8% (1.9) was used. Of the Group's interest costs, MSEK 764 (641) pertains to liabilities valued at amortised cost. The corresponding value for the Parent Company is MSEK 627 (653). The remaining interest costs refer primarily to ongoing interest attributable to Castellum's interest rate and currency derivatives.

Castellum signed credit agreements to ensure financing of the acquisition of Kungsleden, which was subsequently cancelled as a result of financing completed in the capital market. Net income for the period was charged with approximately MSEK 27 for these credits. Similar costs of MSEK 70 arose in 2020 in conjunction with Castellum's bid for Entra.

Note 9 Letting cost/Site leasehold fee

Site leasehold fees including leasing fees for 2021 totalled MSEK 23 (18). Site leasehold fee is the annual fee paid to the municipality by the owner of a building on land owned by the municipality. The fee is currently calculated in such a way that the municipality receives a fair real interest rate based on the estimated market value of the site. The site leasehold fee is spread over time and is mostly renegotiated at intervals of 10 to 20 years. At year-end 2021, Castellum had 85 (55) properties with site leaseholds. Existing site leasehold agreements mature relatively evenly over the next 60 years. In most cases, when notice of termination is given for a site leasehold agreement, the property owner (the municipality) is to compensate Castellum for buildings, etc. There are, however, a few agreements where the municipality can demand that the land be restored.

	Group		Parent Company	
	2021	2020	2021	2020
Future contractual site leasehold fees				
Contractual site leasehold fees year 1	47	18	—	—
Contractual site leasehold fees between years 2 and 5	176	66	—	—
Contractual site leasehold fees later than 5 years	1,040	297	—	—
Total	1,263	381	—	—

In addition, interest costs for leases totalled approximately MSEK 4 (2) attributable to leases in United Spaces, the wholly owned coworking company.

Note 10 Changes in value

Properties

Both interest in property investments (which was rather uncertain in the first half-year) and access to capital strengthened during the second half-year, which has resulted in a stable and strong property market despite it still being impossible to fully overview the effects of the pandemic. A certain amount of differentiation is occurring among different property types, with secure cash flows remaining particularly attractive. Castellum recognised an unrealised change in value of MSEK 6,307 (3,712). Moreover, sales of MSEK 878 (151) were recognised, comprising the sale and/or cash settlement of 126 properties. In the spring, 92 properties divided into two portfolios were sold to Blackstone, with vacancy in February and May respectively. In early July, parts of the portfolio acquired through Kiolo that same month were sold. A portfolio of 17 properties was sold to Oscar Properties in November.

Derivatives

Castellum uses interest rate derivatives to achieve the desired interest rate maturity structure. If the agreed interest rate deviates from the market interest rate, notwithstanding credit margins, a theoretical surplus or deficit value arises in the interest rate derivatives, where changes in value not affecting the cash flow are recognised in profit or loss. Castellum also holds derivatives in order to hedge currency fluctuation in its investments in Denmark, Norway and Finland as well as to manage currency risk and adjust its interest rate structure in connection with borrowing in the international capital market. As for currency derivatives, a theoretical surplus/deficit value occurs if the agreed exchange rate deviates from the current exchange rate, where the effective portion of changes in value is accounted for in other comprehensive income.

The value of the derivatives changed by MSEK 325 (-120), mainly due to changes in long-term market interest rates.

Note 11 Income taxes

Recognised tax totalled MSEK -41 (1,413), of which MSEK -173 (-247) is current tax. Current tax is based on taxable income for the year, which is lower than the recognised earnings. This is mainly an effect of the possibility of using tax depreciation on buildings, using direct tax deductions for certain property reconstructions, which are capitalised in the accounts, tax-free sales of properties and utilising existing tax loss carry forwards. Deferred tax is a provision for future tax that will be paid when the properties are sold, and the depreciation for tax purposes and the capitalised investments deducted for tax purposes are reversed.

Swedish accounting legislation does not permit the recognition of properties at fair value in legal entities; that is why changes in value on properties only occur at Group level and thus do not affect taxation. Certain financial instruments, such as interest rate swaps, might be recorded at fair value at entity level. In Castellum's case, the changes in value on such instruments are covered in the Swedish interest deduction limitation regulations. Tax paid arises as a result of existing tax loss carry forwards being locked in and can thus not be utilised in the Group as a whole.

Tax calculation for the Group	Basis 2021		Basis 2020	
	Current tax	Deferred tax	Current tax	Deferred tax
Income from property management	3,522		3,380	
In associated companies	-161		—	
Non-deductible interest	174		174	
Deductions for tax purposes				
depreciation	-1,376	1,376	-1,319	1,319
reconstructions	-499	499	-392	392
Transfers to tax allocation reserve	-198	198	—	—
Other tax adjustments	-271	-312	-439	165
Taxable income from property management	1,192	1,761	1,404	1,876
Sales of properties	1	-9,063	3	-181
Change in values on properties	—	6,307	—	3,712
Change in value on derivatives	-32	32	—	—
Taxable income before tax loss carry forwards	1,161	-963	1,407	5,407
Tax loss carry forwards, opening balance	-603	603	-854	854
Tax loss carry forwards, closing balance	2,236	-2,236	603	-603
Taxable income	838	-640	1,156	5,658
Tax in profit or loss	-173	132	-247	-1,166

Tax loss carry forwards consist of prior years' tax losses. The losses, which are not restricted in time, are used to offset future taxable profits. Remaining tax loss carry forwards are estimated at MSEK 2,236.

Total tax may differ from nominal tax due to non-taxable/tax-deductible income/costs or as an effect of other tax adjustments. Total tax recognised by Castellum is less than nominal tax. The effective tax on income from property management, without consideration of tax loss carry forwards, can be calculated to 7%.

Tax cost/income	Group		Parent Company	
	2021	2020	2021	2020
Recognised income before tax	11,869	7,028	3,551	1,764
Tax according to current tax rate	-2,445	-1,448	-732	-377
Tax effects due to:				
non-taxable dividend	—	—	673	401
non-deductible impairment, shares in Group companies	—	—	121	-14
non-taxable reverse impairment, shares in Group companies	—	—	—	—
non-deductible interest/chg. in values on derivatives	48	-61	-62	-28
non-taxable sales of properties/Group companies	2,048	30	—	—
other tax adjustments	308	66	—	3
Tax expense/income recognised	-41	-1,413	—	-15

Note 12 Personnel and Board of Directors

	Group		Parent Company	
	2021	2020	2021	2020
Number of employees				
Average number of employees	443	413	85	81
of which women	189	162	55	49
of which Finland (of which women)	8 (4)	2 (1)	—	—
of which Denmark (of which women)	12 (3)	12 (3)	—	—

Salaries, remuneration and benefits

	Group		Parent Company	
	2021	2020	2021	2020
Salaries, remuneration and benefits				
Chairman of the Board	1.2	1.2	1.2	1.2
Other Board members	3.2	3.0	3.2	3.0
Chief Executive Officer and Deputy CEO				
Base salary	6.9	4.7	6.9	4.7
Variable remuneration	-1.0	3.5	-1.0	3.5
Benefits	0.1	0.1	0.1	0.1
Other senior executives				
Group: 7 (7), Parent Company: 3 (3)				
Base salary	12.8	13.2	5.1	5.9
Variable remuneration	8.0	7.2	3.2	2.5
Benefits	0.6	0.6	0.2	0.2
Employees excluding executive management	293.2	286.1	67.6	79.5
Total	325.1	319.6	86.5	100.6
Contractual pensions costs				
Chief Executive Officer and Deputy CEO	1.7	1.5	1.7	1.5
Other senior executives (7 men, 3 women)	4.1	4.2	1.7	1.9
Employees excluding executive management	44.4	35.6	8.7	11.6
Total	50.2	41.3	12.1	15.0
Statutory social security expenses incl. payroll tax				
Chairman of the Board	0.4	—	0.4	—
Other Board members	1.0	—	1.0	—
Chief Executive Officer and Deputy CEO	2.3	3.0	2.3	3.0
Other senior executives (7 men, 3 women)	7.7	7.6	3.0	3.2
Employees excluding executive management	102.9	98.4	23.4	27.8
Total	114.3	109	30.1	34.0
Total	489.6	469.9	128.7	149.6

In 2021, the Parent Company had 7 (8) board members, of whom 3 (4) were women, while the total number of Board members in the Group's subsidiaries was 23 (13), of whom 12 (4) were women. At year end, the Group had 8 (8) senior executives, of whom 4 (4) were women. The total number of senior executives in the management groups of all the subsidiaries, and senior executives of the Group, was 47 (37), of whom 23 (14) were women.

Board remuneration

Board remuneration was set by the 2021 Annual General Meeting at KSEK 3,565, of which KSEK 1,015 was allocated to the Chairman of the Board and KSEK 425 to each of the remaining Board members. Additional remuneration totalling KSEK 750 is also due. These amounts apply from the AGM on 25 March 2021 to the AGM on 31 March 2022.

Board fees	2021	2020
Per Berggren	673	490
Rutger Arnhult	1,020	—
Anna-Karin Celsing	625	—
Christina Karlsson Kazeem	500	421
Anna Kinberg Batra	447	—
Zdravko Markovski	525	263
Joacim Sjöberg	447	213
Charlotte Strömberg	—	1,189
Anna-Karin Hatt	—	490
Christer Jacobson	—	421
Nina Linander	—	609
Johan Skoglund	—	121
Total	4,237	4,217

Executive Management

At year end, the CEO, the Chief Financial Officer, the Deputy CEO/Chief Financial Officer, Director Communications and HR Director, as well as the four Managing Directors of the regions, were part of Castellum AB.

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 base salary as well as 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 components:

- A profit-based component that is based on growth in income from property management compared to the previous year, as well as an overall estimation of development for certain individual factors. Full outcome requires that growth in income from property management per share reaches 10% per year. When growth is in the 0–10% range, a linear calculation of the incentive is made. The profit-based component 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 2021 was 56% (72), representing a cost of MSEK 3 (6) including social security contributions.

Note 12 cont.

- A share price-based component that is based on the total return on the Castellum share during a three-year period, both in nominal figures and compared with index for property shares in Sweden, the Euro-zone and the UK. For full outcome of the incentive plan, the total return must be at least 50% during the period and the total yield has to exceed index development by at least 5 percentage points during the period. When growth is in the 0–50% and 0–5 percentage points ranges respectively, a linear calculation of the incentive is made. Any variable remuneration is paid as salary after the measurement period from June 2020 to May 2023. During the three-year period, the share price-based portion may total no more than one and a half years' salary, equivalent to a cost for Castellum of MSEK 20 including social security expenses. As of December 2020, the time-adjusted outcome was 75% (64), representing a cost of MSEK 8 (4) including social security contributions. Final reading and set-offs will occur in May 2023.

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 pensionable contributions.

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-contribution 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

In the event of notice of dismissal by the company, the notice period will not exceed 6 months regarding the Chief Executive Officer and 12 months for any other member of Group executive management. When notice of termination is given by the Chief Executive Officer or any other member of Executive Management of the company, the notice period is six months. During the notice period, salary and other benefits are paid, with deduction for salary and remuneration derived from other employment or activity. No deduction will occur for the Chief Executive Officer. Upon notice of dismissal of the Chief Executive Officer by the company, a severance pay of 12 months' fixed salary is paid, and is not reduced as a result of other income received by the Chief Executive Officer.

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-contribution payments and their return on investment will be received as pension. However, there is an exception for about 40 employees within the Castellum Group who instead have defined-benefit ITP plans with regular payments to Alecta. Fees for the year for pension insurance policies signed with Alecta totalled MSEK 1.5 (1.6). 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 and can therefore not be reported. Alecta's latest official consolidation level for 2021 was 172% (148). The collective consolidation level is made up by the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's assumptions for calculating the insurance, which do not comply with IAS 19.

Note 13 Investment properties

Schedule of the changes during the year	Group	
	2021	2020
Opening balance	103,042	95,168
New construction, extensions and reconstructions	3,799	2,512
<i>of which capitalised interest costs</i>	50	37
Acquisitions	56,147	2,646
Sales	-16,350	-740
Change in value	6,307	3,712
Currency translation	201	-256
Closing balance	153,146	103,042
Schedule of tax assessment value		
Buildings	39,450	29,008
Land	17,572	13,142
Total tax assessment value	57,022	42,150
Income from investment properties	6,184	5,892
Property costs for investment properties	1,813	1,549

The year's change per category is shown in the table below.

Change for the year by category	Offices		Public sector properties		Warehouse/Logistics	
	2021	2020	2021	2020	2021	2020
Opening balance	49,332	44,667	21,879	21,716	18,446	15,390
Category adjustments	1,942	1,189	-2,604	-4	46	692
New construction, extensions and reconstructions	1,099	835	256	217	284	389
Acquisitions	38,488	2,179	3,161	218	2,100	233
Sales	-4,803	-74	-2,292	-612	-7,738	—
Change in value	3,038	767	1,166	364	1,075	1,747
Currency translation	177	-231	21	-20	2	-5
Closing balance	89,273	49,332	21,587	21,879	14,215	18,446

Change for the year by category	Retail		Light industry		Developments and land	
	2021	2020	2021	2020	2021	2020
Opening balance	7,552	7,242	2,352	2,119	3,481	4,034
Category adjustments	-183	14	33	—	766	-1,891
New construction, extensions and reconstructions	86	158	23	12	2,051	901
Acquisitions	2,545	—	5,102	—	4,751	16
Sales	-785	—	-791	-20	59	-34
Change in value	287	138	62	241	680	455
Currency translation	—	—	—	—	—	—
Closing balance	9,502	7,552	6,781	2,352	11,788	3,481

The Parent Company owns no properties.

Note 13 cont.

Investments during the year

In 2021, Castellum invested a total of MSEK 59,946 (5,158) in properties, of which MSEK 47,258 (—) pertained to business combinations, MSEK 8,889 (2,646) pertained to property acquisitions and MSEK 3,799 (2,512) to new construction, extensions and reconstructions.

Significant obligations

In addition, Castellum has commitments to complete initiated projects in which the remaining investment volume amounts to approx. SEK 4.8 billion above and beyond the amounts reported in the balance sheet.

Larger ongoing investments

Property	Investment, MSEK	Of which remaining, MSEK	To be completed
Infinity, Stockholm	1,713	1,638	Q2 2025
Sjustjärnan E.ON, Malmö	1,296	547	Q1 2023
Godsfinkan, Malmö	1,270	252	Q1 2023
Götaland 9, Jönköping	325	178	Q3 2022
GreenHaus, Helsingborg	320	32	Q2 2022

Valuation model

According to accepted theory, the value of an asset is the net present value of future cash flows that the asset is expected to generate. This section aims to describe and illustrate Castellum's cash-flow-based model for calculation of the value of the property portfolio.

The value of the property portfolio is calculated in this model as the total present value of net operating income minus remaining investments on ongoing projects, during the next nine years and the present value of the estimated residual value in year ten. The residual value in year ten consists of the total present value of net operating income during the remaining economic life span. The estimated market value of undeveloped land and building rights are added to this. Accordingly, valuation is conducted pursuant to IFRS 13, level 3.

The required yield and the assumption regarding future real growth are crucial for the calculated value of the property portfolio, as they are the most important value-driving factors in the valuation model. The required yield is the weighted cost of borrowed capital and equity. The cost of borrowed capital is based on the market interest rate for loans. The cost of equity is based on a risk-free interest rate equivalent to the long-term government bond rate plus a risk premium. The risk premium is unique to each investment and depends on the investor's perception of future risk and potential.

Internal valuation

Castellum records its investment properties at fair value and has internally appraised all its properties as of 31 December 2021. The valuation was carried out in a uniform manner, and was based on a ten-year cash flow model, which is described in principle above. The internal valuation was based on an individual assessment for each property of both its future earnings capacity and its required market yield. Valuations are made locally in each subsidiary and are quality assured by Castellum AB, which also has overall responsibility for both the process and system as for determining the macroeconomic assumptions.

Assumptions of cash flow

In assessing a property's future earnings capacity, we took into account an assumed level of inflation of 1.5% and potential changes in rental levels from each contract's rent and expiry date compared with the estimated current market rent, as well as changes in occupancy rate and property costs. In the valuation, the economic occupancy rate gradually improves during the ten-year period and reaches 96%. Included in property costs are operating expenses, maintenance, site leasehold fee, property tax, and leasing and property administration.

Assumptions of required yield

The required yield on equity is individual to each property and based on assumptions regarding a real interest rate of 3%, inflation of 1.5% and risk premium. The risk premium is different for each property and can be divided into two components: general risk and individual risk. The general risk makes up for the fact that a property investment is not as liquid as a bond, added to the fact that the asset is affected by the general economic situation. The individual risk is specific to each property and comprises a complex weighted assessment that includes property category; the town/city in which the property is located; the property location within the town/city with reference to the property category; and whether the property has the right design, is appropriate and makes efficient use of space. Further considerations: the property's technical standard with regard to such criteria as choice of materials, the quality of public installations, furnishing and equipment on the premises and in apartments; as well as the nature of the lease agreements with regard to such issues as length, size and number of agreements. Properties owned through site leaseholds, where Castellum has a land rehabilitation obligation under contractual agreement, are assigned an additional individual risk premium of 1%.

In order to calculate the required yield on total capital, an operating assumption of 5% has been made about the cost of borrowed capital. The cost of borrowed capital comprises a long-term view of the real interest rate, the credit margin and inflation. The loan-to-value ratio is assumed to be between 55% and 65% depending on the property category.

The required yield on total capital is calculated by weighing the required yield on equity and the cost of borrowed capital, depending on the capital structure. The required yield on total capital is used to discount the estimated ten-year future cash flow. The residual value is discounted by calculating the return on total capital less growth equivalent to inflation, in order not to assume perpetual real growth. The average required yield per property category is shown in the table below.

The calculated required yield is then calibrated compared with the required market yield. To get an opinion about the required market yield, Castellum follows completed property transactions on the market. In an inactive market within a certain area or for a certain type of property, Castellum compares the data from transactions completed in a similar area or for a similar type of property. In the absence of completed transactions the opinion is based on existing macroeconomic factors.

Note 13 cont.

The average valuation yield for Castellum's property portfolio, excluding developments, land and building rights, can be estimated at 4.7% (5.0).

Average valuation yield, MSEK	2021	2020
Net operating income according to income statement	4,346	4,335
Add back lettings and property administration expenses	417	379
Reversed Coworking	25	8
Net operating income, ongoing development projects	-135	-20
Properties acquired/completed as if owned the whole year	1,872	111
Properties sold	-344	-42
Net operating income excluding lettings and property administration expenses for properties as if owned during the whole year, excl. projects and land	6,181	4,771
Adjusted for:		
Index 2022, 0.3%	236	17
Real occupancy rate, 94% at the lowest	367	294
Property administration, SEK 30/sq. m.	-171	-133
Normalised net operating income	6,613	4,949
Valuation excluding building rights of MSEK 1,139 (608)	140,140	98,953
Average valuation yield	4.7%	5.0%

Projects and building rights

Ongoing projects are valued using the same principle, but with reduction for remaining investment. Building rights were valued on the basis of an estimated average market value of approximately SEK 1,150 per square metre (1,750).

The value of the property portfolio

The internal valuation indicates a fair value of MSEK 153,146 (103,042), corresponding to a change in value of 5% (4). Fair value distributed by property category and region is shown below.

Property value, MSEK, 31 Dec 2021	Offices	Public sector properties	Warehouse/ Logistics	Retail	Light industry	Developments and land	Total
Central	17,440	9,211	1,431	2,811	2,962	3,029	36,884
Öresund	8,727	1,227	2,148	1,544	261	3,545	17,452
Stockholm	37,083	4,249	3,053	3,385	1,673	3,339	52,782
West	13,774	2,547	7,170	1,547	2,014	1,717	28,769
North	417	3,562	—	103	—	55	4,137
Denmark	5,132	629	174	—	—	—	5,935
Finland	6,571	435	—	—	—	181	7,187
Total	89,144	21,860	13,976	9,390	6,910	11,866	153,146

Uncertainty range and sensitivity analysis

A property's market value can only be confirmed when sold. Property valuations are calculations performed in accordance with accepted principles on the basis of certain assumptions. The value range of +/- 5-10%, often used in property valuations in a normal market, should therefore be seen as an indication of the uncertainty that exists in assumptions and calculations. In a less liquid market, the range may be wider. For Castellum, an uncertainty range of +/- 5% means a range in value of the property portfolio of MSEK 160,803-145,489, corresponding to +/- MSEK 7,657.

	Effect on value, MSEK
Sensitivity analysis +/- 1% (point)	Total
Rental value	2,125
Economic occupancy rate	2,125
Property costs	453
Required yield +	-24,506
Required yield	37,685

The sensitivity analysis shown above illustrates how a +/- 1 percentage-point change in growth assumptions in future cash flow and required yield affects the valuation. However, the sensitivity analysis is not realistic as one isolated parameter rarely changes; instead, the assumptions made are linked together regarding cash flow and required yield.

External valuation

In order to confirm the valuation, 393 properties, equivalent in value to 69% of the portfolio, were valued externally by Cushman and Wakefield as well as Newsec. The properties were selected on the basis of the largest properties in terms of value to reflect the composition of the property portfolio as a whole in terms of category and geographical location. The external valuations carried out during the year were on par with the internal valuations, thus confirming the carrying amount at 31 December 2021. All of Kungsliden's properties were externally valued in conjunction with the acquisition.

Note 14 Equipment

	Group		Parent Company	
	2021	2020	2021	2020
Opening acquisition cost	361	304	87	78
Purchases	94	58	8	9
Sales/retirement of assets	-18	-1	-2	—
Closing acquisition cost	437	361	93	87
Opening depreciation	-191	-148	-38	-26
Sales/retirement of assets	10	1	1	—
Depreciation for the year	-52	-44	-11	-12
Closing depreciation	-233	-191	-48	-38
Carrying amount	204	170	45	49

Note 15 Goodwill

Castellum recognises goodwill of MSEK 5,544 (1,673), of which MSEK 193 (193) is attributable to the acquisition of the coworking company United Spaces in 2019. Goodwill of MSEK 1,287 (1,480) pertaining to deferred tax has been recognised from the acquisition of CORHEI and Norrporten in 2016. Goodwill pertaining to the acquisition of Kungsleden totalled MSEK 4,064 and consisted of both deferred tax and expected synergies from the combination. A new, larger company will enable synergies of approximately SEK 285 million on an annual basis, divided into SEK 185 million in operational and administrative synergies and SEK 100 million in financial synergies. No need for impairment of goodwill attributable to the acquisition of Kungsleden has been identified. Impairment of goodwill arises primarily in the event of a major downturn in the property market or a situation wherein properties included in the transaction above are divested, or the expected synergies are not achieved. In 2021, there was an impairment of goodwill totalling MSEK 194 as a result of the sale of properties that were included in the portfolio acquired through CORHEI and Norrporten.

	Group		Parent Company	
	2021	2020	2021	2020
Opening acquisition cost	1,673	1,691	—	—
Acquisitions	4,064	—	—	—
Impairment	-194	-18	—	—
Carrying amount	5,544	1,673	—	—

Note 16 Financial assets

In 2021, Castellum acquired additional shares in the Norwegian listed property company Entra. In the third quarter, Castellum owned a large enough share of Entra that the holdings changed their reporting character from financial holding to associated company. Refer to Note 17.

In conjunction with the sale of an asset portfolio containing 16 properties to Oscar Properties, a partial payment was received in the form of a block of approximately 16.7 million shares in Oscar Properties valued at MSEK 200. The holding corresponds to a participation of approximately 12.3%. The closing price at 31 December 2021 was SEK 11.42 per share, which is why an unrealised change in value of MSEK -10 (—) has been recognised.

Note 17 Associated companies

Associated companies	Corporate Identity No.	Registered Office	Share of equity
Entra ASA	999,296,432	Oslo	33.3%
Total			

Principles for consolidation of associated companies are described in the accounting policies.

Participations in associated companies	Group		Parent Company	
	2021	2020	2021	2020
Opening acquisition cost	—	—	—	—
Acquisition/reclassification	12,177	—	12,177	—
Revaluation of previously owned participation	509	—	509	—
Share of associated company earnings	880	—	—	—
Dividend received	-147	—	—	—
Impairment	-246	—	—	—
Currency	398	—	—	—
Closing acquisition cost/carrying amount	13,571	—	12,686	—

In the third and fourth quarter, Castellum acquired a further 27,239,648 shares in Entra at an average price of NOK 208 per share. This means that ownership at the end of the year totalled 60,710,624 shares, corresponding to 33.3%. As a result of these acquisitions, Castellum's ownership in Entra changed its character as regards reporting in the third quarter – from financial holding to associated company. Reporting of income from associated holdings is based on Entra's latest published report – in this case, its Q4 report. Castellum reports its Entra holdings as an associated company as of the end of August, meaning that Castellum's share of profits in Entra is reported in Castellum's income statement as of the date the company transitioned to an associated company, whereupon the company has just over 4 months of earnings from Entra for 2021. This corresponds to MSEK 880, distributed as follows: income from property management of MSEK 162, change in values on properties of MSEK 935, tax of MSEK -234 and other, MSEK 17. In conjunction with the change in character of the holding, Castellum revalued its participation in associated companies by MSEK 509. The subsequent impairment totalled MSEK -246. Income from other associated companies for Castellum totalled MSEK -1 (—), allocated in its entirety to income from property management.

Entra

At the end of the period, Castellum owned 60,710,624 shares in Entra, corresponding to 33.3% of the voting rights and capital.

Entra owns and manages modern office properties in central locations close to public transportation. This, together with a strong customer base, lengthy leases and a large, high-quality development portfolio, means that the company is well positioned for the future. The following tables present the composition of Entra's portfolio as of 31 December 2021.

For further information, visit the company's website at www.entra.no

Note 17 cont.

Entra's asset portfolio, 2021

	Number of properties	Area, sq. m.	Occupancy rate, %	Contract length, years	Market value		Rent, rolling 12 months		Net yield, %	Market rent	
					MNOK	NOK/sq. m.	MNOK	NOK/sq. m.		MNOK	NOK/sq. m.
Oslo	38	635,820	97.8	7.2	39,729	62,485	1,683	2,647	3.96	1,732	2,724
Trondheim	10	152,188	98.7	6.3	5,589	36,722	297	1,953	5.01	278	1,826
Bergen	8	115,695	98.0	5.0	5,560	48,056	251	2,168	4.16	292	2,523
Sandvika	9	98,989	99.6	6.8	3,267	33,006	177	1,783	5.14	159	1,608
Stavanger	7	121,404	94.1	6.0	3,249	26,762	175	1,441	4.89	189	1,559
Drammen	8	69,421	99.1	8.5	2,707	38,991	141	2,034	4.94	133	1,923
Property management portfolio	80	1,193,517	97.8	6.8	60,101	50,356	2,724	2,282	4.24	2,784	2,332
Development portfolio	11	154,090		9.6	6,463	41,943					
Development projects	5	109,857		0.4	984	8,956					
Asset portfolio	96	1,457,453		7.1	67,547	46,346					

The table above was taken from Entra's report for Q4 2021. For definitions and clarification, refer to their report.

ENTRA	2021	2020
Castellum's ownership	33.3%	8.2%
ENTRA	2021	2020
Rental income, MNOK	2,508	2,353
Income from property management, MNOK	1,534	1,451
Net income for the period, MNOK	5,373	5,696
of which minority, MNOK	309	236
Castellum's share of:		
Income from property management, MNOK	162	—
Net income for the period, MNOK	880	—

ENTRA	31 Dec 2021	31 Dec 2020
No. of properties	96	90
Property value, MNOK	67,547	56,746
Lettable area, thousand sq. m.	1,457	1,345
Contract length, years	7.1	7.1
Economic occupancy rate	97.8%	97.9%
Interest-bearing liabilities, MNOK	26,579	21,146
Debt maturity, years	6.1	5.4
Fixed interest rate, years	3.1	2.4
Loan-to-value ratio	38.4%	37.0%
EPRA NRV	218	189

Note 18 Business combinations

On 2 August 2021, Castellum submitted a recommended public offer to the shareholders of Kungsleden to acquire all the shares in the company with the intent to combine the two companies. The remuneration in the Offer consisted of a combination of shares in Castellum and cash, where each shareholder in Kungsleden was offered 70% in the shares in Castellum (0.525 shares in Castellum per Kungsleden share) and 30% cash (SEK 121 per share in Kungsleden).

Kungsleden is a Swedish property company that focuses on commercial properties in Swedish growth regions. Nearly 90% of Kungsleden's asset portfolio is located in Stockholm, Gothenburg, Malmö and Västerås. Kungsleden targets a broad spectrum of operations and industries, and its customers consist of everything from sole proprietorships to international groups and public administration. Kungsleden's property portfolio consisted of 207 properties valued at approximately SEK 43 billion, with an aggregate rental value of approximately SEK 2.8 billion (Q2 2021).

After the announcement, Castellum acquired Kungsleden shares in the market corresponding to 9.9% of votes and shares outstanding in the third quarter of 2021.

Kungsleden was consolidated as of 10 November 2021 into the Castellum Group at an acquisition cost of MSEK 23,868, corresponding to 91.9% of the capital and votes, divided between MSEK 8,975 in cash and 65 million newly issued shares at a value of MSEK 14,893. These shares were measured at market value at the closing price on the previous trading day totalling SEK 229.70 per share (listed price on Nasdaq). The previously owned share of 9.9% was remeasured at fair value on the acquisition date, which resulted in a remeasurement effect of MSEK 111. Non-controlling interest was measured at their portion of the net assets identified in Kungsleden.

On 19 November Castellum announced that the Offering had been accepted to the extent that Castellum controls a total of approximately 96.5% of the outstanding share capital and votes in Kungsleden. A further 0.3% was acquired in the fourth quarter of 2021, and at year-end ownership totalled 96.8% of the capital and votes, whereupon 3.2% pertains to non-controlling interest.

In accordance with the Swedish Companies Act, Castellum has called for compulsory redemption pertaining to the remaining shares in Kungsleden. At Castellum's request, Kungsleden's shares were delisted from Nasdaq Stockholm on 3 December.

The acquisition is classified as a business combination under IFRS 3. This means that the assets, liabilities and contingent liabilities acquired were measured at fair value on the acquisition date. All items acquired have a carrying amount corresponding to the fair value, except for deferred tax liability which has been revalued in combination with the acquisition.

A goodwill item of MSEK 4,064 arose, consisting of both deferred tax attributable in part to previously unrecognised temporary differences that were attributable to asset acquisition, and in part to expected synergies from the combination.

At 31 December 2021, the acquisition costs worked up amounted to MSEK 76 and have been recognised in profit or loss.

Note 18 cont.

Income statement for Kungsliden

MSEK	2021	10 Nov- 31 Dec 2021
Income	2,593	370
Property costs	-803	-126
Central administrative expenses	-95	-20
Net financial items	-373	-48
Income from property management	1,322	176
Change in values on properties	5,458	-275
Change in values on derivatives	239	32
Tax	-1,389	85
Net income for the year	5,630	18

Balance sheet for Kungsliden

MSEK	31 Dec 2021	10 Nov 2021
Assets		
Investment properties	47,258	47,258
Other fixed assets	750	712
Current receivables	373	382
Cash and cash equivalents	473	392
Total assets	48,854	48,744
Equity and liabilities		
Equity	23,286	23,268
Deferred tax liability	4,288	4,374
Interest-bearing liabilities	19,641	19,449
Non-interest bearing liabilities	1,639	1,653
Total equity and liabilities	48,854	48,744

Acquisition analysis**Net assets acquired on acquisition date, MSEK**

Investment properties	47,258
Other assets	1,486
Deferred tax liability	-6,104
Interest-bearing liabilities	-19,449
Other liabilities	-1,653
Net assets acquired	21,539
Goodwill	4,064
Non-controlling interest	-1,735
Total purchase price	23,868
Shares	14,893
Cash	8,975
Total purchase price	23,868

Impact of the acquisition on consolidated cash flow**MSEK**

Cash purchase consideration in Q3, corresponding to 9.9%	-2,705
Cash purchase consideration attributable to the Offering on the acquisition date	-6,404
Transactions with non-controlling interest	-421
Cash purchase consideration	-9,530
Acquisition costs	-76
Cash and cash equivalents in companies acquired	392
Net cash flow	-9,214

Note 19 Equity and Net Asset Value**Items in equity****Share capital**

The share capital as of 31 December 2021 consisted of 345,731,968 registered A shares with one vote per share and a quotient value of SEK 0.50 per share. All shares are fully paid.

There are no restrictions regarding dividend or other types of repayment. There is no potential common stock, such as convertibles, or preferential rights to accumulated dividend (preference shares).

Development of share capital	Date	Number of shares	Quotient value/share	Share capital, SEK
Formation A shares	27 Oct 1993	+500	100.00	+50,000
New share issue, A shares	27 Sep 1994	+999,500	100.00	+99,950,000
Share split 50:1	25 March 1997	+49,000,000	2.00	—
IPO	23 May 1997	50,000,000	2.00	100,000,000
New share issue, C shares	12 July 2000	+7,142,857	2.00	+14,285,714
Redemption, A shares	12 July 2000	-6,998,323	2.00	-13,996,646
Redemption, C shares	13 Nov 2000	-7,142,857	2.00	-14,285,714
Share split 4:1	27 April 2006	+129,005,031	0.50	—
New issue of shares	14 June 2016	+82,000,000	0.50	+41,000,000
Share issue in kind	15 June 2016	+19,194,458	0.50	+9,597,229
Share issue in kind	13 Nov 2020	+4,061,745	0.50	+2,030,873
Share issue in kind	10 Nov 2021	+64,835,553	0.50	+32,417,776
Share issue in kind	19 Nov 2021	+3,633,504	0.50	+1,816,752
Year end	31 Dec 2021	345,731,968	0.50	172,865,984

Other capital contribution

Other capital contribution is equity contributed by shareholders.

Currency translation reserve

Currency translation differences as a result of foreign operations.

Currency hedge reserve

Refers to the effective part of unrealised changes in value related to currency derivatives used to hedge investments in foreign operations.

Hybrid bonds

Hybrid bonds with a maturity to the first potential redemption of 5.5 years and a fixed coupon rate of 3.125% annually, which have been classified as equity. Interest on hybrid bonds is recognised directly against equity.

Retained earnings

Retained earnings relates to earnings earned within the Group. The Group's earlier appropriations to the statutory reserves is also included in this item.

Non-controlling interest

Non-controlling interest consists of the minority of shares in subsidiaries that Castellum did not control as of the end of the accounting period. Acquisition of shares owned by a minority owner entail a transfer within equity.

Note 19 cont.

Group, MSEK	Attributable to Parent Company shareholders							Non-controlling interest	Total equity
	Number of shares outstanding, thousand	Share contribution	Other capital contribution	Currency translation reserve	Currency hedge reserve	Hybrid bonds	Retained earnings		
Equity, 31 Dec 2019	273,201	137	12,434	366	-316	—	31,156	—	43,777
Dividend, March and Sep 2020 (SEK 6.50/share)	—	—	—	—	—	—	-1,776	—	-1,776
Repurchase of own shares	-170	—	—	—	—	—	-28	—	-28
Share issue in kind	4,062	2	825	—	—	—	—	—	827
Net income 2020	—	—	—	—	—	—	5,615	—	5,615
Other comprehensive income, 2020	—	—	—	-216	44	—	—	—	-172
Equity, 31 Dec 2020	277,093	139	13,259	150	-272	—	34,967	—	48,243
Dividend, March and Sep 2021 (SEK 6.90/share)	—	—	—	—	—	—	-1,888	—	-1,888
Repurchase of own shares	-5,018	—	—	—	—	—	-1,038	—	-1,038
Share issue	68,469	34	15,768	—	—	10,164	-288	693	26,371
Net income 2021	—	—	—	—	—	—	11,828	—	11,828
Other comprehensive income, 2021	—	—	—	629	-508	—	—	—	121
Equity, 31 Dec 2021	340,544	173	29,027	779	-780	10,164	43,581	693	83,637

Parent company, MSEK	Number of shares outstanding, thousand	Share contribution	Statutory reserves	Fair value reserve		Hybrid bonds	Retained earnings	Share premium reserve	Total equity
				Currency translation reserve	Currency hedge reserve				
Equity, 31 Dec 2019	273,201	137	20	219	-206	—	9,073	8,433	17,676
Dividend, March and Sep 2020 (SEK 6.50/share)	—	—	—	—	—	—	-1,776	—	-1,776
Repurchase of own shares	-170	—	—	—	—	—	-28	—	-28
Share issue in kind	4,062	2	—	—	—	—	—	825	827
Net income 2020	—	—	—	—	—	—	1,749	—	1,749
Other comprehensive income, 2020	—	—	—	-108	44	—	—	—	-64
Equity, 31 Dec 2020	277,093	139	20	111	-162	—	9,018	9,258	18,384
Dividend, March and Sep 2021 (SEK 6.90/share)	—	—	—	—	—	—	-1,888	—	-1,888
Repurchase of own shares	-5,018	—	—	—	—	—	-1,038	—	-1,038
Share issue	68,469	34	—	—	—	10,164	—	15,768	25,966
Net income 2021	—	—	—	—	—	—	3,546	—	3,546
Other comprehensive income, 2021	—	—	—	65	-26	—	—	—	39
Equity, 31 Dec 2021	340,544	173	20	176	-188	10,164	9,638	25,026	45,009

Restricted and non-restricted equity in the Parent Company

According to the Swedish Companies Act, equity is made up of restricted (non-distributable) and non-restricted (distributable) equity. Dividends to the shareholders may only be such that after the distribution there is full coverage for restricted equity in the Parent Company. Further, distribution of profits may only be made if it is justified with respect to the demands put on the amount of equity needed by the type of business, the extent and risk of operations, company and Group consolidation needs, liquidity and financial position in general.

Repurchase of own shares

In 2021, Castellum repurchased 5,017,764 own shares at an average price of SEK 206.9. At year end, Castellum owned a total of 5,187,967 treasury shares, corresponding to 1.5% of the total number of registered shares.

Dividend

Dividend is proposed by the Board of Directors according to the rules of the Companies Act and decided by the Annual General Meeting. The proposed dividend, not yet paid out, for the financial year 2021 is SEK 7.60 per share, MSEK 2,588 in total. Distribution of the dividend to shareholders is proposed in four equal payments of SEK 1.90 each. The proposed record dates for the dividend are; Monday, 4 April 2022, Thursday, 30 June 2022, Friday, 30 September 2022 and Friday, 30 December 2022. The amount is recorded as a liability only after the Annual General Meeting has approved the dividend.

Net asset value

Net asset value can be calculated both long and short term. Long term net reinstatement value (EPRA NRV) is based on the balance sheet, with adjustments for items that will not lead to any short-term payment or that do not belong to owners of ordinary shares. In Castellum's case, these would include derivatives, goodwill attributable to deferred tax, deferred tax liability, hybrid bonds and non-controlling interest.

Short-term net tangible assets (EPRA NTA) is equity according to the balance sheet, adjusted for the deferred tax liability and goodwill attributable to the acquisition of United Spaces. Present accounting policies state that the deferred tax liabilities are recognised at nominal tax rates, while the real deferred tax is substantially lower, due to the possibility of selling properties in a tax-efficient manner, as well as the time factor.

The value range of +/- 5-10% often used in property valuations should be viewed as indication of the uncertainty that exists in assessments and calculations made. For Castellum, an uncertainty range of +/- 5% is equal to MSEK +/- 6,080 after tax (based on a nominal tax rate of 20.6%).

Note 19 cont.

Net asset value	MSEK	SEK/share
Equity according to the balance sheet	83,637	246
Reversed		
Hybrid bonds	-10,164	-30
Non-controlling interest	-693	-2
Derivatives according to the balance sheet	563	2
Goodwill attributable to deferred tax	-5,351	-15
Deferred tax according to the balance sheet	17,351	50
Net reinstatement value (EPRA NRV)	85,343	251
Deduction		
Goodwill due to acquisition of United Spaces	-193	-1
Estimated real liability, deferred tax 3% ¹⁾	-3,160	-9
Net tangible assets (EPRA NTA)	81,990	241
Reversed		
Derivatives according to above	-563	-2
Deferred tax	-14,191	-41
Net disposal value (EPRA NDV)	67,236	197

1. The net estimated real deferred tax liability has been estimated at 3% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realised with a nominal tax of 20.6%, and that the properties are realised in 50 years and where the entire portfolio is sold indirectly in corporate wrappers where the buyers tax discount is 7%.

Capital structure

Castellum should have a stable capital structure with low financial risk, meaning a loan-to-value ratio not permanently exceeding 50% and an interest coverage ratio of at least 200%.

In the balance sheet, there are, in addition to equity, liabilities that in principle are both interest free and amortisation free and therefore can be considered as shareholders' equity. The property industry therefore uses the loan-to-value ratio as a key metric for capital structure instead of solidity. For the same reason the net asset value can be calculated in different ways, as shown above.

Castellum's target is based on growth in cash flow and is not directly related to the net asset value. The target is an annual growth in cash flow, i.e. income from property management per share, of at least 10%. In order to achieve this objective, net investments of at least 5% of the property value will be made yearly. At the moment, this is equivalent to approximately SEK 7.5 billion, net, in annual investment volume. All investments are to contribute to the objective of growth in income from property management within 1-2 years and have a potential asset growth of at least 10%. Sales of properties will take place when justified from a business standpoint and when an alternative investment with a higher return can be found.

Appropriation of profits

The Board has proposed that the earnings at the Annual General Meeting's disposal, SEK 44,815,855,158, are to be appropriated as follows: a dividend to shareholders of SEK 7.60/share – totalling SEK 2,588,134,408 (excluding 5,187,967 treasury shares) – and SEK 42,227,720,750 to be carried forward.

Note 20 Liabilities

	Group		Parent Company	
	2021	2020	2021	2020
Non-interest bearing liabilities due within one year of the balance sheet date	3,473	2,493	224	563
Non-interest bearing liabilities due later than five years after the balance-sheet date	—	—	—	—
Interest-bearing liabilities due within one year of the balance sheet date	—	—	—	—
1-5 years after balance-sheet date	54,020	37,081	47,159	40,061
later than five years after the balance-sheet date	16,809	8,639	9,188	7,383
Total liabilities excl. deferred tax liability, leases, other provisions and derivatives	74,302	48,213	56,571	48,007

In 2022, current interest-bearing liabilities amounting to MSEK 18,832 (15,866) will fall due. Since they are covered by unutilised long-term credit agreements, they are treated as long-term interest-bearing liabilities.

Note 21 Deferred Tax Liability/Asset

A realisation of all assets and liabilities at consolidated carrying amounts and utilisation of all existing tax loss carry forwards would result in a taxable income of MSEK 95,761 (63,027); with a full tax burden, this would give rise to a tax payment of MSEK 19,727 (12,983). Castellum has a deferred tax liability of MSEK 2,086 (1,622) attributable to the acquisition date of properties recognised as asset acquisitions. According to the applicable regulations, the deferred tax at the acquisition date is not to be recognised in the balance sheet, which is shown in the table below.

Tax loss carry forwards

As of 31 December 2021, Castellum's tax loss carry forwards are estimated at MSEK 2,236 (603). The increase is due primarily to the acquisition of Kungsleden. The change is presented in the table in Note 11. The tax loss carry forwards have no maturity date.

Surplus and sub value of properties for tax purposes

When calculating the tax effect in the Group of a direct sale of all properties, the tax base in the legal entity – which totals MSEK 57,385 (40,015) – is to be set against the consolidated carrying amount of MSEK 153,146 (103,042). This means that if all of Castellum's properties were sold, the taxable net profit would exceed the profit recorded in the Group by MSEK 95,761 (63,027).

Note 21 cont.

	2021		2020	
	Basis	Tax	Basis	Tax
Deferred Tax Liability				
Tax loss carry forwards				
Opening balance	603	129	854	182
Acquisitions in corporate wrappers	1,479	305	—	—
Change for the year in comprehensive income	154	27	-251	-53
Closing balance in the balance sheet	2,236	461	603	129
Difference between the properties' book and fiscal values				
Opening balance	-63,027	-12,983	-56,365	-11,612
Acquisitions in corporate wrappers	-33,353	-6,871	-1,329	-275
Change for the year in comprehensive income	619	127	-5,333	-1,096
Closing balance	-95,761	-19,727	-63,027	-12,983
Less, attributable to asset acquisitions				
Opening balance	7,872	1,622	6,553	1,348
Acquisitions in corporate wrappers	2,256	464	1,319	274
Closing balance in the balance sheet	10,128	2,086	7,872	1,622
Closing balance in the balance sheet	-85,633	-11,361	-55,155	-11,361
Derivatives				
Opening balance	—	—	—	—
Acquisitions in corporate wrappers	-24	-5	—	—
Change for the year in comprehensive income	-32	-7	—	—
Closing balance in the balance sheet	-56	-12	—	—
Untaxed reserves				
Opening balance	-671	-144	-327	-71
Change for the year in comprehensive income	-102	-15	-344	-73
Closing balance in the balance sheet	-773	-159	-671	-144
Total				
Opening balance	-55,223	-11,376	-49,285	-10,153
Acquisitions in corporate wrappers	-29,643	-6,107	—	—
Change for the year in comprehensive income	640	132	-5,938	-1,223
Closing balance in the balance sheet	-84,226	-17,351	-55,223	-11,376

Previous impairments where taxable deductions were paid amount to approximately MSEK 57 (56). These may be reversed in the case of future increases in value.

Note 22 Other provisions

Other provisions relate to rental guarantees issued in conjunction with transactions, and having a maximum commitment assessed at MSEK 31 (3).

Note 23 Derivatives

Valuation

Castellum uses interest rate derivatives in order to manage interest rate risk and achieve the desired interest rate maturity structure. This strategy means that there may be changes in value of the interest rate derivatives portfolio from time to time. In addition, Castellum uses currency derivatives in order to hedge investments in Denmark, Norway and Finland as well as to manage currency risk and adjust its interest rate structure for borrowing in the international capital market. These also give rise to change in value which are included in the derivative portfolio's market value.

To calculate the fair value of derivatives, market rates for each term and exchange rates as quoted in the market for the closing date are used. Interest rate swaps are valued by discounting future cash flows to present value, while instruments containing options are valued at current repurchase price. When calculating the fair value of derivatives, adjustments are made for counterparty risk in the form of Credit Value Adjustments (CVA) and Debt Value Adjustments (DVA). CVA shows Castellum's risk of experiencing credit loss in the event of counterparty default, whereas DVA shows the opposite. The adjustment is calculated at the counterparty level based on expected future credit exposure, risk of default and the recovery rate of exposed credits. As of 31 December 2021, the market value of the interest rate and currency derivatives

portfolio amounted to MSEK -563 (-1,132) where fair value is established according to level 2, IFRS 13.

Castellum recognises derivatives as long-term liabilities since the amount will not be settled in cash. A theoretically maturing amount during 2021, however, can be estimated at MSEK -472.

Counterparty risk

In order to limit counterparty risk, Castellum's derivative contracts are covered by general agreement with derivative contracts (ISDA).

Note 23 cont.

	31 Dec 2021			31 Dec 2020		
	Asset	Liability	Net	Asset	Liability	Net
Interest rate derivatives	205	-303	-98	1	-741	-740
Currency derivatives	99	-564	-465	158	-550	-392
Gross value derivatives	304	-867	-563	159	-1,291	-1,132
Netting	-232	232	—	-159	159	—
Net value derivatives	72	-635	-563	—	-1,132	-1,132

Future cash flow

Future cash flows attributable to interest rate derivatives consist of interest paid minus interest received as presented below. To calculate the variable part of the interest rate derivative, the STIBOR and CIBOR interest rates – as listed at year end – have been used throughout the full term of the derivative.

Year	Future cash flow of interest rate derivatives		
	Interest to pay	Interest to receive	Net, MSEK
2022	-762	516	-246
2023	-790	493	-297
2024	-687	400	-287
2025	-687	400	-287
2026	-656	384	-272
2027+	-500	130	-370
Total	-4,082	2,323	-1,759

Sensitivity analysis

The table below shows the interest rate derivative portfolio's nominal net amount and market value and the market value of the portfolio with a +/- 1 percentage-point change in the interest rate. Based on the date of termination, interest rate derivatives that include an option have been reported in the same time segment as prior to the assumed change in interest rate.

End date	Amount, MSEK	Acquisition cost, MSEK	Market value, MSEK	Average interest rate	Market value, interest rate +1 pp	Market value, interest rate -1 pp
2022	1,400	—	—	-0.1%	7	-6
2023	-666	—	3	0.3%	-9	16
2024	—	—	—	—	—	—
2025	1,500	—	26	-0.5%	76	-26
2026	2,600	—	-33	0.3%	64	-137
2027+	12,112	—	-179	0.3%	673	-1,118
Total	16,945	—	-182	0.2%	811	-1,271

Currency derivatives with a market value of MSEK -381 (-271) are not included in the table above, since a change in the market interest rate has an insignificant effect on the market value.

Note 24 Financial risk management**Financing**

Property is a long-term asset, requiring long-term financing allocated between equity and interest-bearing liabilities. From a security perspective, Castellum credits can be divided into the following categories:

- Credits against collateral in the form of Castellum's promissory note receivables in its subsidiaries, including pledged mortgages.
- Secured credits directly to subsidiaries in the form of pledged mortgages. Credits directly to subsidiaries are supplemented in the majority of cases by the Parent Company's guarantee.
- Unsecured credits.
- Issues of unsecured bonds.
- Issues of unsecured commercial paper.

All types of credit agreements contain standard termination conditions, and in some cases renegotiation terms for changes in business and delisting. If the lender invokes the right to a renegotiation of this type and the parties cannot agree, the credit agreements have established settlement times for those credit agreements covered by such terms.

At the end of the year, utilised credits secured by pledged mortgages totalled MSEK 16,787 (7,588).

In addition to mortgages, the majority of credit agreements include commitments regarding loan-to-value ratio and interest coverage ratio – financial covenants – involving a loan-to-value ratio in properties not exceeding 65% and an interest coverage ratio of at least 150%. In some credit agreements, a loan-to-value ratio in properties exceeding 55% would result in more expensive financing costs. In all cases, the guarantee to lenders is issued with a comfortable margin in relation to Castellum's capital structure objectives.

Financial policy

Castellum's funding and management of financial risk are conducted in accordance with the financial policy adopted by the Board of Directors. Castellum is to have a low financial risk with a loan-to-value ratio not exceeding 50% over the long term and an interest coverage ratio of at least 200%. The financial operations in Castellum are to be carried out in such a way that the need for long- and short-term financing and liquidity is ensured. In addition, net interest expenses will be optimised at any time, taking the selected level of financial risk into account. The financial policy outlines overall authorisation and how financial risk should be reported and monitored. Financial risks are monitored and reported quarterly to the Board. As part of continuously improving and adapting financial risk management, the Board conducts an annual review of the financial policy.

The Parent Company holds an internal auditing function, separate from the Treasury function, which provides accounting and independent control of financial management and financial risks.

Risk management

Castellum carries out financial transactions based on estimates of the Group's overall long-term financing needs, liquidity and chosen interest rate risk. Hence, financial risk management is carried out on portfolio level. Portfolio management of borrowing means that an intra-Group transaction (e.g. an internal loan) is not duplicated by an identical external transaction. Instead, loans are drawn under short- or long-term credit agreements based on the Group's overall financing needs.

Note 24 cont.

Instead, loans are drawn under short- or long-term credit agreements based on the Group's overall financing needs. For cost-effective management of the interest rate risk, an assessment is made of the interest rate risk that occurs when a payment is made or a new loan is drawn with a short, fixed-interest term. Thereafter, interest rate derivative transactions are made in order to achieve the desired fixed interest term on the total amount of debts. Castellum's internal bank works with a cash pool system of bank accounts for the Group's liquidity flows.

Funding risk

Demands for long-term financing make Castellum look for long-term loan-to-maturity structure in credit agreements in order to limit funding risk. To reach maximum flexibility, bank loans are mainly revolving, i.e. the credits are usually traded within 1–3 months. Short-term revolving loans facilitate amortisation at every renewal occasion without any marginal breaking compensation or other compensation to lenders. The objective is to minimise interest-bearing liabilities, and cash is therefore used primarily to repay outstanding debts.

In order to secure Castellum's need for liquidity and long-term financing, the company regularly renegotiates and – when required – enters into new credit agreements or forms of borrowing. At the end of the year, Castellum held credit agreements totalling MSEK 97,223 (63,500) of which MSEK 77,945 (46,894) were long-term and MSEK 19,278 (16,606) were short-term. Of the utilised borrowing facilities at the end of the year, MSEK 51,997 (29,693) was long-term and MSEK 18,832 (15,866) short-term.

After deduction of cash of MSEK 1,197 (161), net interest-bearing liabilities were MSEK 69,632 (45,559), of which MSEK 43,088 (29,127) were bonds outstanding and MSEK 10,350 (8,844) commercial paper outstanding (nominal MSEK 43,184 and MSEK 10,355 respectively).

During the year, bank credit facilities of approximately MSEK 7,000 were raised with new counterparties, approximately MSEK 840 were extended and approximately MSEK 2,430 were settled. During the period, Castellum conducted two NOK bond issues and one EUR bond issue with maturities of 5–8 years at a nominal (counter) value of approximately MSEK 8,200 as part of its EMTN programme, while bonds at a nominal amount of MSEK 2,550 were issued as part of Castellum's Swedish MTN programme and bonds at a nominal amount of MSEK 4,950 were repaid.

The average loan-to-maturity structure for utilised borrowing facilities including extension options at year end was 3.8 years (3.8), whereas the average credit price tenor at the same point in time was 3.1 years (3.0). Net debt to EBITDA at the end of the period was 17 (11).

Credit agreements/limits	Amount, MSEK	Utilised, MSEK
Long-term credit agreements in bank	41,917	15,970
Short-term credit agreements in bank	818	818
Overdraft facility	1,050	603
Total credit agreements	43,785	17,391
MTN programme (MSEK 25,000 facility)	24,820	24,820
EMTN programme (MEUR 3,000 facility)	18,268	18,268
Commercial paper (MSEK 12,000 facility)	10,350	10,350
Total	97,223	70,829

Debt maturity structure for credit agreements, presented in the table below, shows when in time the credit agreements fall due for renegotiation or repayment.

Credit agreement maturity structure	Agreements, MSEK	Utilised in			Share, %
		Bank	MTN/Comm. paper	Total	
0–1 year	19,278	1,422	17,410	18,832	27%
1–2 years	21,266	2,207	10,759	12,966	18%
2–3 years	11,261	3,563	3,750	7,313	10%
3–4 years	21,422	2,528	5,194	7,722	11%
4–5 years	7,186	630	6,556	7,186	10%
>5 years	16,810	7,041	9,768	16,809	24%
Total	97,223	17,391	53,438	70,829	100%

Interest rate risk

Changes in market interest rates and credit margins affect net financial items. How quickly, and by how much, largely depends on the chosen duration. To limit the immediate impact of changes in market interest rates, Castellum has chosen to work with both short- and long-term interest rate maturity structures. For the same reason, Castellum has chosen to enter credit agreements and issue commercial paper and MTNs/EMTNs with varying maturities. However, changes in both interest rates and credit margins will always have an impact on net financial items over time.

The interest coverage ratio is the financial measure that describes a company's risk level and resilience to changes in net interest. Castellum has the objective of an interest coverage ratio of at least 200%. For 2021, the interest coverage ratio was 517% (530). The average interest rate duration at 31 December 2021 was 3.3 years (2.6). The average effective rate at 31 December was 1.67% (1.69) excluding unutilised credit agreements, and 1.79% (1.82) including unutilised credit agreements.

The cash-flow effect on income for the next twelve months at an interest rate change of +/- 1% amounts to MSEK -335/+194. In the interest rate maturity structure, interest rate derivatives are accounted for in the earliest time segment in which they can mature. Credit margins are distributed in the interval of the underlying loan.

Credit agreements	MSEK ²⁾	Share, %	Average interest rate, % ¹⁾	Average fixed interest rate term, yrs
0–1 year	32,448	46%	2.0%	0.2
1–2 years	5,791	8%	2.3%	1.8
2–3 years	1,401	2%	1.6%	2.8
3–4 years	2,797	4%	0.7%	3.7
4–5 years	6,662	9%	1.2%	4.6
>5 years	21,730	31%	1.3%	7.7
Total	70,829	100%	1.7%	3.3

1. Including fees for utilised credit agreements and exchange rate differences for MTNs.

2. Calculated on the net volume of interest-bearing liabilities and derivatives.

Note 24 cont.

Currency risk

Castellum owns properties in Denmark and Finland valued at MSEK 13,122 (9,091) as well as shares in the Norwegian company Entra, which means that the Group is exposed to currency risk. Castellum is also exposed to currency risk through borrowing in euro. Currency risk in borrowing is fully hedged and hedge accounted through both cash flow hedging and hedging of fair value. The currency risk primarily occurs when income statements and balance sheets in foreign currency are translated into Swedish kronor. In cases where currency derivatives are used, Castellum applies hedge accounting for net investments in foreign operations. Normally, the transaction exposure in the Group is limited and will primarily be managed by matching income and costs.

The impact on financial position due to an appreciation of SEK by 10% in relation to DKK and EUR, respectively is MSEK -569.

Counterparty risk

Counterparty risk refers to the risk deemed to exist – at any given moment – that Castellum's counterparties will not fulfil their contractual obligations. The model is indicated in the "Receivables" section under "Accounting policies."

Castellum limits counterparty risk by requiring high credit ratings of counterparties. High ratings means that no rating agency indicates a rating that is below investment grade. Castellum's counterparties are the major Nordic banks.

Future cash flow

Future cash flows attributable to liabilities are shown in the table below. The assumption is made that a maturing loan is replaced by a new loan during the term of maturity of the underlying credit agreement and at a Stibor interest rate as listed at year end.

Year	Future cash-flow loans			
	Loan, opening balance	Mature	Loan, closing balance	Interest costs, MSEK
2022	70,829	-18,832	51,997	-828
2023	51,997	-12,967	39,030	-685
2024	39,030	-7,313	31,717	-478
2025	31,717	-7,722	23,995	-360
2026	23,995	-7,186	16,809	-276
2027	16,809	-2,447	14,362	-205
2028+	14,362	-14,362	—	-291
Total		-70,829		-3,122

Note 25 Accrued expenses and prepaid income

	Group		Parent Company	
	2021	2020	2021	2020
Pre-paid rents	1,134	842	—	—
Accrued interest	148	145	148	145
Other	753	395	31	123
Total	2,035	1,382	179	268

Note 26 Pledged assets

	Group		Parent Company	
	2021	2020	2021	2020
Pledged mortgages	35,147	21,231	—	—
Chattel mortgages	—	—	—	—
Long-term receivables, Group companies	—	—	20,000	16,974
Total	35,147	21,231	20,000	16,974

Note 27 Contingent liabilities

	Group		Parent Company	
	2021	2020	2021	2020
Guarantee commitments for Group companies	—	—	6,647	2,170
Total	—	—	6,647	2,170

Normally the parent company is the borrower, but when the property-owning company borrows directly, the Parent Company provides guarantee commitments for subsidiaries.

Note 28 Participations in Group companies

Directly owned subsidiaries are listed below. Other companies in the Group are included in each respective subsidiary's annual report. Kungsleden was acquired during the year.

Directly owned subsidiaries	Corporate Identity No.	Registered office	Share of equity	Carrying amount
Castellum Stockholm AB	556002-8952	Stockholm	100%	4,854
Castellum Mitt AB	556121-9089	Örebro	100%	5,507
Castellum Väst AB	556122-3768	Gothenburg	100%	3,579
Castellum Öresund AB	556476-7688	Malmö	100%	4,953
Castellum Norr AB	556594-3999	Sundsvall	100%	933
United Spaces Network Offices AB	556668-1069	Stockholm	100%	251
Fastighets AB Regeringsgatan	556571-4051	Gothenburg	100%	6
Fastighets AB Regeringsgatan 3	559154-9828	Gothenburg	100%	39
Castellum Projektutveckling AB	559249-3430	Gothenburg	100%	1
Castellum Kalasatama Oy	1712795-6	Helsinki	100%	851
Castellum Innovation AB	559110-6538	Gothenburg	100%	19
Kungsleden AB	556545-1217	Stockholm	97%	25,246
Total				46,239

Principles for consolidation of Group companies are described in the accounting policies.

Participations, Group companies	Parent Company	
	2021	2020
Opening acquisition cost	20,957	20,147
Acquisitions	25,266	833
Paid shareholders' contribution	89	47
Reversal of previous impairments	—	—
Impairment	-73	-70
Closing acquisition cost/carrying amount	46,239	20,957

Note 29 Long-term receivables, Group companies

	Parent Company	
	2021	2020
Opening acquisition cost	31,051	28,777
New borrowing/amortisation from Group companies	4,450	2,390
Currency translation	77	-116
Closing acquisition cost/carrying amount	35,578	31,051

Note 30 Financial instruments

The different categories of financial instruments in the Group's balance sheet are presented in the table below.

2021	Financial assets recognised at amortised cost	Financial assets recognised at fair value via profit or loss	Derivatives used in hedge accounting	Financial liabilities recognised at fair value via profit or loss	Financial liabilities recognised at amortised cost
Assets					
Long-term receivables	1,754	—	—	—	—
Financial assets	—	190	—	—	—
Rent receivables	130	—	—	—	—
Other receivables	535	—	—	—	—
Cash and bank	1,197	—	—	—	—
Liabilities					
Interest rate derivatives	—	—	—	98	—
Currency derivatives	—	—	433	32	—
Long-term liabilities	—	—	—	—	70,226
Accounts payable	—	—	—	—	405
Other liabilities	—	—	—	—	2,445
Total	3,615	190	433	130	73,076

2020	Financial assets recognised at amortised cost	Financial assets recognised at fair value via profit or loss	Derivatives used in hedge accounting	Financial liabilities recognised at fair value via profit or loss	Financial liabilities recognised at amortised cost
Assets					
Long-term receivables	899	—	—	—	—
Financial assets	—	2,729	—	—	—
Rent receivables	47	—	—	—	—
Other receivables	475	—	—	—	—
Cash and bank	161	—	—	—	—
Liabilities					
Interest rate derivatives	—	—	—	740	—
Currency derivatives	—	—	392	—	—
Long-term liabilities	—	—	—	—	45,499
Accounts payable	—	—	—	—	125
Other liabilities	—	—	—	—	1,497
Total	1,582	2,729	392	740	47,122

Financial instruments such as rent receivables, accounts payable and so on are recognised at amortised cost less any impairments, which is why fair value is deemed to agree with book value. Long-term interest-bearing liabilities have primarily short-term interest conditions – and for long-term MTNs, the fair value must not differ significantly from nominal values – which in all entails that amortised cost corresponds to fair value.

Note 31 Reconciliation of liabilities arising from financing activities

Group	31 Dec 2020	Cash flow	Non-cash items			Periodisation premium/discount	31 Dec 2021
			Business combinations	Change in value	Amended exchange rate		
Long-term interest-bearing liabilities	45,720	5,361	19,449	—	350	-51	70,829
Derivatives	1,132	-194	—	-375	—	—	563
Total liabilities attributable to financing activities	46,852	5,167	19,449	-375	350	-51	71,392

Group	31 Dec 2019	Cash flow	Non-cash items			Periodisation premium/discount	31 Dec 2020
			Change in value	Amended exchange rate	Periodisation premium/discount		
Long-term interest-bearing liabilities	40,826	5,345	—	-499	48	—	45,720
Derivatives	715	—	417	—	—	—	1,132
Total liabilities attributable to financing activities	41,541	5,345	417	-499	48	—	46,852

Parent Company	31 Dec 2020	Cash flow	Non-cash items			Periodisation premium/discount	31 Dec 2021
			Change in value	Amended exchange rate	Periodisation premium/discount		
Long-term interest-bearing liabilities	43,318	-1,277	—	211	5	—	42,257
Long-term interest-bearing liabilities to Group companies	4,126	9,836	—	128	—	—	14,090
Derivatives	1,132	-194	-319	—	—	—	619
Total liabilities attributable to financing activities	48,576	8,365	-319	339	5	—	56,966

Parent Company	31 Dec 2019	Cash flow	Non-cash items			Periodisation premium/discount	31 Dec 2020
			Change in value	Amended exchange rate	Periodisation premium/discount		
Long-term interest-bearing liabilities	38,065	5,677	—	-473	49	—	43,318
Long-term interest-bearing liabilities to Group companies	3,283	843	—	—	—	—	4,126
Derivatives	715	—	417	—	—	—	1,132
Total liabilities attributable to financing activities	42,063	6,520	417	-473	49	—	48,576

The Group's and the Parent Company's interest rate and currency derivatives do not affect cash flow.

Note 32 Related-party transactions

No related-party transactions took place during the year.

The Group is involved in a dispute with Wästbygg AB, of which Board member and CEO Rutger Arnhult is the principal owner and Joacim Sjöberg is a board member. The dispute concerns an older agreement from several years ago. The case was handled during the year by Rutger Arnhult and Joacim Sjöberg not taking part when this item was addressed at board meetings or in conjunction with other exchanges of information. Castellum is awaiting a decision in the arbitration.

Note 33 Events after balance sheet date

On 10 January 2022, Castellum's Board of Directors appointed then-Chairman of the Board Rutger Arnhult as the new Chief Executive Officer, to take office that same day. Rutger Arnhult succeeded Biljana Pehrsson to the post of CEO.

Castellum's newly appointed CEO Rutger Arnhult presented the company's new Executive Management, consisting of 13 members.

The Board of Directors proposes raising the dividend to SEK 7.60 per share (6.90), an increase of 10%.

Maria Strandberg was appointed the new CFO to succeed Ylva Sarby Westman. Maria comes most recently from her role as Finance Director at Kungsleden, and took up her new role on 1 March.

Castellum sold 12 properties in Gävle to Fastighets AB Regio. The sale price was approximately SEK 2.3 billion less overheads and deferred tax totalling approximately MSEK 130.

Russia's invasion of Ukraine has caused turbulence in many economies around the world. At present, it is too early to judge the long-term implications of the conflict.

Proposed appropriation of profits

The following funds are at the Annual General Meeting's disposal:

Retained earnings	SEK 41,269,447,022
Net income for the year	SEK 3,546,408,136
Total	SEK 44,815,855,158

The Board of Directors propose that the profits be appropriated as follows:

Dividend to shareholders, SEK 7.60 per share	SEK 2,588,134,408
Carried forward	SEK 42,227,720,750
Total	SEK 44,815,855,158

The company has 345,731,968 registered shares, of which 5,187,967 shares are currently treasury shares not entitled to a dividend. The total dividend payment proposed above of SEK 2,588,134,408 may change if the number of the company's treasury shares changes before the record date for the dividend.

Statement regarding proposed distribution of profits

Justification

Equity for the Group has been calculated in accordance with IFRS standards as approved by the EU, as well as in accordance with Swedish law through applying Swedish Financial Reporting Board recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups. Equity for the Parent Company has been calculated in accordance with Swedish law and by application of the recommendation RFR 2 (Accounting for Legal Entities) of the Swedish Financial Reporting Board.

The proposed distribution of profits constitutes 73% of the Group's income from property management, which is in line with the expressed objective of distributing at least 50% of the Group's income from property management after taking investment plans, consolidation needs, liquidity and overall position into account. The Group's net income after tax amounted to MSEK 11,828. The distribution policy is based on the Group's income from property management, and as a result non-cash items pertaining to increases or decreases in value of the Group's properties and interest and currency derivatives, do not normally affect the dividend. Nor were any such non-cash gains or losses taken into account in previous year's resolutions regarding the distribution of profits.

The Board of Directors concludes that the company's restricted equity is fully covered after the proposed distribution of profits.

The Board of Directors also concludes that the proposed distribution to the shareholders is justified considering the parameters in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act (the nature, scope and risks of the business as well as consolidation needs, liquidity and overall position). Accordingly, the Board of Directors would like to emphasise the following.

The nature, scope and risks of operations

The Board of Directors estimates that the equity for the company as well as the Group will, after the proposed distribution of profits, be sufficient in relation to the nature, scope and risks of the business. In this context, the Board of Directors has considered such matters as the historical development of the company and the Group, budgeted development, investment plans and the economic situation.

Consolidation needs, liquidity and overall position

Consolidation needs

The Board of Directors has carried out a general assessment of the financial position of the company and the Group, and their prospects

for fulfilling their obligations. The proposed dividend constitutes 6% of the shareholders' equity for the company and 3% of the equity for the Group. The Group's loan-to-value ratio and interest coverage ratio for 2021 totalled 39% and 517% respectively. The express objective for the Group's capital structure, with a loan-to-value ratio not exceeding 50% over the long term and an interest coverage ratio of at least 200%, will be maintained after the proposed dividend. The capital structure of the company and the Group is sound considering the prevailing conditions of the property business. In light of the above, the Board of Directors concludes that the company and the Group have all the necessary requirements to manage future business risks and also to carry potential losses. Planned investments have been considered when deciding on the proposed distribution of profits.

Liquidity

The proposed distribution of profits will not affect the company's or the Group's ability to meet their payment obligations in a timely manner. The company and the Group have good access to liquidity reserves through short-term as well as long-term credits. The credits may be utilised at short notice, implying that the company and the Group are prepared to manage liquidity fluctuations as well as possible unexpected events.

Overall position

The Board of Directors has considered all other known conditions that might affect the financial position of the company and the Group and have not been considered within the scope of the considerations above. In this respect, no circumstances have been found that indicate that the proposed dividend would not be justified.

Fair value measurement

Derivatives instruments and other financial instruments have been measured at fair value in accordance with Chapter 4, Section 14 a of the Swedish Annual Accounts Act. In that connection, a deficit of MSEK 447 after tax has become apparent, which had a corresponding impact on equity.

Gothenburg, March 2022

CASTELLUM AB (publ)

The Board of Directors

Pronouncement of the Board, signing

As far as we can determine, the annual accounts have been prepared in accordance with generally accepted accounting principles. The annual accounts give a true and fair view of the company's financial position and results, and the Directors' Report gives a true and fair overview of the development of the company's operations, financial position and results, and describes the significant risks and factors of uncertainty facing the company.

The consolidated accounts have been prepared in accordance with the international accounting standards covered in Regulation (EC) No 1606/2002 of the European

Parliament and of the Council of 19 July, 2002 on the application of international accounting standards. The consolidated accounts give a true and fair view of the Group's financial position and results, and the Directors' Report for the consolidated accounts give a true and fair overview of the development of the Group's operations, financial position and results and as well as the significant risks and factors of uncertainty facing the companies within the Group.

Gothenburg, 6 March 2022

Per Berggren
Chairman of the Board

Rutger Arnhult
Board member and
Chief Executive Officer

Anna-Karin Celsing
Board member

Christina Karlsson Kazeem
Board member

Anna Kinberg Batra
Board member

Zdravko Markovski
Board member

Joacim Sjöberg
Board member

Our Auditor's Report regarding these annual accounts was submitted on 6 March 2022.

Deloitte AB

Harald Jagner
Authorised public accountant

Auditor's report

To the general meeting of the shareholders of Castellum AB (publ) corporate identity number 556475-5550

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Castellum AB (publ) for the financial year 2021-01-01 – 2021-12-31. The annual accounts and consolidated accounts of the company are included on pages 8-140 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred

to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of properties

Description of risk

Investment properties are recognized in the consolidated financial statements at fair value. The carrying amount to fair value amounts to SEK 153,146 million as of December 31, 2021 and is based on an internal valuation of each property for Castellum's portfolio. In order to ensure the internal valuation, value over half of the property portfolio has been valued externally.

The valuations are carried out through an individual assessment for each property of future earning capacity and market return requirements. Changes in value can occur either as a result of macro- and microeconomic or property-specific reasons. The valuations are based on assessments and assumptions that can have a significant impact on the Group's earnings and financial position.

In terms of valuation of investments in existing investment properties, it is necessary to assess the Group's project management process, taking into account in particular the expenditure on investments and any financial commitments related to these projects.

For further information, please refer to the Risks and risk management section on page 75, Property valuation section on page 95, the Group's accounting policies and critical assessment areas on page 113 and Note 13.

Our audit procedures

Our audit covered, but was not limited to, the following procedures:

- We have reviewed the internal valuation process and evaluated the assumptions made and its application in the internal valuation model.
- We have reviewed the inputs and calculations in the internal valuation model at the property level for a selection of properties for the assessment of completeness and valuation.
- We have obtained the external valuations and assessed whether the differences versus the internal valuations were within the normal uncertainty range.
- We have reviewed inputs and calculations of external valuations at the property level for a selection of the properties for the assessment of completeness and valuation.
- For investments in existing investment properties, we have reviewed Castellum's procedures for project management and for a selection of existing investments reviewed capitalization of expenses and follow-up of project outcomes.
- We have reviewed relevant disclosure notes to the financial statements.

Acquisition of Kungsleden Fastigheter AB

Description of risk

Castellum has during the year acquired shares in Kungsleden Fastigheter AB and gained control of the company in November. The acquisition can either be classified as an asset or business combination, which among other things affects the recognition of deferred tax in the consolidated financial statements.

Risks arising from the acquisition of Kungsleden include incorrect classification of asset or business combinations, which may result in an incorrect purchase price allocation being prepared. A purchase price allocation contains several material estimates and assessments where incorrect assumptions can have a significant impact on the Group's earnings and financial position. As the acquisition was a step acquisition, there is an assessment of the valuation of previous holdings in Kungsleden and that they shall be recognized at fair value at the time of acquisition when the controlling influence is obtained.

For further information, please refer to the risk and risk management section on page 75, the acquisition of Kungsleden on page 17-18, the Group's accounting principles and critical assessment areas on page 113 and Note 18.

Our audit procedures

Our audit covered, but was not limited to, the following procedures:

- We have reviewed the classification of the acquisition as an asset or business combination.
- Assess and challenge management's material assumptions in the acquisition analysis, review that established valuation methods have been used.
- We have obtained the external valuations of Kungsleden's portfolio in connection with the acquisition and reconciled with the purchase price allocation for reasonableness.
- Review that previously reported holdings in Kungsleden have been revalued at fair value at the time of acquisition.
- We have reviewed relevant disclosure notes to the financial statements.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-7, 144-165, 167-198 and 200-202. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary

to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

Report on other legal and regulatory requirements**Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Castellum AB (publ) for the financial year 2021-01-01 – 2021-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory admin-

istration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of the auditor's report.

The auditor's examination of the Esef report

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Castellum AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report
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has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditor's responsibility section. We are independent of Castellum AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in

the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

Deloitte AB, was appointed auditor of Castellum AB by the general meeting of the shareholders on the 2021-03-25 and has been the company's auditor since 2017-03-23. Harald Jagner was appointed auditor for Castellum AB by the General Meeting of Shareholders on 2021-03-25 and has been the company's auditor since 2021-03-25.

Gothenburg March 6 2022

Deloitte AB

Signature on Swedish original

Harald Jagner

Authorised Public Accountant



Corporate governance

Low loan-to-value ratio and focus on cash flow have long been a basic strategy

Castellum's Chairman of the Board Per Berggren describes the activities and strategy of the Board of Directors.

You have been on the Board of Directors of Castellum since 2007. Can you describe the developments in the company?

Castellum is a very well-managed company, financially muscular, where a low loan-to-value ratio and focus on cash flow have long been a basic strategy. The same strategy still applies, with the goal of generating a stable yield at low risk. The last year involved a number of changes to the Board and management, but the basic strategy remains. Going forward, the Board sees even greater focus on growth in the Nordic region, both through its own project development and through acquisitions.

How does the Board of Castellum work with sustainability?

Sustainability has long been high on the Board's agenda, and it is an integral part of the company's operations. In 2021, we raised our ambition for reduced energy use to deliver on our overall sustainability strategy with the goal of being climate neutral by 2030 at the latest. The targets in our strategy are monitored, and quarterly reports on progress are

made to the Board. The climate targets that the Board established in our strategy have also been approved by the Science Based Targets initiative (SBTi), which feels like firm evidence that our strategy is leading to real reductions in emissions.

How does the Board regard the composition of the asset portfolio going forward?

Castellum's portfolio consists largely of offices and warehouse/logistics. It is a composition we still strongly believe in. Our property portfolio has a good mix of tenants from both private and public operations in the strongest-growing regional cities in Sweden, Denmark and Finland. Through our ownership share in the Norwegian company Entra, we also have a portfolio in the most attractive regional cities in Norway. New production in offices and warehouse/logistics will increase in our core markets over the coming years, since demand is still high.

Per Berggren

Chairman of the Board of Castellum AB

"Going forward, the Board sees even greater focus on growth in the Nordic region, both through its own project development and through acquisitions."



Overall governance structure

Articles of Association

The name of the Company is Castellum Aktiebolag and the company is a public limited company. The head office of the Company is in Gothenburg. The objective of the Company's operations is to acquire, administer, develop and sell properties and securities, directly or indirectly through wholly or partially owned companies, and to conduct other operations compatible with these. Changes to Castellum's Articles of Association are made in accordance with the provisions of the Companies Act. The Articles of Association in their entirety can be accessed at the company's website, www.castellum.se.

The Swedish Corporate Governance Code

Corporate governance covers the various means of decision-making by which the shareholders directly and indirectly control the Company. Corporate governance in Swedish listed companies has been developed through laws, recommendations and statements as well as through self-regulation. The Swedish Corporate Governance Code (the "Code") is important for corporate governance in Swedish listed companies.

The model below describes the overall structure of corporate governance at Castellum.

Compliance with the Code

In the opinion of the Board, Castellum complied with the Code in all respects in 2021 and has no deviations to report or explain.

Shareholders and shares

Castellum Aktiebolag (publ) is a Swedish public limited company governed by the Swedish Companies Act, the Nasdaq Stockholm Rulebook for Issuers, the Code and the Articles of Association.

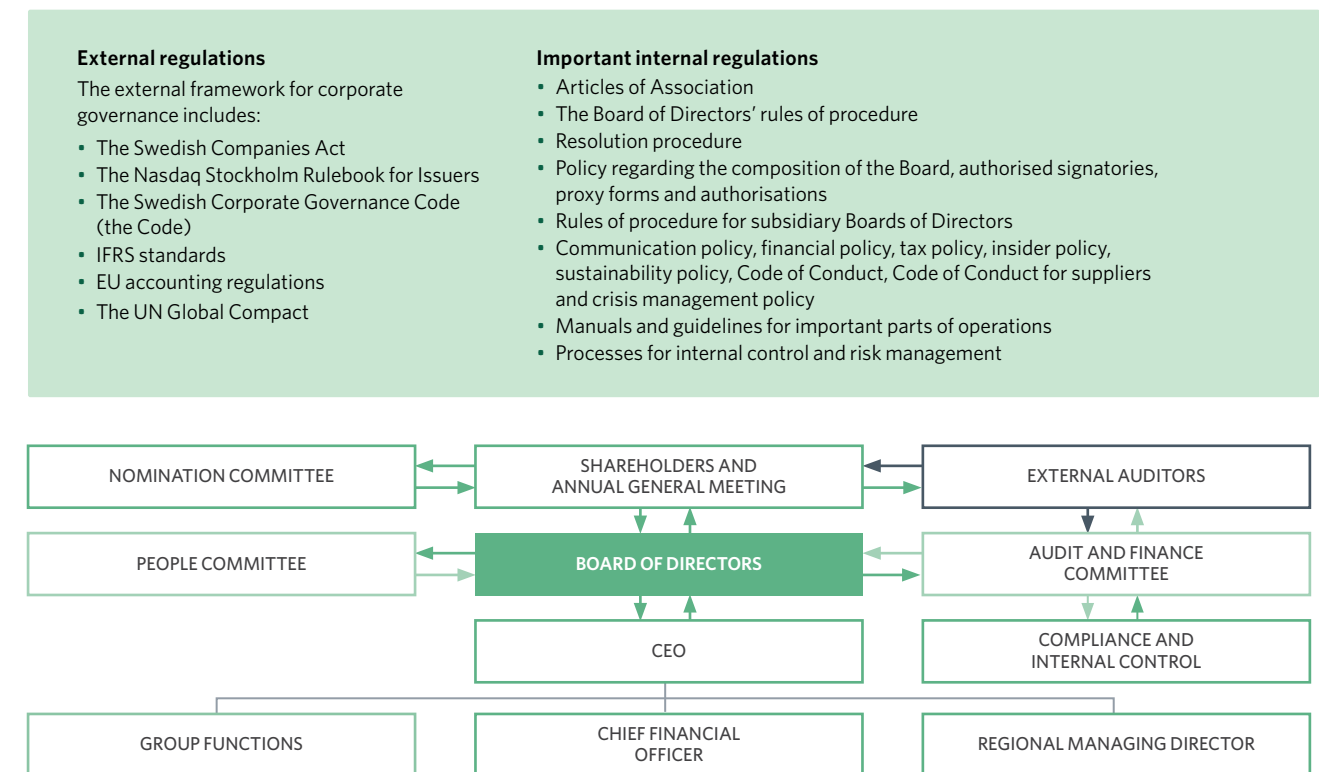
The Castellum share is traded on Nasdaq Stockholm Large Cap. At 31 December 2021, Castellum had approximately 103,000 shareholders. Of the total share capital, 57% was owned by Swedish institutions, funds and private individuals, and 43% by foreign investors. The largest owner of Castellum is Rutger Arnhult, who owns 17.2% of the shares outstanding through a company, which

is the only registered shareholder with holdings exceeding 10% of the shares in the Company.

The share capital amounts to SEK 172,865,984 distributed among 345,731,968 registered shares with a quotient value of SEK 0.50. Each share entitles the holder to one vote and carries an equal right to a share in Castellum's capital. There are no warrants, convertible bonds or similar securities which may lead to additional shares in the Company.

Acquisition of Kungsleden Aktiebolag (publ)

In 2021, Castellum submitted and concluded a public takeover bid of Kungsleden Aktiebolag (publ). Prior to the acquisition, Kungsleden was listed on Nasdaq Stockholm with a separate corporate governance structure. After the public takeover bid was completed, Kungsleden was de-listed from Nasdaq Stockholm and is now a subsidiary of Castellum. Various functions from Kungsleden's corporate governance will thus be integrated into Castellum's corporate governance framework.



Annual General Meeting

The Annual General Meeting (the “AGM”) is Castellum’s supreme decision-making body, where shareholders have the right to take decisions concerning the Group’s affairs.

The AGM is held in Gothenburg during the first half-year after the end of the financial year.

The AGM elects the Board of Directors and the Company’s auditor, as well as passing resolutions on items including the distribution of profits and the discharge from liability of the Board and the Chief Executive Officer.

Decisions at the AGM are usually taken by simple majority (i.e. with the support of more than half of the votes cast at the meeting). On certain issues, however, the Swedish Companies Act stipulates that proposals must be approved by a larger proportion of the shares represented and votes cast at the AGM. Castellum observes the Swedish corporate code, which means that our Board of Directors must have a suitable composition with regard to the company’s operations, stage of development and other conditions, characterised by versatility and breadth pertaining to the competence, experience and background of the members elected by the general meeting. An even gender distribution is desirable.

Annual General Meeting 2021

The latest AGM was held on March 25, 2021 via postal voting in order to reduce the risk of the spread of infection. 143,738,863 shares and votes were represented at the Meeting, representing 52% of the number of shares and votes.

The AGM adopted the financial reports for 2020 and discharged the Board of Directors and the CEO from liability regarding operations for 2020.

At the AGM on 25 March 2021, the following was resolved:

- A dividend of SEK 6.90 per share for the 2020 financial year, divided into two equal payouts (March and September, respectively) of SEK 3.45 per share.

- That remuneration to the members of the Board of Directors is to be KSEK 4,215, of which KSEK 1,015 should be allocated to the Chairman of the Board of Directors and KSEK 425 to each of the other Board members, and fees of KSEK 100 to the Chairman of the People Committee and KSEK 75 to the other members. Fees to the Chairman of the Audit and Finance Committee are to be KSEK 200 and KSEK 100 to the remaining members;
- Re-election of Board members Per Berggren, Christina Karlsson Kazeem, Zdravko Markovski and Joacim Sjöberg, as well as the election of Rutger Arnhult, Anna Kinberg Batra and Anna-Karin Celsing as new Board members. Rutger Arnhult was elected Chairman of the Board.
- Re-election of Deloitte as auditor. Authorised public accountant Harald Jagner is Castellum’s new auditor in charge.
- Approval of the proposed guidelines for remuneration to senior executives.
- Mandate for the Board to resolve, for the purpose of issuing shares as payment or for financing property investments, on new issue of shares.
- Mandate for the Board to resolve, for the purpose of adjusting the Company’s capital structure and to transfer treasury shares as payment or for financing of property investments, on the acquisition and transfer of treasury shares.

Extraordinary general meeting 2021

On 27 August 2021, an extraordinary general meeting was held with reference to Castellum’s public takeover bid of Kungsleden Aktiebolag (publ). The meeting was held via postal voting in order to reduce the risk of the spread of infection.

The extraordinary general meeting authorised the Board to take a decision on the issue of new shares as payment for shares in Kungsleden Aktiebolag (publ).

The 2022 AGM

For the AGM on 31 March 2022, the Board of Directors proposes a dividend of SEK 7.60 per share, divided into four payments of SEK 1.90 each.

The Nomination Committee proposes to the AGM:

- That the number of Board members should be six, and that the number of auditors should be one, without a deputy auditor.
- The re-election of Rutger Arnhult, Anna Kinberg Batra, Anna-Karin Celsing and Joacim Sjöberg. Furthermore, the election of Henrik Käll as a new Board member is proposed. The re-election of Per Berggren as Chairman of the Board is proposed.
- Fees to be paid to Board members as follows (2021 fees in parentheses):
- Chairman of the Board: SEK 1,075,000 (1,015,000).
- Each of the other Board members: SEK 440,000 (425,000).
- Chair of the People Committee: SEK 100,000 (100,000). Each of the other People Committee members: SEK 75,000 (75,000).
- Chair of the Audit and Finance Committee: SEK 220,000 (200,000). Each of the other Audit and Finance Committee members: SEK 105,000 (100,000).
- Board members who are employed by the company will not collect Board fees.
- In accordance with the recommendation of the Audit and Finance Committee, the re-appointment of Deloitte as auditor for Castellum is proposed for the period up until the end of the 2023 AGM. Deloitte has announced that Harald Jagner will remain as auditor in charge, if the AGM appoints Deloitte as auditor.
- It is proposed that fees to the auditor should be paid as per approved account.
- No changes are proposed to the instruction for appointing the Nomination Committee in Castellum as adopted at the 2021 AGM, which remains in force until further notice.

Nomination Committee

The 2021 AGM resolved to adopt instructions for the appointment of a Nomination Committee, to be in force until further notice, that ahead of each AGM the Nomination Committee shall present proposals for the number of members of the Board of Directors; for election of members to the Board of Directors, including the Chairman of the Board; for the election of auditors; for remuneration to Board members and auditors; and for changes to the instructions for appointment of the Nomination Committee where applicable.

The Nomination Committee's proposal will be announced at the latest in connection with the notice to attend the AGM, and shareholders will be given the opportunity to contact the Nomination Committee with proposals for nomination.

At the 2021 Annual General Meeting, it was resolved that the Nomination Committee would consist of the Chairman of the Board as well as one member elected by each of the four largest registered or otherwise known shareholders, with the exception of such shareholders as may be represented by the Chairman of the Board, on the last share trading day of the year prior to the AGM.

When the Nomination Committee was convened ahead of the 2022 AGM, the Nomination Committee consisted of Helen Fasth Gillstedt (chair), appointed by Handelsbanken; Patrik Essehorn, appointed by Corem Property Group; Johannes Wingborg, appointed by Länsförsäkringar Fonder; Mats Gustafsson, appointed by Lannebo Fonder; and then-Chairman of the Board Rutger Arnhult. The company's ownership circle has changed due to the completion of Castellum's bid for Kungsleden, and after contacts with the larger shareholders, the Nomination Committee has decided that Ilija Batljan (appointed by Ilija Batljan Invest) will replace Mats Gustafsson as a member of the Nomination Committee. Moreover Per Berggren, in his capacity as new Chairman of the Board, has replaced Rutger Arnhult as a member of the Nomination Committee. After the changes to the composition of the Nomination Committee, the members of the Committee together represent just under 10% of the total number of shares and votes in the company.

Board of Directors

The Board has overall responsibility for Castellum's strategy and organisation and manages Castellum's business on behalf of the shareholders. Under the Articles of Association, Castellum's Board is to consist of no less than four and no more than eight members. The shareholders elect the Board members at the AGM and hold office for the period until the conclusion of the first AGM following their appointment. For 2021, the Board consisted of seven members. The Board works in accordance with established rules of procedure containing instructions on the allocation of work between the Board and the CEO. No Board member is entitled to remuneration upon their assignment coming to an end.

New Board members receive an introduction to the company and its operations and undergo the stock exchange's training programme for board members of listed companies. Subsequently, the Board continually receives information on subjects including changes to regulations, issues that concern operations and the Board's responsibility in a listed company. The Board works continually to update its collective knowledge in sustainable development and the field of ESG.

The rules of the Companies Act apply to Board decisions, meaning that both more than half of the members in attendance and more than one third of the total number of members must vote for a decision. In the event of a split vote, the Chairman has the deciding vote.

Responsibility of the Board

According to the Swedish Companies Act and the Board of Directors' rules of procedure, the Board is responsible for:

- Preparing business decisions and supporting management.
- Developing, preparing and monitoring overall, long-term strategies and objectives, budgets and business plans.
- Establishing guidelines to ensure that the Company's operations create value over the long term.
- Reviewing and approving the accounts.

- Review of the auditors' conclusions from the audit and the Auditor's report.
- Taking decisions on issues concerning investments and sales.
- Capital structure, dividend policy and decisions on financing.
- Developing the Group's policies.
- Ensuring that there are control systems for monitoring compliance with policies and guidelines.
- Ensuring that there are systems for monitoring and controlling the Company's operations and risks, which also include climate-related risks and opportunities.
- Significant changes to Castellum's organisation and operations.
- Appointing the Company's Chief Executive Officer and setting the CEO's fixed salary and other benefits.

Each member is to act independently and with integrity, and to look after the interests of the Company and all shareholders.

The experiences of the Board members as part of the work of the Board are covered by confidentiality.

Board of Directors' rules of procedure

The Board of Directors establishes rules of procedure for Board work every year. The rules of procedure describe the work of the Board and the allocation of responsibility between the Board and the CEO. The rules of procedure also indicate which topics should be covered at each Board meeting, and provide instructions regarding financial reporting to the Board of Directors.

The rules of procedure also prescribe that the Board is to have an Audit and Finance Committee as well as a People Committee. The Committees prepare and produce recommendations to the Board on various matters. Members of the Committees are appointed yearly by the Board of Directors.

Chairman of the Board

The Chairman of the Board of Directors is responsible for ensuring that Board members regularly receive, through the agency of the CEO, the information required to monitor the Company's financial position, earnings, liquidity, financial planning and development. The Chairman of the Board is also obliged to carry out decisions made by the AGM regarding establishment of a Nomination Committee, and to participate in its work.

The work of the Board in 2021

Castellum's Board held 29 meetings in 2021, of which one was the Board meeting following election. According to the prevailing rules of procedure, the Board is to hold at least seven scheduled Board meetings per calendar year, of which one is a Board meeting following election.

The Board meetings are held in connection with the Company's financial reporting: annual accounts, proposals for appropriation of profits, and issues in connection with the AGM are covered in January; interim reports in April, July and October; strategy in June and the budget for the coming year in December.

At each of the scheduled Board meetings, matters of significance for the company such as investments, sales of properties and financing, are covered. Further, the Board is informed of the current business situation in both the rental and property markets and the credit and stock markets. Issues concerning work environment, incident reports and customer-related questions are addressed regularly by the Board.

The Board also holds meetings with the auditors without the presence of corporate management.

Routine matters the Board addressed in 2021 further include Company-wide policies, the overall strategy plan, the Board's rules of procedure, capital structure and financing needs and sustainability initiatives, including continued focus on know-how for all Board members in the field of sustainability. Apart from this, the operational model and organisational issues were addressed, as was the company's insurance situation.

In addition, the Board devoted several meetings to enhancing their knowledge of operations through themed meetings. Beyond the routine matters above, the work of the Board in 2021 focused on recruiting a new CEO and the continued shift of Castellum's

asset portfolio, both from a quality perspective and towards higher density with an even clearer orientation on growth cities in the Nordic region where significant strides have been made in Finland and Norway (through the ownership of the Norwegian property company Entra ASA). During the year, the work of the Board also focused on the public takeover bids submitted to Entra ASA and Kungsleden Aktiebolag (publ), the sale of a logistics portfolio to Blackstone and the further acquisition of shares in Entra ASA. The Board also continued to invest time and energy into initiatives around the company's financing and credit rating and its project development process, as well as issues concerning innovation and technology-based business development, climate initiatives, efficiency enhancement measures and issues concerning succession and recruitment, as well as risk management.

During the autumn of 2021, the Board also conducted an evaluation of its work. The evaluation indicated an open and constructive Board climate and a decision-making process that functions well.

The evaluation has been presented and submitted to the Nomination Committee and was discussed by the Board. Topics reviewed in the evaluation include working climate, forms of work concerning the business process, crisis management, strategic issues, monitoring and control systems, access to – and the need for – particular Board competence, order of succession, morals, ethics and communication.

The evaluation and subsequent Board discussion serve as a basis for the ongoing development of the Board's work methods and ensure that the Board can take decisions that are as well-informed as possible.

The Board evaluation complies with the guidelines for board evaluations in the Code.

No compensation other than remuneration for Board work and Committee work has been paid.

Board members	Remuneration, KSEK	Meeting attendance			
		Board of Directors ¹⁾	People Committee	Audit and Finance Committee	Independent
Rutger Arnhult	1,190	22 of 29	1 of 4	3 of 4	No ²⁾
Per Berggren	525	29 of 29	3 of 4		Yes
Anna-Karin Celsing	625	21 of 29		3 of 4	Yes
Christina Karlsson Kazeem	500	29 of 29	2 of 4		Yes
Anna Kinberg Batra	425	22 of 29			Yes
Zdravko Markovski	525	29 of 29		4 of 4	Yes
Jocim Sjöberg	425	29 of 29			Yes

1. The large number of Board meetings should be viewed in the light of a high level of activity on the transaction market. Some Board members took office on 25 March 2021 and therefore did not participate in all meetings during 2021.

2. Not independent in relation to major stockholders.

The Board's year

In addition to permanent issues such as business conditions, future outlooks, investments, sales, financing, reporting from the chairmen of the respective committees regarding committee work, work environment issues, customer-related issues and incident reporting.

Board Meeting <ul style="list-style-type: none">▪ Net income for the year▪ Annual Report incl. Sustainability Report▪ Documents for the AGM▪ Proposed appropriation of profits		<ul style="list-style-type: none">▪ Review of the auditors' conclusions from the audit▪ Individual meeting, auditors		Board Meeting <ul style="list-style-type: none">▪ Preparations for the AGM Board Meeting following election <ul style="list-style-type: none">▪ Authorised signatory appointed▪ Composition of the committees decided		Board Meeting <ul style="list-style-type: none">▪ Q1 interim report▪ Decision log▪ Monitoring investments and letting plans▪ Rules of procedure and policy documents adopted		Board Meeting <ul style="list-style-type: none">▪ Strategy review▪ Review of operational risks in the business and financial risks					
JAN		FEB		MARCH		APRIL		MAY		JUNE			
Audit and Finance Committee <ul style="list-style-type: none">▪ Financial position▪ Review with auditors of year-end audit▪ Audit plan		<ul style="list-style-type: none">▪ Incident reporting, Whistleblower▪ Review of disputes▪ Evaluation of Committee work		Annual General Meeting		Audit and Finance Committee <ul style="list-style-type: none">▪ Financial position▪ Risk management▪ Internal control▪ Incident reporting, Whistleblower		<ul style="list-style-type: none">▪ Evaluation of audit work▪ Review and evaluation of strategic objectives▪ Procurement of audit		People Committee <ul style="list-style-type: none">▪ Review of incentive plans▪ Review of remuneration policies for senior executives			
Board Meeting <ul style="list-style-type: none">▪ Q2 interim report▪ Review of the audit of the half-year report						Board Meeting <ul style="list-style-type: none">▪ Q3 interim report▪ Decision log▪ Insurance review▪ Monitoring investments and letting plans						Board Meeting <ul style="list-style-type: none">▪ Budget▪ Evaluation of the Board and CEO	
JULY		AUG		SEP		OCT		NOV		DEC			
				Audit and Finance Committee <ul style="list-style-type: none">▪ Financial position▪ Review of financial reporting process▪ Review of policy compliance		<ul style="list-style-type: none">▪ Incident reporting, Whistleblower▪ Recommendation for election of auditor to the Nomination Committee		People Committee <ul style="list-style-type: none">▪ Guidelines, remuneration principles▪ Preparing incentive outcome▪ Preparing CEO evaluation		Audit and Finance Committee <ul style="list-style-type: none">▪ Financial position▪ Review of financial reporting▪ Incident reporting, Whistleblower		<ul style="list-style-type: none">▪ Review of changed regulations▪ Discussions with the auditors about the audit of the quarterly report and internal control	

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.

Audit and Finance Committee

The Board's Audit and Finance Committee monitors such issues as financing and audits, and prepares matters in these areas for decisions by the Board. Members of the Committee, and its Chairman, are elected yearly by the Board. The Audit and Finance Committee consists of four Board members not employed by the company. The Committee's rules of procedure are included in the Board of Directors' rules of procedure and are ratified annually. It is the business of the Audit and Finance Committee to:

- Monitor financial reporting and submit recommendations and proposals for ensuring the reliability of the financial reports.
- With regard to financial reporting, monitor the efficiency of the company's internal control, internal audits (if any) and risk management.
- Monitor the work on capital structure and other financing issues, as well as prepare financing issues for decisions by the Board.
- Monitor the work on operational risks and regulatory compliance, and ensure that there are appropriate systems for control and monitoring.
- Issue an annual report on internal control and ensure that the Corporate Governance Report describes the Board's measures for ensuring that internal control functions properly.
- Stay informed about the Annual Report and the consolidated accounts.
- Inform the Board of the results of the audit and how they promoted the reliability of financial reporting.
- Stay informed about the findings of the Swedish Inspectorate of Auditors' control of the auditors.
- Review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditors provide other services besides auditing, as well as evaluating the audit work and informing the company's Nomination Committee of the results of the evaluation.

- Take note of the auditors' report pursuant to Article 11 of the Audit Regulation and, if needed, take appropriate action in this connection.
- Issue guidelines for services other than auditing provided by the auditors and, where appropriate, approve such services in accordance with these guidelines.
- Prepare issues regarding procurement of audit and other services from the auditors.
- Assist the Nomination Committee in producing proposals for auditors and remuneration to them, at which point the Committee is to ensure the auditors' mandate period does not exceed the applicable regulations, procure the audit and submit a reasoned recommendation in accordance with the stipulations in Article 16 of the Audit Regulation.

The Audit and Finance Committee is to hold at least four meetings a year, and the Company's auditors must attend at least two of them. On one of the occasions when the Audit and Finance Committee meets with the auditors, no one from Executive Management may be present.

In 2021, the Committee held four meetings. Issues covered at the meetings included capital structure and financing issues, financial reporting including a review of future regulations and their potential impact on Castellum; a survey of the decision-making process as regards investments; internal control and risk management; the impartiality, independence and work of the auditors; policy development and feedback from the whistleblower service. Operational issues were also thoroughly examined. In 2021, the Committee focused in particular on issues concerning Castellum's financing and credit rating as well as the continued shift of the asset portfolio. In addition, the Audit and Finance Committee held individual meetings during the year with compliance and auditors without the presence of management.

Audit and Finance Committee

The Audit and Finance Committee consists of Chairman Anna-Karin Celsing as well as members Per Berggren, Zdravko Markovski and Joacim Sjöberg. Previously, Rutger Arnhult was a member of the Audit and Finance Committee up until taking office as Castellum's Chief Executive Officer. Subsequently, Joacim Sjöberg and Per Berggren were added as members.

The primary tasks of the Audit and Finance Committee are:

- Financial reporting
- Financing and capital structure
- Investment research and monitoring
- Risk management
- Regulatory compliance
- Audit
- Policies
- Operational areas of specialisation
- Internal control

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.

Auditor

The auditor is elected by the AGM, is an independent reviewer of Castellum's accounting and corporate governance report, sustainability report and report on green MTNs, and also reviews the administration by the Board and the CEO. Castellum's auditor, Deloitte, was elected by the AGM for a mandate period of one year, until the end of the 2022 AGM. The auditor in charge at Deloitte is authorised public accountant Harald Jagner.



Harald Jagner
Castellum's auditor

AUDIT FEES

	2021	2020	2019
Audit assignment	5,368	4,260	3,252
Audit business in addition to the audit assignment	3,490	2,721	1,127
Other services	—	54	52
Total audit fees	8,858	7,035	4,431

Compliance and internal control

Castellum has a Compliance Officer to monitor compliance (i.e. ensuring compliance with laws and ordinances as well as internal policies and guidelines). The Group's Chief Legal Officer is its Compliance Officer.

Internal control at Castellum is based on the established COSO framework, which consists of the following components: control environment, risk assessment, control activities, information, communication and monitoring. Internal control is described in more detail on pages 155-157.

Castellum has a whistleblower function, which is directed both externally and internally. It is available on the Group's website and via the Group's intranet. The service represents an early warning system for reporting deviations from Castellum's values and business ethics guidelines. All incoming cases to the whistleblower function are sent to the appointed official within Castellum as well as to the Chairman of the Audit and Finance Committee.

The Compliance Officer function acts as a support for the operations driving the business when it comes to identifying and monitoring operational risks. The Compliance Officer regularly reports to the CEO and the Audit and Finance Committee regarding risks and regulatory compliance.

Internal control

Under the Swedish Companies Act and the Code, the Board is responsible for internal control. This report has been drawn up in accordance with the Swedish Annual Accounts Act and the Code and therefore refers to internal control relating to financial reporting and other processes relevant to the operations.

The work on introducing self-assessment of internal controls continued in 2021.

Internal control at Castellum (excluding Kungsleden) follows the Internal Control – Integrated Framework (COSO), which consists of the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The basis for internal control relating to financial reporting is a control environment consisting of various parts that together form the culture and values on which Castellum is governed. Essential for Castellum's internal control are its decentralised, small-scale organisation with more than 762 properties, as are the cost centres administered by our regional companies. The decision-making paths, authorisations and responsibilities documented and communicated in such policies as the Board of Directors' rules of procedure, resolution procedure, instructions for authorised signatories, proxy forms and authorisations, accounting and reporting instructions, internal policies, guidelines and manuals are also of importance for internal control. Current documents are updated regularly in the event of changes (e.g. to legislation, accounting standards or listing requirements).

Risk assessment

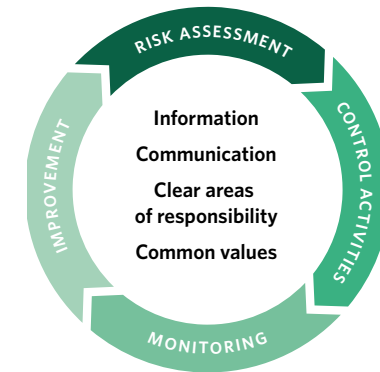
At Castellum, risk management is built into the processes concerned, and various methods are used to evaluate and limit risks as well as to ensure that the risks Castellum is exposed to are managed in accordance with established policies and guidelines. Under the rules of procedure, the Board of Directors and the Audit and Finance Committee annually review customary internal control and operational risk as well as how they are handled; for the latter, see the "Risks and Opportunities" section on pages 75–83. The risks deemed to exist are identified and then each individual risk is ranked from a perspective of impact and likelihood.

The material risks Castellum has identified as specifically linked to financial reporting are errors in accounting and valuation of properties, lack of financing, interest-bearing liabilities, tax and VAT, workplace injuries and the risks of fraud and loss or embezzlement of assets.

Control measures

The risks identified as regards financial reporting are managed through the company's control structure, resulting in a number of control measures. The control measures are intended to prevent, detect and correct errors and deviations and cover, for example, analytical reviews at several levels in the organisation and comparisons of income statement items, reconciliation of accounts, monitoring and reconciliation of Board decisions and policies set by the Board, authorisation and recognition of business transactions, structures for proxies and authorisation, authorised signatories, compliance officer functions, and consolidated accounts prior to publication. The auditors conduct a limited assurance review of the January–June half-year report.

CASTELLUM'S INTERNAL CONTROL ENVIRONMENT



Internal control is governed by:

- The Board of Directors' rules of procedure.
- Audit and Finance Committee's rules of procedure.
- Resolution procedure.
- Instructions for signatories, proxy forms and authorisations.
- Accounting structure.
- Reporting structure.
- Financial policy, communication policy, insider policy, sustainability policy, Code of Conduct, Code of Conduct for suppliers, tax policy and crisis management policy.
- Guidelines for information and IT security, insurance and electricity trading.
- Accounting manual, HR manual, Manager manual.
- Financial instructions.
- Processing routine for personal data.
- Continuity plan.

Information and communication

Castellum has information and communication paths that are intended to ensure efficient and correct provision of information as regards financial reporting. This requires all parts of the operations to communicate and exchange relevant, material information. Policies and guidelines regarding financial reporting as well as updates and changes are made available and made known to the personnel concerned. Executive Management and the Board of Directors regularly receive financial information from the regions with comments on financial results and risks.

The Board also receives additional information regarding risk management, internal control and financial reporting from the auditors through the Audit and Finance Committee. In order to ensure that the external provision of information is correct and complete, there are a communication policy and guidelines for information security.

Corporate culture

Conducting Castellum's operations responsibly is crucial for the company's long-term success. Castellum's Code of Conduct governs its daily work, and the Company has signed and supports the principles of the UN Global Compact on human rights, labour issues, the environment and corruption. The objective is to make sound and proper business decisions in all respects, where the Company's actions are characterized by good business conduct with a high level of competence and business morals, good business practices, accountability and impartiality. Castellum's Code of Conduct is based on providing good quality and service, complying with laws and regulations, not discriminating against anyone, creating a good work environment and security.

Group policies issued by the Board



Financial policy

Establishes overall objectives and guidelines for financial risk and how financial operations are to be conducted. The financial policy also indicates how responsibility for financial operations is allocated, and how risks are to be managed and reported. It also includes instructions for how operational activities are to be pursued.



Code of Conduct

Provides guidelines for conducting operations responsibly, with the aim of all business being characterised by a high level of business ethics and accountability. Governs the Group in relation to employees, contractors, customers, suppliers and other stakeholders. Castellum's Code of Conduct can be found on the company's website.



Code of Conduct for suppliers

Provides similar guidelines for suppliers as for Group employees as regards conducting operations responsibly with the objective of having all business characterised by a high level of business morals and accountability. Castellum's Code of Conduct for suppliers can be found on the company's website.



Sustainability policy

Provides guidelines for how sustainability initiatives in the Group are to be pursued. The work must promote sustainable development and be broken down into specific measurable goals as well as being an integral and natural part of operations and based on participation and commitment.



Communication policy

Ensures that all Group communication is correct and is provided in a professional manner at the right time. The policy covers both internal and external communication.



Insider policy

Ensures proper ethical management in relation to the capital market by describing trading and reporting requirements.



Crisis management policy

Provides guidelines for how the Group is to act and communicate in a potential crisis.



Tax policy

Ensures a clear framework for tax governance in the Castellum Group as a stage in the company's sustainability initiatives. The tax policy establishes the principles for compliance with taxes in the countries where Castellum operates.

Castellum also has a Code of Conduct for suppliers, since Castellum expects suppliers to also promote sustainable development. Castellum's work on diversity and equality are also important components in building a corporate culture in which employees are given the right conditions to work. That is why Castellum has produced an equality policy as well as a diversity and equality plan in order to take a proactive approach to these issues every day. In addition, there are ambitious long-term goals regarding diversity and equality.

A cornerstone of Castellum's corporate culture has been its decentralised organisation, which creates committed employees who take on responsibilities and feel themselves a part of operations.

Long-term value creation

Long-term value creation requires that operations are conducted with a focus on sustainability. Sustainability initiatives involve environmental considerations such as efficient and responsible use of resources and developing a future-proof and sustainable asset portfolio as well as social responsibility by promoting the development of the cities where Castellum operates.

The work also involves ensuring a healthy work environment for employees. Sustainability initiatives are carried out in collaboration with customers and other stakeholders – a requirement for success. Guidelines for conducting value-creating sustainability initiatives can be found in the sustainability policy, the Code of Conduct and the Code of Conduct for suppliers.

Castellum reports on this work in accordance with the GRI standards. Reports on sustainability activities are regularly presented to Castellum's Board of Directors.

Monitoring

Routine monitoring takes place at many levels in the Group, at the property and regional levels as well as at Group level. Through the Audit and Finance Committee, the Board of Directors evaluates the information submitted by Executive Management and the auditors. Furthermore, the Company's auditors report their observations from the review, and their assessment of internal controls, directly to the Audit and Finance Committee at least twice a year.

In addition, the Audit and Finance Committee conducts an annual review of the risk assessment and the measures agreed on. Monitoring by the Audit and Finance Committee and the Board of Directors is of particular importance for the development of internal control and for ensuring that action is taken regarding any shortcomings and proposals that emerge.

Internal audit

Castellum has a decentralised and transparent organisation. The economic and Treasury functions are managed from the head office, meaning that routines and processes are uniform but also provide the conditions for various parts of the functions to review one another's processes – a form of self-assessment, all for the purpose of increasing and improving internal control. The business units and the Company monitor the income statements and balance sheets on a quarterly basis.

Clear documentation through policies and instructions, along with frequent monitoring and regular discussions with the auditors, continually ensure the work to improve these processes. Management and reporting are reviewed by the Company's auditors and reported to both the Audit and Finance Committee and the Board.

In addition, there is a whistleblower function on the Group's website and intranet. Taken together, this means that a specific division for internal audits is not considered justifiable.

Whistleblower

Castellum's whistleblower service can be accessed on the Group's website and the Group's intranet. The whistleblower service is an early warning system that provides both employees and external stakeholders the opportunity to anonymously report any deviations from Castellum's values and business ethics. The service is administered by an external partner to ensure anonymity and professionalism.

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

Board of Directors







				
	Per Berggren	Rutger Arnhult	Anna-Karin Celsing	Christina Karlsson Kazeem
	Chairman of the Board since 2022 and Board member since 2007. Member of the Audit and Finance Committee and of the People Committee.	Board member since 2022 and former Chairman of the Board since 2021.	Board member since 2021. Chair of the Audit and Finance Committee.	Board member since 2016. Member of the People Committee. CEO of Ettelva Arkitekter AB.
Born:	1959	1967	1962	1965
Education:	Master of Science KTH and economic education from Stockholm University.	Master of Economics from Lund University.	Master of Economics from Stockholm School of Economics.	Master of Science in Engineering from KTH Royal Institute of Technology.
Previous positions:	CEO of Hemsö Fastighets AB, CEO of Jernhusen AB, Division Manager of Fabege AB (publ), CEO of Drott Kontor AB and Property Manager at Skanska Fastigheter Stockholm AB.	Extensive experience and expertise in the finance and property industry. Financial analyst for Handelsbanken Markets, Öhman Fondkommission and Alfred Berg Fondkommission. Former CEO and board member of Corem Property Group AB (publ).	Has a background in banking, finance and Investor Relations. Previous positions include Head of Investor Relations at Swedbank and member of Group Management at Ratos as Chief Information Officer.	Chairman of the Board of Tomorrow China, part of the H&H Communication Group. Communication Manager at Niscayah Group and executive positions at Razorfish AB and Creuna AB. Worked with city planning and development at the City of Stockholm Property Management Administration.
Board assignments:	Board member of Fasticon Kompetens Holding AB, White Arkitekter AB, RetailFast Holding AB and Fondamentor AB.	Chairman of the Board of M2 Asset Management AB (publ).	Board member of companies including Carnegie Investment Bank AB, Volati AB, Landshypotek Bank AB, OX2 AB, Lannebo Fonder AB and Tim Bergling Foundation.	Chairman of the Board of Creador AB and Millimeter Arkitekter AB.
Shareholding:	10,000	58,925,000	2,000	439







**Anna Kinberg Batra****Zdravko Markovski****Joacim Sjöberg****Malin Axland**
Chief Legal Officer, and
Secretary of the Board.

	Board member since 2021. Chair of the People Committee.	Board member since 2020. Member of the Audit and Finance Committee.	Board member since 2020. Member of the Audit and Finance Committee.
Born:	1970	1964	1964
Education:	Bachelor in Economics from Stockholm School of Economics.	Master of Science in Engineering from KTH Royal Institute of Technology.	Master of Laws from Stockholm University.
Previous positions:	Member of the Riksdag, chair of the Riksdag EU Committee and Finance Committee, leader of the Moderate Party. Municipal and county councillor, project leader in the European Parliament and advisor in the Swedish Government Offices. Director of Information, Stockholm Chamber of Commerce, co-founder of Nova Talent, leader in residence, Stockholm School of Business, advisor for SSE Business Lab and McKinsey, board member of Fryshuset, Avanza Pension and Collector Bank AB (publ).	Board member of Backastad AB and Backastad Projekt AB (Backahill Group), President and CEO of Svevia AB, several executive positions in the JM Group and Board member of Sveriges Bygginstitut in the Confederation of Swedish Enterprise.	Senior positions at Jones Lang LaSalle, Swedbank, Öhman Fondkommission, HSH Nordbank, Alfred Berg Fondkommission and Enskilda Securities. Lawyer at Mannheimer Swartling Advokatbyrå. Chairman of the Board of Beijerinvest Aktiebolag, Räckesbutiken Sweden AB, Centro Kakel & Klinker AB, JLL Transaction Services AB and Tendium Holding AB. Board member of JLL Capital Markets AB and G&L Beijer Import och export AB.
Board assignments:	Chairman of the Board of Soltech Energy Sweden AB (publ). Board member of Carasent ASA (publ), Cinis Fertilizer, Polarium Energy Solutions AB, Ogunsen (publ) and Swedish Space Corporation. Member of the Stockholm Chamber of Commerce Council of Representatives.	Board member of Besqab AB (publ) and ZM & Co AB.	CEO and board member of Valhalla Corporate Advisor AB, board member of Wästbygg Gruppen AB (publ) and KlaraBo Sverige AB.
Shareholding:	2,000	2,000	2,000

The information above refers to the situation in February 2022. Shareholdings include member's own holdings and those of spouses, minors and children living at home, holdings of associated companies and holdings through capital insurance. The CEO has no material holdings or partnerships in companies that Castellum has significant business connections with.

Executive Management

							
	Rutger Arnhult	Jakob Mörndal	Maria Strandberg	Jens Andersson	Hanna Brandström	Mats Eriksson	Per Gawelin
	Employed as Chief Executive Officer since 2022.	Employed as Chief Operating Officer since 2022.	Employed as Chief Financial Officer since 2022.	Employed as Head of Treasury since 2022.	Employed as Head of People & Culture since 2022.	Employed as Managing Director Region Mälardalen since 2022.	Employed since 2006, and as Managing Director Region Central since 2018.
Born:	1967	1983	1983	1973	1980	1963	1978
Education:	Master of Economics from Lund University.	Master of Economics.	Master of Economics.	Master of Economics.	Bachelor's degree in Business Administration from Södertörn University.	High School Engineer, House & Urban Planning from Rudbecksskolan Örebro.	Graduate of upper secondary economics course.
Previous positions:	Extensive experience and expertise in the finance and property industry. Financial analyst for Handelsbanken Markets, Öhman Fondkommission and Alfred Berg Fondkommission. Former CEO and board member of Corem Property Group AB (publ).	Extensive experience from management positions in the property industry, including acting CEO at Castellum and as Head of Concept Development at Klöver.	Experience from several management positions in finance and controller functions, most recently as Financial Director at Kungsleden. Auditor from EY.	Finance Director at Corem Property Group AB 2013–2022.	HR Manager General Motors Nordic, Opel/Chevrolet Sverige AB; General Manager HR & Legal at SC Motors Sweden AB.	Business Manager Retail Newsec Asset Management AB; Manager Property Development Ica Fastigheter AB; Business Area Manager NIAM AB and Property Manager Siab AB.	Experience in the property industry and leadership experience as captain and player for Örebro SK Football Club.
Board assignments:	Chairman of the Board of M2 Asset Management AB (publ).	Chairman of the Board of Kamelia Samhällsfastigheter AB; board member of Servistore AB and Footway Group AB.				Member of the Environment and Climate Committee in Västmanland County.	—
Shareholding:	58,925,000	1,000	1,000	0	343	0	3,125

						
	Mariette Hilmersson	Malin Löveborg	Anna-Karin Nyman	Ola Orsmark	Kristina Sawjani	Sven Stork
	Employed as Managing Director Region West since 2018.	Employed as Chief Legal Officer since 2022. ¹⁾	Employed as Communications Director since 2018.	Employed as Managing Director Region Öresund since 2014.	Employed as Chief Investment Officer since 2020.	Employed as Managing Director Region Stockholm since 2022.
Born:	1971	1978	1983	1971	1975	1967
Education:	Master of Laws.	Master of Laws.	Multimedia journalism and gender studies at Karlstad University.	Master of Science in Engineering.	Master of Science in Engineering.	Master of Science in Engineering from KTH Royal Institute of Technology.
Previous positions:	Extensive experience from management positions in the property industry, including as CEO of AB Framtiden.	Extensive experience in the property industry, most recently as Chief Legal Office at Klövern AB/Corem Property Group AB, 2017–2022.	Experience from several managerial positions as Communications Director at Jernkontoret, Press Manager at the Ministry of Enterprise and Innovation, Chief of Staff at the Ministry for Rural Affairs, political expert in the Riksdag, journalist, editor and editor-in-chief.	Extensive experience in the property industry, most recently as Business Area Manager at Jernhusen.	Extensive experience from executive positions in the property industry such as Transaction Manager at AFA Fastigheter, Senior Investment Manager Folksam and consultant at Catella.	Key Account Manager at Newsec Asset Management AB, Asset Manager at Niam AB, project manager at NCC Property Development AB.
Board assignments:	Chairman of the Board of Fastighetsägarna GFR AB and board member of Tyréns AB.		Board member of Byggherrarna.	Board member of IDEON Open AB and IDEON AB. Limited partner in Easy Kommanditbolag.	Board member of Cribble AB.	Board member in newly-formed cooperative company for urban development in Kista, proposed name Kista Limitless AB.
Shareholding:	3,900	0	645	8,350	3,239	0

1. Malin Löveborg took office on 10 March 2022.

The information above refers to the situation at the end of December 2021. Shareholdings include member's own holdings and those of spouses, minors and children living at home, holdings of associated companies and holdings through capital insurance. The CEO has no material holdings or partnerships in companies that Castellum has significant business connections with.

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

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in Castellum AB (publ), corporate identity number 556475-5550

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the financial year 2021-01-01 –2021-12-31 on pages 145-163 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg March 6 2022

Deloitte AB

Signature on Swedish original

Harald Jagner

Authorised Public Accountant

A woman with long brown hair, wearing a green blazer over a pink shirt, stands in profile looking out a large window. She is holding a silver tablet with both hands. The background shows a blurred view of green trees outside. The word "Sustainability" is written in white text in the bottom left corner.

Sustainability

About the Sustainability Report

The 2021 Annual and Sustainability Report contains Castellum's sustainability report for 2021, which also constitutes the company's statutory sustainability report. The basis for the sustainability report is stakeholder dialogues that are continually conducted and a materiality analysis that was last updated in 2021. Castellum's sustainability report is prepared in accordance with the GRI Standards 2021 and covers the period from 1 January to 31 December 2021. The European Public Real Estate Association (EPRA) Sustainability Best Practice Recommendations (sBPR), third version, September 2017 were also taken into consideration in the preparation of the sustainability report. Castellum submits sustainability disclosures for all of the EPRA's sBPR performance measures.

Castellum's ambition is to integrate sustainability initiatives into all its operations, which is why the description of these initiatives is found as part of the regular structure of the annual report. Since 2014, Castellum has supported the UN Global Compact and has undertaken to work for and take responsibility for the ten principles of the initiative concerning human rights, labour rights, the environment and anti-corruption. This Sustainability Report comprises Castellum's Communication on Progress (CoP) and is a report of how the company works with the ten principles of the Global Compact and the 17 Sustainable Development Goals.

The Sustainability Report includes all wholly owned Group companies, but does not include data from Kungsleden, which was acquired in the latter part of 2021. The Finnish property group Lindström Invest was consolidated for the first time into the sustainability data for 2021. There have been no changes to historical sustainability data since the preceding year. Castellum's Sustainability Report follows the financial year and is published annually. Deloitte has conducted a limited assurance engagement with the Sustainability Report. The latest Sustainability Report was published in February 2020. With the exception of the consolidation of Lindström Invest, no material changes regarding the organisation or supply chain occurred in 2021.



Contact person: Filip Elland, Head of Sustainability for Castellum, filip.elland@castellum.se.

Castellum's sustainability agenda

The objective of Castellum's sustainability agenda is to ensure that the company, by contributing to sustainable development in selected focus areas, is a relevant and successful company, not just for today, but well into the future. Its agenda has been developed through analysis, dialogue and discussion. This agenda is primarily constructed upon:

- The UN SDGs for 2030.
- Sweden's road map to Fossil-Free Sweden.
- Local and global challenges and opportunities.
- Identified climate risks and opportunities.
- Priorities voiced by customers, employees and other stakeholders.
- Castellum's ability to create shareholder value.
- Our opportunities to make a real difference.
- Sweden's road map to Fossil-Free Sweden.
- Local and global challenges and opportunities.
- Identified climate risks and opportunities.
- Castellum's ability to create shareholder value.
- Our opportunities to make a real difference.



Castellum has signed the UN Global Compact, which is an initiative to coordinate matters of human rights, labour conditions, the precautionary principle and responsibility concerning the environment and anti-corruption. The Global Compact contains 10 principles.

Stakeholder dialogue and materiality analysis

To develop and improve the sustainability initiatives of the operation, Castellum continually and systematically surveys and analyses both positive and negative impacts of the operations on its business environment from the perspective of the economy, the environment, society and human rights.

Routine dialogue with stakeholders

The input we routinely receive from our stakeholders through various situations and channels is one of the elements that facilitates a survey and analysis of material sustainability issues. Regular surveys and dialogues with stakeholders on issues concerning sustainability illustrate the sustainability issues that the stakeholders consider to be most important in their relationship with Castellum. These issues are dealt with on a routine basis, for example, at Board meetings, Executive Management meetings and meetings with shareholders, and in daily two-way communication with customers, employees, partners, suppliers and various societal stakeholders.

In addition to continual dialogue, we conduct annual interviews with selected stakeholders who are experts in the field and are considered as having the greatest impact on – or are impacted most by – Castellum's operations. The survey of material sustainability issues included both short- and long-term perspectives on how these issues impact the business environment and the operation.

Castellum's central stakeholder groups

The following stakeholders have been identified as central to Castellum's operations and have been given priority in the analysis of sustainability-related issues:

- Customers
- Board of Directors
- Suppliers
- Employees

MATERIAL SUSTAINABILITY ISSUES

Focus Area	Sustainability issues	GRI Standard
The Planet	Environmental and climate risks	—
	Renewable energy	Energy
	Minimise climate impact	—
	Efficient use of resources	Energy, water, environmental compliance
	More sustainable building materials and installations	—
	Partner with customers for increased sustainability performance (e.g. through waste management and green mobility)	—
	Adapt the properties for climate change	Emissions
	Increase circularity	Waste
	Biodiversity and ecosystem services	Biodiversity
Future-proofing	Environmental certification of buildings	Product responsibility
	Offer smart, flexible workplaces	—
Well-being	Attractive workplace	Employment and working conditions, training, health and safety
	Diversity and equal opportunity	Diversity and equal opportunity
	Occupational Health and Safety	Occupational Health and Safety
	Healthy premises	Customer Health and Safety
Social responsibility	Sustainable financing	Economic performance, tax
	Good business ethics and anti-corruption	Anti-corruption, economic performance, tax
	Ensure sustainable supply chains	Evaluation of suppliers regarding environmental impact and social criteria
	Develop local communities (e.g. through apprenticeships)	Local communities

The table shows how Castellum's prioritised sustainability issues correlate with the topics in the GRI Standards. A number of Castellum's sustainability issues are considered important for the company's sustainability initiatives and therefore extend outside the GRI reporting system.

Materiality analysis

Based on continual dialogues with various stakeholders, Castellum reviews its sustainability issues and their priority in a materiality analysis. The latest update was conducted in 2021. Additional input for the materiality analysis is obtained from comprehensive business intelligence and from discussions with in-house and external experts.

The perspectives of the stakeholder groups on which sustainability issues are relevant to them in their relationship with Castellum is reflected on the y-axis of the materiality matrix. The impact – positive or negative – that various sustainability issues have on the business environment is analysed by Castellum's sustainability experts and is reflected on the x-axis of the materiality matrix. The final prioritisation of the material sustainability issues is validated with various experts. The sustainability issues constitute a part of the sustainability strategy of the operation, which is reviewed and approved annually by the Board of Directors and management in conjunction with the strategy initiatives.

Many of Castellum's sustainability issues have an impact outside the company's legal framework; for example, on our customers, suppliers, and in the communities in which the company operates. The materiality analysis is limited to the areas where Castellum or the company's significant business relationships have a major impact, or to areas where the business environment has a major impact on Castellum's operations. All sustainability issues in the analysis are considered important for Castellum, but they are evaluated in the matrix from the perspective of low, medium or high relevance and impact, respectively.

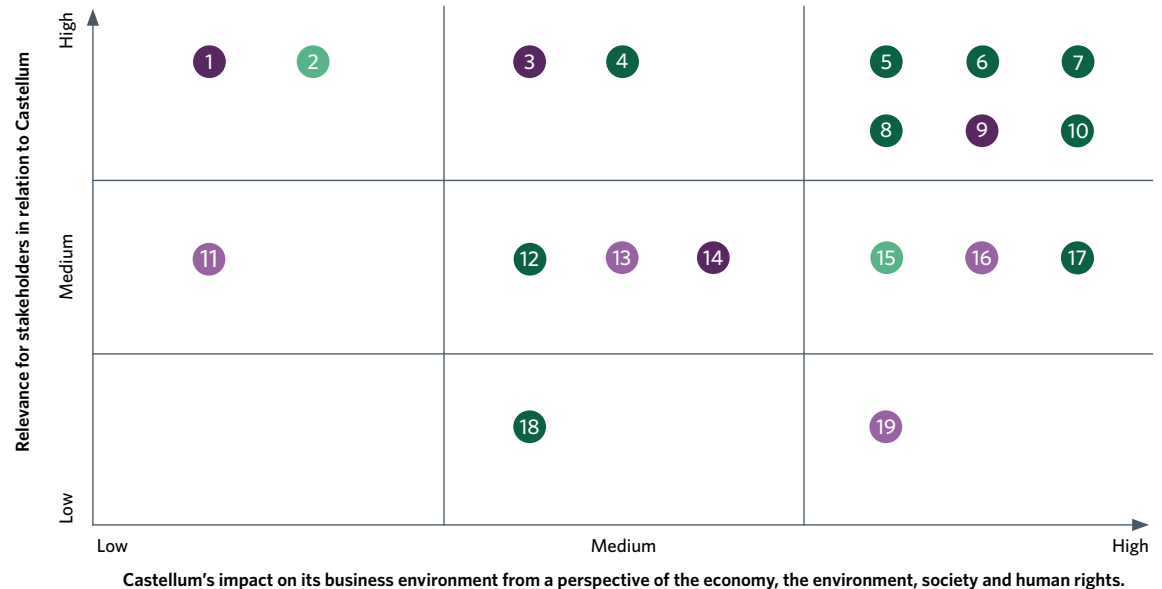
In relation to the previous materiality analysis from 2020, some of the issues are deemed to have become more or less material. For example, the issue of environmental and climate risks is considered to be more material than previously, while the issue of developing local communities is deemed to be somewhat less material. Both minimising climate impact and increased circularity have been added as material sustainability issues in the 2021 analysis. In Castellum's dialogue with stakeholders and in taking both the business environment and its own operations into account, it emerged that these issues are material for reducing our potential negative impact on the environment.

The materiality analysis and sustainability issues form the basis of Castellum's analysis of key risks and business opportunities. It also forms the basis of the company's sustainability strategy and sustainability goals. Castellum's efforts around these sustainability issue are collected in Castellum's Agenda for the sustainable city. The specific targets can be found on page 171.

Castellum reports background descriptions for each material sustainability issue and precisely where in the company's value chain this topic has an impact. These are summarised in the table on page 175.

MATERIALITY MATRIX

The results of Castellum's materiality analysis are presented in a matrix. All sustainability issues in the matrix are considered important for the company, but they are evaluated from the perspective of low, medium or high relevance and impact, respectively. The colour-coding of the sustainability issues indicates which of Castellum's four overall sustainability areas the specific issues fall under.



Castellum's material sustainability issues

- | | | |
|-------------------------------------|--|--|
| 1. Attractive workplace | 8. More sustainable building materials and installations | 13. Develop local communities (e.g. through apprenticeships) |
| 2. Offer smart, flexible workplaces | 9. Diversity and equal opportunity | 14. Occupational Health and Safety |
| 3. Healthy premises | 10. Partner with customers for increased sustainability performance (e.g. through waste management and green mobility) | 15. Environmental certification of buildings |
| 4. Environmental and climate risks | 11. Sustainable financing | 16. Ensure sustainable supply chains |
| 5. Renewable energy | 12. Adapt the properties for climate change | 17. Increased circularity |
| 6. Minimise climate impact | | 18. Biodiversity and ecosystem services |
| 7. Efficient use of resources | | 19. Good business ethics and anti-corruption |

● The Planet
 ● Future-proofing
 ● Well-being
 ● Social responsibility

Sustainability goals

	The Planet	Future-proofing	Well-being	Social responsibility
Ongoing targets	<ul style="list-style-type: none"> 100% non-fossil fuel powered vehicles 1% water conservation per year 1.5 energy efficiency enhancements per year 	<ul style="list-style-type: none"> All new production and major reconstructions sustainability certified. Provision of ecosystem services in major developments. Re-use in all projects. 	<ul style="list-style-type: none"> <2% short-term sick leave <3% long-term sick leave Zero workplace injuries and work-related illness among employees and suppliers. 	<ul style="list-style-type: none"> 4% of all employees to consist of apprentices. Create job opportunities in projects for young people and the long-term unemployed. 100% of employees to undergo training in Code of Conduct. Zero workplace injuries and work-related illness among employees and suppliers.
Target 2025	<ul style="list-style-type: none"> 22% lower energy consumption cf. 2015. 100 solar cell installations in the "100 on Solar" programme. 75% of Castellum's properties must have an energy performance lower than 100 kWh/m² per year 	<ul style="list-style-type: none"> 50% of properties in sq. m. certified for sustainability. 	<ul style="list-style-type: none"> 40–60% gender equality among all occupational categories. 20% of employees to have international backgrounds. 	
Target 2030	<ul style="list-style-type: none"> Net-zero carbon emissions with the following road maps (approved by SBTi): <ul style="list-style-type: none"> Net zero in property management (Scope 1 and 2) Net zero in Project development (Scope 3) 100% non-fossil fuel energy. 	<ul style="list-style-type: none"> Re-use and renewable materials must be a significant element in all projects. 		

Based on the materiality analysis, Castellum has produced its sustainability strategy, "The sustainable city 2030", (refer to page 21) that contains 22 measurable targets and measures, of which the long-term target is net-zero carbon emissions by 2030. The sustainability goals are presented in the table above in accordance with a perspective of time and overall area of sustainability.



Sustainability governance

Castellum's sustainability governance must ensure an efficient organisation that develops the company's sustainability initiatives and realises its sustainability strategy. Key starting points are the 17 Sustainable Development Goals, the Paris Agreement and the ambition of achieving the company's own long-term sustainability goals that run up through 2030.

The work of the Board on sustainability issues

Castellum's Board of Directors annually adopts a sustainability policy and Codes of Conduct, and routinely discusses and follows up on the sustainability initiatives and the work on the sustainability strategy. The Board of Directors, together with Executive Management, are ultimately responsible for adopting Castellum's sustainability goals. Every year, the company's risk analysis is reported to the Board of Directors, which means that sustainability risks – including climate-related risks and risks linked to human rights – as well as opportunities and measures are reviewed. The Board of Directors and CEO together approve Castellum's sustainability report on an annual basis in conjunction with its signing. The Board has not appointed either a sustainability or a climate committee.

Significant deviations and actions linked to Castellum's sustainability initiatives and Code of Conduct are reported to the Board of Directors when such incidents occur. During the year, no significant deviations linked to sustainability initiatives and the Code of Conduct were reported to the Board.

The work of Executive Management on sustainability issues

Castellum's CEO is ultimately responsible for all sustainability initiatives. This responsibility also encompasses climate-related risks and opportunities. The Head of Sustainability pursues and develops sustainability and climate initiatives for the Group, and reports directly to the Chief Operating Officer in Executive Management. The Head of Sustainability informs Executive Management of the results of the initiatives at least four times a year, or when the need arises. Executive Management annually approves the sustainability report, and the materiality analysis when it is updated. There has not been a need to inaugurate a special climate committee at the management level, since the sustainability managers in the organisation pursue climate initiatives as an integral part of the operation. The Head of Sustainability and the sustainability managers are responsible for supervising

Policies for sustainability initiatives

Regulations that control Castellum's sustainability initiatives:

External laws and guidelines

- The Swedish Companies Act
- The Swedish Annual Accounting Act
- The Swedish Environmental Code
- The Swedish Work Environment Act
- Building Regulations from the National Board of Housing, Building and Planning
- UN Guiding Principles on Business and Human Rights
- UN Convention on the Rights of the Child
- EU Taxonomy Regulation
- Other applicable laws and regulations

External initiatives

- GRI Standards
- UN Sustainable Development Goals
- Paris Agreement
- Sweden's road map to Fossil-Free Sweden
- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- TCFD
- ISO 14001
- Science Based Targets

Important internal regulations

- Sustainability Policy
- Work environment handbook
- Code of Conduct
- Code of Conduct for suppliers
- Internal environmental management system
- Internal control processes
- Other instructions

climate-related risks and opportunities, monitoring compliance with the company's sustainability policy, realising the sustainability strategy and achieving the sustainability goals.

Governance of sustainability initiatives

All of Castellum's operations are encompassed by the sustainability initiatives, and this is governed with the use of a management system that consists of Group-wide policies, guidelines, short- and long-term measurable goals and detailed action plans. The aim of this work is to monitor, document, evaluate and improve Castellum's sustainability activities. Castellum follows the precautionary principle, which is integrated into Castellum's sustainability policy and business processes, and is monitored via the company's environmental management system. To ensure and maintain systematic sustainability initiatives, all Swedish and Danish operations are certified under ISO 14001.

Castellum's sustainability initiatives are based on committed, skilled employees and training in sustainability issues on a regular basis. The efforts to identify and manage our social, environmental and economic impact has been delegated to Castellum's Sustainability Team. All of

Castellum's employees undergo mandatory web-based training in sustainability, diversity and codes of conduct, which is also a part of the onboarding of new employees.

Basis for sustainability initiatives

Castellum is a responsible community developer that intends to be part of promoting sustainable development. Castellum regards the precautionary principle and society's requirements under laws and regulations as minimum requirements. To achieve properly functional sustainability initiatives, Castellum will:

- Act in accordance with the UN Global Compact.
- Promote the realisation of the UN Sustainable Development Goals and the Paris Agreement.
- Follow Castellum's Code of Conduct and the Code of Conduct for suppliers. All Castellum's employees and partners must understand and comply with their respective Codes of Conduct.
- Continually increase competence in sustainability through education and communication of sustainability issues.
- Routinely monitor, report on and improve the company's sustainability initiatives.

Castellum's four overall sustainability areas

The Planet

Castellum acknowledges the scientific evidence that human activity is accelerating climate change. Overstepping the planet's limits involves great risk for the future. Castellum has therefore decided to set targets for its own efforts and to govern its operations in a manner that is line with the UN Sustainable Development Goals and the Paris Agreement.

Castellum's asset portfolio will be future-proofed by making buildings more energy-efficient, taking life cycle perspectives into account in investments, assuming responsibility for natural resources and biological diversity, increasing the share of renewable energy and adapting operations to the consequences of climate change. Castellum will be involved in the climate plans and policies of its customers and of government agencies, it will display leadership and to the greatest extent possible will inspire the industry to reduce its climate impact.

Climate risks

Castellum regards a changed climate as a significant risk that over the long term constitutes a risk to our operations, our properties and our tenants. When extreme weather arises – floods or heavy rains, for example – it causes damage and disruptions in several ways: directly to the property or neighbouring infrastructure (e.g. electrical outages, waste water backing up out of drains, or disruptions to public transportation to and from our properties). Therefore, Castellum has implemented specific risk analysis processes for all investments to better take into account such climate risks as the risk of flooding, land erosion and vulnerability to extreme weather.

Climate goals

In 2018, Castellum was the first property company in the Nordic region to have its climate goals approved by the Science Based Targets initiative (SBTi). The purpose of the SBTi is to guide companies across the globe in identifying and mapping their carbon emissions, and in establishing scientifically correct climate targets that are in line with the goals of the Paris Agreement on reducing global warming.

Castellum's goal is to achieve net-zero carbon emissions from operations by 2030, thus supporting both the Paris Agreement and the national ambition for a fossil fuel-free Sweden.

To achieve properly functional sustainability initiatives, Castellum will:

- Decrease the direct and indirect carbon emissions in Scopes 1, 2 and 3 that promote global warming.
- Use natural resources responsibly and efficiently so as not to jeopardise the planet's limits, and thus our climate and the opportunities for future generations in a finite world.
- Build and manage from a service life perspective, and promote circular models.
- Promote increased biological diversity and limit the use and spread of environmentally hazardous products.
- Create conditions for responsible waste management through minimising waste, guarding against pollutants and regarding waste as a resource for reuse and recycling.

Biodiversity

The great majority of Castellum's properties are not located in environments that are protected from the perspective of biodiversity or have a high biodiversity value. In cases where Castellum constructs new buildings, it always ensures that there is at least an equal amount of biodiversity upon completion of the project as there was before the building was constructed. To ensure this, a tool that has been specially produced and adapted to Castellum's development operation is used.

21 new projects were carried out during the year. All of these have been evaluated from a perspective of biodiversity. Several different measures such as planting of flora and preservation of water courses were taken to ensure that biodiversity has not been negatively impacted.

Future-proofing

Castellum will be part of driving this development forward and promoting sustainable development. We intend to create safe and healthy work environments for customers and employees. Castellum works with acknowledged sustainability certification systems and environmental inventories to create a sustainable asset portfolio in a changing world.

To achieve properly functional sustainability initiatives, Castellum will:

- Offer comfortable, healthy environments for people in and around our properties.

- All properties held for more than one year are to be environmentally inventoried. Updates must take place at least every ten years.
- All new production is to be certified for sustainability, and existing properties are to be certified in accordance with sustainability goals.

Well-being

Castellum works to promote health and wellness and to increase productivity, where equality and diversity are important conditions. Castellum is a flexible employer that offers freedom for its employees.

To achieve properly functional sustainability initiatives, Castellum will:

- Offer comfortable, healthy environments for our employees' well-being.
- Create an equitable organisation with a diversity reflecting the composition of society.
- Call attention to and change any discriminatory structures in the organisation.
- Be an attractive employer and attract the best and most professional employees.
- Continue with collective bargaining agreements and maintain all employees' rights to organise and participate in collective bargaining.
- Maintain a zero-tolerance attitude as regards child labour and forced labour in own projects.

Diversity and Equal Opportunity

Castellum has well-developed initiatives in diversity and equality, with the overall goal of promoting equal rights for all. All people are of equal worth and must be treated equally based on their individual conditions and possibilities regardless of gender, gender identity or expression, ethnicity, religion or other expression of faith, disability, sexual orientation and age.

All employees are individually responsible for helping to create a positive workplace. Everyone also has a responsibility to work for integration and to counteract all forms of discrimination. Women and men must be given the same opportunities to have an impact on their work situation.

Castellum's initiatives for diversity and equality are based on the following:

- Equality as a strategy involves all employees having the same rights, obligations and opportunities in the company regardless of gender, transgender identity or expression, ethnicity, religion or other expression of faith, disability, sexual orientation or age.
- Employees must therefore be recruited, paid and promoted on equal terms. Salaries will be determined based on responsibility and performance, and on nothing else.
- Competence will be evaluated from a perspective of diversity.
- Equality must promote the development of an organisation in which women are equally as valued as men.
- Our work sites must be mentally, physically and socially adapted to our employees. Harassment must not occur.
- We take a positive view of the combination of working and parenthood.
- We benefit from our differences. Differing opinions and experiences spur creativity and development. Diversity in the company is to be regarded as a boost to resources.

Social responsibility

Castellum will pursue its operations in a responsible manner in relation to society and its stakeholders. To achieve properly functional sustainability initiatives, Castellum will:

- Maintain long-term, sustainable financial growth in cash flows.
- Create business models for collaboration regarding sustainable investments.
- Maintain low financial and operational risk for a strong increase in value in the company while offering shareholders a competitive dividend.
- Use financial and human capital efficiently.
- Ensure that no violations of human rights occur in our projects or with a link to the work that suppliers perform on our behalf.
- Maintain a zero-tolerance attitude as regards child labour and forced labour in projects being carried out by our suppliers.
- Contribute to employment and young people's opportunities to enter the labour market.
- Engage in issues that are significant for societal development.
- Continue to ensure that no violations of human rights occur in our own or our suppliers' operations.

Human rights

Castellum applies existing international guidelines in accordance with the UN Global Compact, the UN Guiding Principles on Business and the OECD Guidelines for Multinational Enterprises. Castellum has undertaken the following:

- To avoid causing or promoting negative impact on human rights through its own activities, and to deal with such actions if they occur.
- To attempt to prevent or alleviate negative impact on human rights that is directly linked to our operations, products or services.
- To prohibit child labour and forced labour.
- Castellum does not employ anyone under the age of 15 or applicable higher statutory minimum ages. Young people between the ages of 15 and 18 can work with non-hazardous work tasks, provided that they have reached the legal age for work and have undergone national compulsory education, or if the work permits compulsory education to be pursued in parallel. All work will be voluntary. No form of forced labour or labour connected with any form of threat or punishment is permitted.
- Freedom of association: All employees have freedom of association.
- The employees' right to freely negotiate with employers is a key element of the freedom of association. All employees therefore have the right to collective bargaining.
- Equal remuneration: This involves the principle of equal remuneration to male and female employees for work of equal value.
- Right to non-discrimination: The principle of non-discrimination is intended to guarantee that human rights are exercised without discrimination of any type based, for example, on race, skin colour, gender, language, religion, political or other opinion, national or social origin, or other status such as disability, age, sexual orientation and gender identity.
- Zero tolerance for human trafficking: Recruitment, transport, transfer, housing or receiving a person through the use of such means as threats, the use of violence or other forms of compulsion, removal, fraud or fraud for the purpose of exploitation must not occur.

This applies to all employee at Castellum, and governs how employees are to act toward each other and toward Castellum's tenants, suppliers, partners and other parties that employees encounter in their daily operations.

Castellum places the same stringent ethical requirements on suppliers and partners as it does on all employees in the Group. Castellum assesses the actual and potential consequences for and risks to human rights in our operations, in the operations of our business partners and as part of the due diligence process before we initiate new business relationships. The assessment encompasses all the areas mentioned above under Castellum's commitment to human rights, and encompasses at least the following groups: own employees, women, children, indigenous populations, migrant workers, outside contract labour force and local communities. We implement Castellum's Code of Conduct for suppliers in all our business relationships, and monitor this in our annual risk assessment.

Discrimination and harassment

Castellum exercises zero tolerance toward harassment and sexual harassment in its operations.

All employees undergo mandatory training in sustainability that includes training in diversity and how to prevent discrimination and harassment at the workplace. There is also a defined escalation process for reporting incidents and corrective or disciplinary measures that occur in the event of discriminatory behaviour or harassment, which includes the following elements:

- Assess the risks of discrimination, including harassment and sexual harassment, or of disciplinary measures taken to obstruct equal rights or opportunities.
- Analyse causes of risks and obstacles.
- Correct, and implement measures to prevent discrimination and promote equal rights and opportunities.
- Incidents are monitored and analysed in accordance with Castellum's guidelines.

The above includes but is not limited to working conditions, salaries, recruitment and promotion, training and competence development, harassment and sexual harassment, and ensuring that it is possible to combine working and parenthood. Like deviations from the Code of Conduct or other commitments that are reported in the whistleblower service by internal or external parties, negative impacts on the business environment from a perspective of the economy, the environment, society or human rights are investigated and corrective actions taken.

GOVERNANCE OF MATERIAL SUSTAINABILITY ISSUES

	The Planet	Future-proofing	Well-being	Social responsibility
Sustainability issues	<ul style="list-style-type: none"> Environmental and climate risks Renewable energy Minimise climate impact Efficient use of resources More sustainable building materials and installations Partner with customers for increased sustainability performance (e.g. through waste management and green mobility) Adapt the properties for climate change Increased circularity Biodiversity and ecosystem services 	<ul style="list-style-type: none"> Offer smart, flexible workplaces Sustainability certification of buildings 	<ul style="list-style-type: none"> Attractive workplace Diversity and equal opportunity Occupational health and safety 	<ul style="list-style-type: none"> Healthy premises Sustainable financing Good business ethics and anti-corruption Ensure sustainable supply chains Develop local communities (e.g. through apprenticeships)
GRI Standards	GRI 302: Energy GRI 303: Water and Effluents GRI 304: Biodiversity GRI 305: Emissions GRI 306: Waste GRI 307: Environmental Compliance	C1 Product responsibility	GRI 401: Employment GRI 403: Occupational Health and Safety GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity GRI 416: Customer Health and Safety	GRI 201: Economic Performance GRI 205: Anti-corruption GRI 207: Tax GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment GRI 413: Local communities
Why is this topic important for us?	By making efficient use of resources and applying the precautionary principle, we can reduce our negative impact on the planet, the environment and the climate. This also means that we can ensure a positive impact by developing our properties so that they comply with future environmental and climate requirements.	It is important that the operation is conducted responsibly with a high degree of ethics and a strong moral compass in relation to our stakeholders. We can promote a positive impact on our business environment by imposing environmental, social and human rights requirements in our supplier chain. If we do not, there is a risk that we will have a negative impact on our supplier chain. A clear focus on healthy premises and certified properties means we have a positive impact on our customers' environment.	The wellness and development of our employees, and offering them a safe work environment is key to the company continuing to develop in a positive direction.	We can make a positive contribution by acting in accordance with laws and regulations, delivering long-term sustainable financial results and paying tax. This is a condition for the continued performance of the operation.
Responsibility and actual/potential impact along the value chain	Making efficient use of resources in our operation while putting demands on suppliers and collaborating with customers is our responsibility. In the respective areas, we contribute together with our suppliers and customers to the positive and negative impact on the business environment that occurs in conjunction with construction, purchasing, property management and development.	We are responsible for placing clear requirements (environmental, social and with a strong link to human rights) on suppliers, and they have a great responsibility for complying with these. We are also responsible for our properties being safe for their users and the local community. Our role in the property industry means we have a direct positive impact on our business environment through offering healthy premises, promoting the development of local communities and by pursuing efforts on properties that are certified for sustainability.	<ul style="list-style-type: none"> We have a formal responsibility towards our employees, and endeavour to have a goal-oriented organisation where everyone feels involved We have a direct impact on our employees' workday in conjunction with construction, property management and purchasing By working on diversity and equality, we have a positive impact on our employees' work lives 	Meeting customer needs is our responsibility. We primarily develop properties together with our customers, but other stakeholder groups are also included in these procedures. Together with our customers, we contribute to the impact on the business environment that occurs in conjunction with construction, purchasing, property management and development.
Limitations in reporting	The sustainability data that is reported applies to Castellum as a Group. We focus on our own operation, from planning to implementation and administration. We also report carbon emissions from both upstream and downstream in the value chain. Any limitations are indicated in the respective tables.	Reporting occurs primarily for employees with supplementary disclosures from suppliers where available. We do not report information about customers and users. Any limitations are indicated in the respective tables.	Reporting occurs primarily for employees with supplementary disclosures from suppliers where available. We do not report information about customers and users. Any limitations are indicated in the respective tables.	The sustainability data that is reported applies to Castellum as a Group. There are no limitations in the reporting.
How we work	By ensuring efficient use of materials and natural resources, as well as efficient use of premises. Read more in the chapters "The Planet" and "Future-proofing".	By clearly structuring requirements and expectations of our suppliers.	By clearly structuring requirements and expectations of our employees.	We develop our properties, taking into account current and future needs in dialogue with customers and other stakeholders.
We aim to achieve the following:	The goal is to reduce our climate impact, achieving climate neutrality by 2030.	We aim to create long-term sustainability in our property portfolio.	We aim to create a healthy, risk-free and inspiring workplace where people feel committed and motivated, with a high degree of business ethics and a sense of responsibility.	The goal is to achieve workplaces that create value for us and for our customers.
Policies	<ul style="list-style-type: none"> Sustainability policy Guidelines for sustainability goals Code of Conduct Code of Conduct for suppliers Guidelines for sustainable vehicles and travel Other procedures 	<ul style="list-style-type: none"> Sustainability policy Guidelines for sustainability goals Code of Conduct for suppliers Other procedures 	<ul style="list-style-type: none"> Sustainability policy Guidelines for sustainability goals Health and safety manual, and work environment policy Code of Conduct HR manual and Manager manual Internal control procedures Other procedures 	<ul style="list-style-type: none"> Sustainability policy Accounting manual Financial policy Tax policy Other procedures
Commitments beyond Swedish law and guidelines	<ul style="list-style-type: none"> Climate targets approved by the SBTi Reporting in accordance with TCFD and the EU Taxonomy Regulation Fossil Free Sweden Supports the UN Global Compact 	<ul style="list-style-type: none"> Certification of buildings Observes the UN Global Compact 	<ul style="list-style-type: none"> Supports the UN Global Compact 	<ul style="list-style-type: none"> Supports the UN Global Compact Affiliated with WELL Portfolio
Targets	<ul style="list-style-type: none"> Climate neutrality 2030 Energy efficiency Proportion of certified buildings 100% renewable energy Fossil fuel-free vehicles 	<ul style="list-style-type: none"> High employee satisfaction index Proportion of certified buildings 	<ul style="list-style-type: none"> Low sick leave and few workplace injuries Diversity and equal opportunity 	<ul style="list-style-type: none"> Growth in income from property management Net investments Low financial risk Customer satisfaction index (CSI)
Special procedures, projects, programmes and initiatives	<ul style="list-style-type: none"> Environmental management system Method for climate calculations Sustainability training 	<ul style="list-style-type: none"> Whistleblower function 	<ul style="list-style-type: none"> Sustainability training in Code of Conduct and diversity 	<ul style="list-style-type: none"> Training in Code of Conduct
Evaluation of management	<ul style="list-style-type: none"> Monitoring of resource use and greenhouse gas emissions Resource use, environmental management systems and product responsibility are monitored as part of management's annual review Policies are evaluated annually and adopted by the Board 	<ul style="list-style-type: none"> Monitoring of cases in the whistleblower function on the Audit and Finance Committee Monitoring of local communities Annual evaluation of suppliers using social criteria during management review 	<ul style="list-style-type: none"> Monitoring of internal control Monitoring of diversity and equality, health and safety Policies are evaluated annually and adopted by the Board 	<ul style="list-style-type: none"> Analysis of Customer Satisfaction Index (CSI) Policies are evaluated annually and adopted by the Board

Sustainability notes

Castellum's efforts to reduce the company's climate impact are ambitious. The ambition of working efficiently to develop a more sustainable property portfolio has been a goal of the company since the mid-1990s. These efforts have yielded results, and Castellum is now among the most sustainable companies in the industry.

To future-proof Castellum's asset portfolio and promote the sustainable development goals established by the UN and prioritised by the company, several challenging goals have been set. For example, buildings must be more energy-efficient, natural resources must be more efficiently utilised, biodiversity in urban environments must be increased, renewable energy must increase and changing weather conditions must be taken into account.

Castellum is involved in the climate plans and policies of its customers and of government agencies. It supports international treaties such as the Paris Agreement, displays leadership and to the greatest extent possible influences the industry to reduce its climate impact. Castellum is the first property company in the Nordic region to have its climate targets approved by the Science Based Targets initiative (SBTi). One of Castellum's targets is to achieve 100% climate neutrality in its operations by 2030, thereby supporting the UN's climate agreement and the national ambition for a fossil fuel-free Sweden. Despite the strong possibilities we see for adjusting emissions from property management (Scopes 1 and 2), there are major challenges to achieving climate neutrality in Scope 3. At present, we are far from having all the solutions to becoming climate neutral by 2030. But we know that ambitious goals drive innovation.

Reporting principles

Castellum submits sustainability disclosures for all material sustainability issues based on the GRI Standard and for all of the EPRA's sBPR performance measures. Sustainability disclosures are reported for energy, greenhouse gas emissions, water, waste, and sustainability-certified buildings as well as corporate governance and societal aspects.

This sustainability notes report on the methods, assumptions and conversion factors used to produce Castellum's sustainability disclosures. In addition, detailed tables and information are reported as well as comments on limitations to or exclusion of sustainability disclosures.



The Planet

General principles

Castellum limits its reporting to the properties where we have operational control in accordance with the principles of the Greenhouse Gas protocol. Operational control was selected since it provides Castellum with the best conditions for reporting the statistics and data that Castellum can directly influence. Properties where the customer is responsible for agreements regarding energy and water deliveries and waste removal are thus excluded. Nor does Castellum own measurement data in cases where the customer is responsible for the agreement, and it is therefore difficult to report that type of data.

Scope of the disclosures

Castellum works actively to gain access to the relevant data for properties it owns and manages. Having access to measurement data is important for Castellum, as it creates conditions for proper, efficient technical management in our buildings. At present, Castellum has excellent access to measurement data for nearly its entire portfolio. The size of the share of properties included in the respective indicators is shown next to the respective key metrics. Note that the share of potential objects to report under absolute figures for the respective years includes objects sold during the year in question, excluding land. Castellum does not, however, have access to all of the measurement data for all its properties. Measurement data of waste is primarily lacking due to the fact that several waste management contractors cannot provide complete data. Measurement data is also missing for energy and water. This is due to changes in the portfolio from purchases and sales of properties as well as development properties, which makes access to the relevant data more difficult. Castellum works continually on improving access to the relevant statistics. In total, Castellum owned 554 (642) properties at the end of 2021. Kungälv, which was acquired in late 2021, has not been included in the company's sustainability reporting or sustainability key metrics. It will be included in 2022.

No estimates

No sustainability disclosures have been estimated; unless otherwise indicated, all measurement data and all disclosures reported have been measured and assured.

Normalisation

Castellum calculates key intensity metrics through division by the total floor area of the buildings; this is the most widely accepted method in Sweden for comparing energy use and resource consumption. Castellum uses Swedish Meteorological and Hydrological Institute (SMHI) degree days to normalise energy for heating. Energy for cooling is not currently normalised.

Segment reporting (by property type and geography)

Castellum reports sustainability disclosures separated into the following building types: offices, logistics, retail, public buildings and light industry. Castellum's own offices are reported separately on page 181. Since Castellum owns properties primarily in Sweden and a very small share in Denmark and Finland, reporting the statistics by geographical division is not relevant.

The Planet **energy**

Energy consumption

Castellum reports energy we purchase and tenants' own electricity consumption. Reporting of the energy purchased by Castellum is based on actual metered consumption. The same applies for tenants' electricity consumption.

Energy produced (GRI 302-1)

	Absolute energy (MWh)		
	2021	2020	% change
Electricity produced from own solar panel installations	4,637	1,580	193%
Production of own solar electricity, used on-site	1,946	1,512	29%
Production of own solar electricity, sold	2,691	68	3,857%
Scope of the disclosures on own solar electricity produced	46/46	31/31	

Energy consumption (GRI 302-1, 302-3, Elec-Abs, Fuels-Abs, DH&C-Abs, Energy-Int)

Energy source	Absolute energy use (MWh)			Renewable share		
	2021	2020	2019	2021	2020	2019
Building electricity	61,587	70,357	76,895	100%	100%	100%
Electricity, geothermal and cooling	1,532	1,586	1,316	100%	100%	100%
Electricity, direct	1,485	1,155	522	100%	100%	100%
1. Total electricity consumption (Elec-Abs)	64,604	73,098	78,733	100%	100%	100%
Biogas	1,735	1,723	2,714	100%	100%	100%
<i>Total consumption of renewable fuels</i>	<i>1,735</i>	<i>1,723</i>	<i>2,714</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
Natural gas	219	312	223	0%	0%	0%
Oil	252	1	86	0%	0%	0%
<i>Total consumption of non-renewable fuels</i>	<i>471</i>	<i>313</i>	<i>309</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>
2. Total fuels purchased by landlord (Fuels-Abs)	2,206	2,036	3,023	79%	85%	90%
District heating	208,499	189,382	218,716	93%	94%	95%
District cooling	16,022	14,903	15,767	100%	95%	99%
3. Total consumption of district heating and cooling (DH&C-Abs)	224,521	204,285	234,483	93%	94%	95%
Total energy consumption (1+2+3)	291,331	279,419	316,239	95%	95%	96%
Total energy consumption (normalised)	294,111	326,287	340,645	—	—	—
Energy intensity, buildings (Energy-Int)	91	75	88	—	—	—
Energy intensity, buildings (normalised)	92	87	95	—	—	—

Absolute emissions are indicated in metric tons of CO₂eq, and intensity in kg per square metre. To convert from kWh to gigajoules (GJ), use a conversion factor of 3.6.

Energy consumption outside the organisation (GRI 302-2)

	2021	2020	% change
Electricity (MWh)	38,130	42,852	-11%
Scope of the disclosures on tenants' energy	150/554	192/642	

The Planet energy, cont.

Energy consumption (delivered by property owner) divided by property type, comparison (Elec-LfL, DH&C-LfL, Fuels-LfL, Energy-Int)

	Measurement unit	Offices			Logistics			Retail		
		2021	2020	% change	2021	2020	% change	2021	2020	% change
Total electricity consumption (Elec-LfL)	MWh	31,943	33,692	-5%	7,039	7,106	-1%	4,061	3,990	2%
<i>Scope of the disclosures on electricity consumption</i>	m²	173/195	173/195		72/98	72/98		37/57	37/57	
Total district heating and cooling (DH&C-LfL)	MWh	107,664	90,639	19%	28,119	23,092	22%	14,078	11,371	24%
<i>Scope of the disclosures on district heating and district cooling</i>	m²	172/172	172/172		75/76	75/76		39/39	39/39	
Total fuels (Fuels-LfL)	MWh	843	815	3%	676	563	20%	—	—	
<i>Scope of the disclosures on fuel</i>	m²	4/4	4/4		5/5	5/5		0/0	0/0	
Total energy consumption	MWh	140,450	125,146	12%	35,834	30,761	16%	18,139	15,361	18%
Energy consumption (degree-day corrected)	MWh	142,019	142,657	0%	36,030	35,892	0%	18,308	17,692	3%
Energy intensity, buildings (Energy-Int)	kWh/m²/yr	102	91	12%	59	51	16%	90	76	18%
Energy intensity, buildings (degree-day corrected)	kWh/m²/yr	103	104	-1%	59	59	0%	91	88	3%

cont.	Measurement unit	Public sector properties			Light industry			Castellum total		
		2021	2020	% change	2021	2020	% change	2021	2020	% change
Total electricity consumption (Elec-LfL)	MWh	13,175	13,138	0%	1,988	1,974	1%	58,206	59,900	-3%
<i>Scope of the disclosures on electricity consumption</i>	m²	57/67	57/67		21/30	21/30		360/447	360/447	
Total district heating and cooling (DH&C-LfL)	MWh	39,292	33,090	19%	7,800	6,682	17%	196,953	164,874	19%
<i>Scope of the disclosures on district heating and district cooling</i>	m²	57/57	57/57		23/23	23/23		366/367	366/367	
Total fuels (Fuels-LfL)	MWh	—	—		234	97	141%	1,753	1,475	19%
<i>Scope of the disclosures on fuel</i>	m²	0/0	0/0		1/1	1/1		10/10	10/10	
Total energy consumption	MWh	52,467	46,228	13%	10,022	8,753	14%	256,911	226,249	14%
Energy consumption (degree-day corrected)	MWh	52,872	52,775	0%	10,079	10,181	-1%	259,308	259,196	0%
Energy intensity, buildings (Energy-Int)	kWh/m²/yr	94	83	13%	105	92	14%	91	80	14%
Energy intensity, buildings (degree-day corrected)	kWh/m²/yr	94	94	0%	105	106	-1%	91	91	0%

Scope of the reporting	2021	2020	2019
Properties covered by disclosures on electricity consumption	395/554	482/642	444/473
Properties covered by disclosures on district heating and district cooling	401/414	486/501	479/508
Properties covered by disclosures on fuels	13/13	16/16	15/15

The Planet **emissions**

Emissions

Castellum monitors its greenhouse gas emissions annually in accordance with the Greenhouse Gas (GHG) Protocol. 2017 was chosen as the base year for Castellum's Science Based Target of net-zero CO₂ emissions by 2030. This is because it was the first year when a complete Scope 3 inventory could be carried out. For scopes 1 and 2, and for business travel, there is comparable data back to 2007.

The Conversion Factors table on page 180 reports on the activities, assumptions and conversion factors forming the basis for reporting Castellum's energy use and greenhouse gas emissions. It is worth noting that in 2021, the database for Scope 3 emissions that are calculated based on the costs of the current period were replaced with a newer database. The previous database with emissions factors from the

World Input Output database, which is from 2013, has been replaced with a newer database – Exiobase 3. This database is considered to be the most reliable today for these types of calculations, and has updated emissions factors that better take economic activities into account with improved sectoral granularity. Previous years have not been updated.

Complete inventory of greenhouse gas emissions (GRI 305-1, 305-2, 305-3, 305-4, 305-5, GHG-Dir-Abs, GHG-Indir-Abs [market-based], GHG-Indir-Abs [facility-based])

	2021		2020		2019		2018		2017		Calculation method ¹⁾
	Absolute emissions	Intensity	Absolute emissions	Intensity	Absolute emissions	Intensity	Absolute emissions	Intensity	Absolute emissions	Intensity	
Scope 1											
Direct emissions (GHG-Dir-Abs) ²⁾	322	0.1	284	0.1	458	0.1	675	0.2	1,122	0.3	Fuel-based
Biogenic emissions (GHG-Dir-Abs)	342	0.1	339	0.1	535	0.1	664	0.2	924	0.2	Fuel-based
Scope 2											
Market-based method (GHG-Indir-Abs)	5,403	1.4	3,991	0.9	5,764	1.4	4,362	1.00	6,133	1.3	Fuel-based
Market-based method (GHG-Indir-Abs)	16,418	4.3	18,128	4.1	37,222	8.8	47,818	11.3	48,560	11.0	Fuel-based
Scope 1+2 (market-based method)	5,725	1.5	4,275	1.0	6,222	1.5	5,037	1.2	7,255	1.6	
Scope 1+2 (facility-based method)	16,740	4.4	18,412	4.2	37,680	8.9	48,493	11.5	49,682	11.3	
Scope 3³⁾											
1. Goods and services purchased	71,130	18.5	274,307	61.8	266,860	62.8	273,279	64.6	322,279	73.6	Cost-based
3. Fuel- and energy-related activities ⁴⁾	3,452	0.9	—	—	—	—	—	—	—	—	Fuel-based
4. Transportation and distribution, upstream	465	0.1	227	0.1	172	0.1	166	0.1	289	0.1	Cost-based
5. Waste generated in the operation	2,043	0.5	2,717	0.6	2,161	0.5	2,038	0.5	1,839	0.4	Cost-based
6. Business travel	35	0.0	49	0	127	0.0	151	0.0	138	0.0	Average method
7. Employee commutes	169	0.0	160	0	166	0.0	158	0.0	156	0.0	Average method
8. Leased assets, upstream	20	0.0	88	0	68	0.0	59	0.0	51	0.0	Cost-based
13. Leased assets, downstream ⁵⁾	8,860	2.3	12,627	2.9	54	0.0	54	0.0	54	0.0	Average method
Biogenic emissions	—	—	—	—	—	—	—	—	—	—	
Scope 3	86,174	22.4	290,175	65.4	269,608	63.4	275,905	65.2	324,806	74.1	
Scope 1+2+3 (market-based method)	91,899	23.9	294,450	66.4	275,830	64.9	280,942	66.4	332,061	75.7	
Scope 1+2+3 (facility-based method)	102,914	26.8	308,587	69.6	307,288	72.3	324,398	76.7	374,488	85.4	

Absolute emissions are indicated in metric tons of CO₂eq, and intensity in kg CO₂e per square metre.

2017 is set as the base year for Castellum's Science Based Target, since this was the first year that Castellum measured the Group's entire emissions in Scope 3. No material emissions of greenhouse gases have been excluded.

1. According to GHG Protocol Corporate Value Chain Standard.

2. In addition to fuel consumption in properties and refrigerants, also includes emissions from Castellum's own vehicles of 23 metric tonnes of CO₂e in 2021 compared with 14 metric tonnes of CO₂e in 2020.

3. The following Scope 3 emissions are not considered relevant for Castellum (approved by SBTi): 2. Capital goods, 9. Downstream transportation and distribution, 10. Processing of sold products, 11. Use of sold products, 12. End processing of sold products, 14. Franchises, 15. Investments.

4. In 2021, Castellum updated and calculated emissions for fuel- and energy-related activities.

5. The emissions factor has been updated in accordance with the residual mix emission factor of each country from Grexel's database from 2020 and onward. We believe that Grexel's residual mix emissions factor reflects carbon emissions from electricity consumption better than the Swedish Energy Markets Inspectorate's weighted residual mix emissions factors that were used in previous years. This has no significant impact on the total carbon footprint – less than 5% – which is why we have not updated either previous years or the base year.

Scope	Activity	Activity data	Conversion factor
Scope 1	Oil consumption at properties where the tenant does not have separate metering or billing of actual consumption.	Internal collection of statistics relating to consumption at properties heated by oil.	Heating oil: 0.28 tonnes CO ₂ e/MWh Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 1	Natural gas consumption at properties where the tenant does not have separate metering or billing of actual consumption.	Internal collection of statistics relating to consumption at properties heated by natural gas.	Natural gas: 0.203 tonnes CO ₂ e/MWh Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 1	Business travel with company vehicles.	Travel with company vehicles is based on meter readings. Greenhouse gas emissions are based on distance covered and on combined-cycle fuel consumption for each vehicle.	Gasoline: 0.0002375 tonnes CO ₂ e/km Diesel: 0.0002798 tonnes CO ₂ e/km Biofuel: 0 tonnes CO ₂ e/km CNG: 0.0000505 tonnes CO ₂ e/km Electric hybrid: 0.00005 tonnes CO ₂ e/km Electric car: 0 tonnes CO ₂ e/km Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 1	Refrigerants.	Refrigerant emission data is collected from the mandatory refrigerant report of each respective property.	Statistics from Svenska Kyl & Värmepumpsföreningen. The data is reported in connection with the Fluorinated Greenhouse Gas regulation, EU/517/2014, and appurtenant Swedish legislation, which is declared based on applicable practices.
Scope 2	Consumption of electricity in properties where the tenant does not have separate measurement or invoicing of actual consumption.	Internal collection of statistics for properties where Castellum is responsible for electricity use.	Origin-labelled renewable electricity: 0 g CO ₂ e/MWh Residual mix: Sweden: 0.02318 tonnes CO ₂ e/MWh Denmark 0.4277 tonnes CO ₂ e/MWh Finland 0.2682 tonnes CO ₂ e/MWh Source: Grexel
Scope 2	Consumption of district heating and district cooling in properties where the tenant does not have separate measurement or invoicing of actual consumption.	Internal collection of statistics for properties where Castellum is responsible for district heating and district cooling. District heating consumption is adjusted based on SMHI degree days and vacancy rate.	Statistics from respective district heating providers. ¹⁾
Scope 3	Business travel, taxi.	The majority of the data from suppliers and manual retrieval.	0.000147 tonnes CO ₂ e/km Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 3	Business travel, air.	The majority of the data from suppliers and manual retrieval.	Nordic region: 0.000171 tonnes CO ₂ e/km Europe: 0.000092 tonnes CO ₂ e/km World: 0.000083 tonnes CO ₂ e/km Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 3	Business travel, train.	The majority of the data from suppliers.	0.0000002 tonnes CO ₂ e/km Source: SJ
Scope 3	Business travel, private vehicles.	Internal monitoring of kilometres driven on business with private vehicles.	0.000147 tonnes CO ₂ e/km Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 3	Employee commutes.	Employee commutes in km are estimated based on data from Transport Analysis combined with emission factors from Naturvårdsverket, the Swedish Environmental Protection Agency.	Source: Naturvårdsverket and Transport Analysis
Scope 3	Assets leased downstream.	Calculated from a template of tenants' energy use.	Residual mix: Sweden: 0.05022 tonnes CO ₂ e/MWh Denmark 0.46521 tonnes CO ₂ e/MWh Finland 0.31013 tonnes CO ₂ e/MWh Source: BELOK, Grexel
Scope 3	Fuel- and energy-related activities.	Calculated using actual monitoring of energy use combined with emissions factors from 2021 from the UK Department for Environment, Food and Rural Affairs (Defra).	Country-specific emissions factors Source: Defra
Scope 3	Other GHG emissions.	The carbon footprint is calculated based on how much is spent on suppliers from various industry sectors (e.g. transportation, travel, consultants, etc.). Emissions are then calculated using sector data from Exiobase 3 in accordance with the recommendations of the Greenhouse Gas Protocol for a Scope 3 screening.	Source: Exiobase 3

1. Since the district heating suppliers' conversion factor for the preceding year (2021) was only calculated in 2022, the conversion factor for 2020 is used for emissions linked to traditional district heating.

The Planet emissions, cont.

Total greenhouse gas emissions by property type (GHG-Dir-LfL, GHG-Indir-LfL, GHG-Int)

	Measurement unit	Like-for-like (LfL) comparison								
		Offices			Logistics			Retail		
		2021	2020	% change	2021	2020	% change	2021	2020	% change
Scope 1, Direct emissions (GHG-Dir-LfL)	Tonnes CO ₂ e	120	348	-66%	14	81	-83%	11	18	-39%
Scope 2, Indirect emissions (market-based method, GHG-Indir-LfL)	Tonnes CO ₂ e	2,068	1,995	4%	337	399	-16%	223	243	-8%
Scope 2, Indirect emissions (facility-based method, GHG-Indir-LfL)	Tonnes CO ₂ e	7,717	8,860	-13%	1,548	1,818	-15%	914	982	-7%
Scope 1, Direct emissions + Scope 2, Indirect emissions (facility-based method, GHG-Int)	Kg CO ₂ e/m ² /yr	7,837	9,208	-15%	1,562	1,899	-18%	925	1,000	-8%

cont.	Measurement unit	Like-for-like (LfL) comparison								
		Public sector properties			Light industry			Castellum total		
		2021	2020	% change	2021	2020	% change	2021	2020	% change
Scope 1, Direct emissions (GHG-Dir-LfL)	Tonnes CO ₂ e	11	102	-89%	0	0	—	156	549	-72%
Scope 2, Indirect emissions (market-based method, GHG-Indir-LfL)	Tonnes CO ₂ e	1,080	980	10%	174	240	-28%	3,882	3,857	1%
Scope 2, Indirect emissions (facility-based method, GHG-Indir-LfL)	Tonnes CO ₂ e	2,662	2,901	-8%	653	776	-16%	13,494	15,337	-12%
Scope 1, Direct emissions + Scope 2, Indirect emissions (facility-based method, GHG-Int)	Kg CO ₂ e/m ² /yr	2,673	3,003	-11%	653	776	-16%	13,650	15,886	-14%

The table shows emissions from property management, meaning emissions from fuel and refrigerants in Scope 1 and emissions from energy consumption in Scope 2. GHG intensity is divided by Castellum's property area for the respective property categories. Castellum's total Scope 3 emissions are found on page 179.

Energy consumption and emissions for Castellum's own operations (Castellum AB)

	Measurement unit	Indicator	Outcome (Abs, Int)		
			2021	2020	2019
Total consumption, electricity	MWh		2,930	561	302
Portion of electricity from renewable sources			100%	100%	100%
Total consumption, district heating and cooling			3,829	646	822
Portion of district heating and cooling from renewable sources			100%	96%	96%
Total consumption, fuels			0	0	0
Proportion of fuel from renewable sources			—	—	—
Energy intensity (normalised)	kWh/m ² /yr		134	133	117
Number of properties where energy use and associated GHG emissions have been measured.	No. of buildings included		32/32	20/20	18/18
Share of energy use and GHG estimated in the portfolio	%		0%	0%	0%
Scope 1	Tonnes CO ₂ e	Direct	23	14	66
Scope 2 (market-based)		Indirect	139	16	24
Scope 2 (facility-based)		Indirect	212	57	132
Scope 1 & 2 emissions (market-based)	Kg CO ₂ e/m ² /yr	GHG	162	3	8
Scope 1 & 2 emissions (facility-based)	Kg CO ₂ e/m ² /yr	GHG	235	7	17.5

The total area of Castellum's own offices was measured at 45,471 m² in 2021. This also includes United Space's offices.

The Planet **water**

Water consumption

Only municipal water is used in Castellum's operations.
Castellum does not report on tenant's use of water.

Total water consumption (Water-Abs, Water-Int)

	Measurement unit	Castellum outcome, total		
		2021	2020	2019
Municipal water (Water-Abs)	m ³	683,540	874,785	995,345
Water intensity, buildings (Water-Int)	m ³ /m ² /yr	0.23	0.25	0.29
Scope of the disclosures on water		454/554	522/642	490/518

Total water use by property type (Water-LfL, Water-Int)

	Measurement unit	Like-for-like (LfL) comparison								
		Offices			Logistics			Retail		
		2021	2020	% change	2021	2020	% change	2021	2020	% change
Municipal water (Water-LfL)	m ³	317,722	343,330	-7%	124,310	122,177	2%	46,591	46,075	1%
Water intensity, buildings (Water-Int)	m ³ /m ² /yr	0.24	0.26	-8%	0.20	0.20	0%	0.23	0.23	0%
Scope of the disclosures on water		173/195	173/195		84/98	84/98		40/57	40/57	

cont.	Measurement unit	Like-for-like (LfL) comparison								
		Public sector properties			Light industry			Castellum total		
		2021	2020	% change	2021	2020	% change	2021	2020	% change
Municipal water (Water-LfL)	m ³	113,100	131,297	-14%	33,980	31,453	8%	635,703	674,332	-6%
Water intensity, buildings (Water-Int)	m ³ /m ² /yr	0.22	0.25	-12%	0.32	0.30	7%	0.23	0.24	-4%
Scope of the disclosures on water		59/67	59/67		26/30	26/30		382/447	382/447	

Multi-year outlook: energy, carbon emissions and water

	2021		2020		2019		2018		2017		2016	
	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity
Total energy consumption	291,331	91	279,419	75	316,239	88	349,014	97	343,140	94	342,918	98
Total energy consumption, normalised	294,111	92	326,287	87	340,645	95	371,220	103	365,927	100	362,935	104
1. of which actual heating	213,722	65	193,718	50	223,576	60	238,494	64	244,060	64	244,529	69
2. of which normalised heating	216,502	66	240,586	62	247,983	67	260,700	70	266,847	70	264,546	75
3. of which electricity and cooling	77,609	26	85,701	25	92,662	28	110,520	33	99,080	30	98,389	29
Total CO₂e emissions for property management¹⁾	5,725	1.5	4,275	1.0	6,222	1.5	5037	1.2	7,255	1.7	8,355	1.9
of which Scope 1	322	0.1	285	0.1	458	0.1	675	0.2	1,122	0.3	608	0.1
of which Scope 2 (market-based)	5,403	1.4	3,990	0.9	5,764	1.4	4,362	1.00	6,133	1.4	7,747	1.8
Total water consumption	683,540	0.23	874,785	0.25	995,345	0.29	969,783	0.3	1,008,457	0.3	1,044,503	0.2

Absolute energy is indicated in MWh and CO₂ is indicated in metric tonnes. Intensity is indicated in kWh per square metre, and CO₂ is indicated in kg per square metre. Absolute water is indicated m³, and water intensity is indicated in m³ per square metre and year.

1. This list includes all CO₂ emissions from property management (i.e. scopes 1 and 2). Total energy consumption is the sum of 1 and 3. Total normalised energy use is the sum of 2 and 3.

The Planet **waste**

Waste

Monitoring of waste was developed in 2021, whereupon Castellum now reports on landfill, recycling and incineration under the categories of hazardous and non-hazardous waste. This means that the figures pertaining to absolute tonnes of waste lack corresponding items in a number of rows in years prior to 2021. Due to the lack of measurement data from a number of waste management contractors there are gaps in the information for 2020, which has resulted in the disclosures on waste in the LfL portfolio not being completely comparable with 2021.

Total waste (GRI 306-3, 306-4, 306-5; Waste-Abs)

	Total (abs) in metric tons		
	2021	2020	2019
Hazardous waste (Waste-Abs)	34	65	17
Landfill (Waste-Abs)	0		
Recycling (Waste-Abs)	26		
Incineration (Waste-Abs)	8		
Non-hazardous waste (Waste-Abs)	2,925	1,228	1,094
Landfill (Waste-Abs)	21		
Recycling (Waste-Abs)	1,228		
Incineration (Waste-Abs)	1,676		
Total	2,959	2,384	2,067
Scope of the disclosures on waste	254/554	233/642	164/638

Total waste by property type (Waste-LfL)

	Measurement unit	Like-for-like (LfL) comparison								
		Offices			Logistics			Retail		
		2021	2020	% change	2021	2020	% change	2021	2020	% change
Hazardous waste (Waste-LfL)	Tonnes	15	4	275%	2	0	—	0	0	—
Landfill (Waste-LfL)	Tonnes	0	0		0	0		0	0	
Recycling (Waste-LfL)	Tonnes	9	2	350%	2	0	—	0	0	—
Incineration (Waste-LfL)	Tonnes	6	2	200%	0	0	—	0	0	—
Non-hazardous waste (Waste-LfL)	Tonnes	1,857	1,271	46%	131	100	31%	162	132	23%
Landfill (Waste-LfL)	Tonnes	7	30	-77%	0	0	—	0	0	—
Recycling (Waste-LfL)	Tonnes	783	775	1%	17	30	-43%	82	51	61%
Incineration (Waste-LfL)	Tonnes	1,067	466	129%	114	70	63%	80	81	-1%
Total	Tonnes	1,872	1,275	47%	133	100	33%	162	132	23%
Scope of the disclosures on waste		148/195	148/195		25/98	25/98		16/57	16/57	

cont.	Measurement unit	Like-for-like (LfL) comparison								
		Public sector properties			Light industry			Castellum total		
		2021	2020	% change	2021	2020	% change	2021	2020	% change
Hazardous waste (Waste-LfL)	Tonnes	2	0	—	2	0	—	21	4	425%
Landfill (Waste-LfL)	Tonnes	0	0		0	0	—	0	0	—
Recycling (Waste-LfL)	Tonnes	2	0	—	0	0	—	13	2	550%
Incineration (Waste-LfL)	Tonnes	0	0	—	2	0	—	8	2	300%
Non-hazardous waste (Waste-LfL)	Tonnes	507	216	135%	64	46	39%	2,721	1,765	54%
Landfill (Waste-LfL)	Tonnes	0	1	-100%	0	2	-100%	7	33	-79%
Recycling (Waste-LfL)	Tonnes	245	157	56%	31	18	72%	1,158	1,031	12%
Incineration (Waste-LfL)	Tonnes	262	58	352%	33	26	27%	1,556	701	122%
Total	Tonnes	509	216	136%	66	46	43%	2,742	1,769	55%
Scope of the disclosures on waste		45/67	45/67		8/30	8/30		242/447	242/447	

The table pertains to waste generated by tenants. Construction waste is not included. The scope shows the number of properties in the organisation that are included in the data reported for this indicator. Combustible waste in Sweden is used primarily as fuel for energy extraction.

Reporting under Article 8 in the Taxonomy Regulation

Castellum's entire operation is taxonomy-eligible. Over the long term, this will result in requirements for complete disclosures on the extent to which Castellum's operation is consistent with the criteria that are defined as part of the taxonomy and are environmentally sustainable in relation to the EU's six environmental objectives. The six objectives are:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Assessment of conformity with the regulation

During 2021, the technical criteria underlying the first two environmental objectives were communicated, and work is in progress internally at Castellum, in the industry and among other stakeholders to produce limit values and translations of what the respective objectives entail at the national level. The disclosure requirements will be gradually introduced beginning in financial year 2021, when the requirement for disclosure on the proportion of Castellum's operation that is taxonomy-eligible.

Within the first two environmental objectives, construction and property companies are listed as an industry that is EU taxonomy-eligible. Each of the first two environmental objectives lists the sectors covered as well as the associated economic activities that are affected. The respective economic activities indicate threshold values that are to be achieved in order for the activity to be considered environmentally sustainable, as well as requirements for how the activity is to do no significant harm (DNSH) and, moreover, to be conducted in agreement

with the minimum safeguards. The following economic activities touch on Castellum's entire operation:

1. New production of buildings
2. Renovation of existing buildings
3. Installation, maintenance and repairs pertaining to energy-efficient equipment, charging infrastructure for electric vehicles, measurement, control and checks of energy use in buildings and renewable energy technology
4. Acquisition and ownership of buildings

Points 1 and 4 are the economic activities that Castellum's operations primarily encompass and thereby generate the most sales, operating expenses and capital expenses. Points 2 and 3 do not generate any large volumes as regards sales, operating expenses and capital expenses in relation to 1 and 4.

As regards the first environmental objective – Climate change mitigation – Castellum is of the opinion that acquisition and ownership of buildings and new production of buildings are of greatest significance. This means that all of Castellum's operations are covered by the criteria defined in the EU Taxonomy Regulation. The threshold values that determine alignment with the taxonomy in acquisition and ownership of buildings are that the building must have an energy performance certificate (EPC) with a rating of A, or alternately to be among the top 15% of the most energy-efficient building stock in the country. For new production of buildings, the threshold value is that the building must have a primary energy performance that is 10% better than the requirements for near-zero energy buildings. In Sweden, this corresponds to a 10% improvement over national construction regulations. No conclusions could as yet be drawn as regards the second environmental objective. Work in this regard is under way.

Assessment of scope under the EU Taxonomy Regulation (economic data presented includes Kungsleden)

	Total, MSEK	Proportion of economic activities covered by the taxonomy, %	Proportion of economic activities not covered by the taxonomy, %
Sales	6,353	100%	0%
Operating expenses	-535	100%	0%
Capital expenses	60,040	100%	0%

Reporting under Article 8 in the Taxonomy Regulation, cont.

Reporting principles

The proportion of the operation that is environmentally sustainable under the EU Taxonomy Regulation must be reported in such formats as three financial key metrics broken down into each of the EU's six environmental objectives. To calculate these three key metrics, companies must identify sales, capital expenses and operating expenses that are consistent with operations that, according to the taxonomy, are environmentally sustainable.

Sales

Reporting of total sales corresponds to the Group's income from the consolidated statement of comprehensive income, Note 2. This item includes rental income, service income and coworking income.

Capital expenses

Reporting of total capital expenses pertains to additions to tangible assets during the year before depreciation, appreciation and depreciation and excluding changes in fair value. Moreover, tangible assets originating from business combinations are included. Refer to Note 13. New construction, extensions and reconstructions and Acquisitions. In addition, equipment that constitutes a capital expenditure is also covered; refer to Note 14.

Operating expenses

Reporting of operating expenses encompasses the Group's direct costs pertaining, for example, to daily maintenance and those required for ensuring the continued and practical function of the asset such as routine operating costs, building renovations that are not capitalised as capital expenses, short-term leases, and maintenance and reparations. Costs for energy use are excluded from operating costs. Refer to Note 4, Operating costs and Maintenance expenses.

Contextual information

During the year, Castellum was actively engaged in pursuing efforts to produce national guidelines and submit feedback to the Swedish government and the EU regarding the taxonomy. This took place within the scope of the Fastighetsägarna industry association's Task Force on the EU Taxonomy Regulation, which includes Castellum, and in the EPRA Sustainability Committee. In December 2021, the Task Force announced the threshold values for what is considered to be among the top 15% of the most energy-efficient building stock in acquisition and ownership of buildings, as part of the taxonomy's first climate objective. These threshold values, presented in the table at right, have been used to calculate the preliminary guidance information. The preliminary guidance information in the table below presents the properties with an EPC rating of A, as well as those that have an estimated primary energy performance according to BBR29 that falls below the threshold levels developed by Fastighetsägarna. As a stage in Castellum's multi-year focus on sustainability, enhancements to the energy efficiency of buildings and efficient

operation, we see that a significant portion of Castellum's existing properties preliminarily appear to meet the threshold value of the first environmental objective and are thereby aligned with the taxonomy in the preliminary guidance information presented in the table below. Note that this data excludes Kungsleden's portfolio, which is planned for inclusion in 2022. In the voluntary table, we have chosen to include only investment properties in the contextual information with preliminary guidance information.

Top 15% limit for buildings constructed prior to 31 December 2020

Building category	kWh/m ² under BBR 29, primary energy performance
Premises categories	
Offices and administration	89
Store and warehouse premises for other retail	85

Contextual information - Preliminary guidance information (excluding Kungsleden's asset portfolio¹⁾)

	Energy performance certificate with 'A' rating	Others that fall within the top 15%	Taxonomy-aligned proportion of property management portfolio	Total property management portfolio
Sales, MSEK	241	2,225	46%	5,324
Operating expenses, MSEK	-16	-161	58%	-305
Capital expenses, MSEK	25	1,859	24%	7,887
Property value, MSEK	3,745	43,585	48%	98,453
Lettable area, sq. m.	158,883	1,470,557	46%	3,543,194
Number of properties	17	165	37%	498

This table shows the proportion of Castellum's investment properties that are classified on a preliminary basis as environmentally sustainable and thus aligned with the EU's Taxonomy Regulation, environmental objective 1.

1. The plan is to integrate Kungsleden's sustainability data into Castellum's reporting during 2022.

Future-proofing

Sustainability-certified properties (excluding land and Kungsleden's asset portfolio)

	Offices	Logistics	Retail	Public sector properties	Light industry	Developments	Castellum total	Proportion of portfolio
Sales, MSEK	1,977	336	210	690	30	31	3,274	61%
Operating expenses, MSEK	-141	-27	-13	-42	-3	-4	-230	51%
Capital expenses, MSEK	5,583	155	33	590	1	399	6,761	67%
Property value, MSEK	41,956	6,372	3,320	13,097	461	1,655	66,861	63%
Lettable area, sq. m.	931,950	326,727	131,589	378,298	25,150	59,807	1,853,521	48%
No. of properties	92	38	20	37	6	7	200	36%

Sales, operating expenses and capital expenses, which are reported on the preceding page, follow the same definitions as Castellum's reporting under the EU Taxonomy.

Number of sustainability-certified buildings (GRI C1, Cert-Tot)

	Castellum												
	Miljöbyggnad		EU GreenBuilding		LEED		BREEAM		WELL		Total number of certified buildings		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	% change
Number of certified buildings (Cert-Tot)	48	59	36	53	8	6	113	83	1	1	206	202	2%
Certified area (in thousands m², Cert-Tot)	398	441	279	408	96	64	1,080	834	0	0	1,854	1,747	6%
Certified area, share of total (% , Cert-Tot)	10%	9%	7%	8%	2%	1%	28%	13%	0%	0%	48%	39%	9%

Direct economic value generated and distributed (GRI 201-1)

MSEK	2021	2020	2019	2018
Directly created economic value	6,353	6,004	5,821	5,577
Income	6,353	6,004	5,821	5,577
Economic value distributed	5,410	4,955	4,512	4,147
Operating costs	2,007	1,669	1,466	1,400
Dividend to shareholders	1,888	1,776	1,667	1,448
Salary and remuneration to employees	490	470	427	382
Interest to financiers	845	786	782	835
Tax to the Swedish state	173	247	165	74
Contributions to communities	7	7	5	8
Economic value retained	943	1,049	1,309	1,430

Tax - report by country, GRI 207-4-a

	2021		
	Sweden	Finland	Denmark
Number of employees ¹⁾	423	8	12
Assets excl. cash and cash equivalents	157,626	14,027	5,979
Income	5,646	336	371
Of which income from sales to third parties	5,646	336	371
Of which income from intra-Group transactions with other tax jurisdictions	0	0	0
Income before tax	12,008	30	-169
Tax paid	162	10	1
Deferred tax	-153	-23	44
Net income for the year	11,999	43	-214

1. Number of employees refers to FTEs by 427.

Well-being

Action-oriented, flexible organisation

Castellum works continually on developing and improving its organisation. Its starting point is that a shared structure in combination with a strong local presence creates the best business advantages. The company's understanding of tenants' specific requirements and deep knowledge of the specific context of each local property and rental market create the ability to act – which makes a difference, promotes business and helps employees grow.

Castellum is to be an attractive employer with committed, motivated leaders working towards the same goals, thereby meeting high expectations. The company works to attract, recruit, develop and retain the right managers and employees. The goal is to be the best choice of property management partner in all of Castellum's markets. Castellum always strives for improvement, and will be clear and transparent concerning expectations of everyone who works in the Group. Constructive monitoring is a natural and mutual part of the relationship between managers and employees, and takes place through quarterly performance and

career development reviews as well as follow-up dialogue. In addition, dialogue and follow-up routinely take place on a daily basis.

Castellum assesses various perspectives, and therefore considers diversity and equality to be important keys to growth, which is why this is a priority issue. Castellum's diversity and equality initiatives must promote equal treatment on issues concerning conditions of employment, work conditions and development in the work. The ambition is the pursuit of diversity and equality initiatives as an integral part of operations.

Education, number of people (GRI 2-7)

	2021		2020	
	Women	Men	Women	Men
University	126	133	111	129
Upper secondary school	54	108	49	121
Compulsory school	2	4	2	1

Division of labour, % (GRI 2-7)

	2021		2020	
	Women	Men	Women	Men
Customer relations/ property management	38%	62%	35%	65%
Project and business development	28%	72%	23%	77%
Support functions	65%	35%	34%	66%
Executives	45%	55%	40%	60%
Regional management groups	46%	54%	44%	56%
Executive Management	50%	50%	50%	50%

Type of employment, number of people (GRI 2-7)

	2021		2020	
	Women	Men	Women	Men
Full-time employees	174	242	155	249
Part-time employees	8	3	7	2

Forms of employment, number of people (GRI 2-7)

	2021		2020	
	Women	Men	Women	Men
Permanent employees	179	242	161	250
Temporary employees	3	3	1	1

For more detailed information on how Castellum works on diversity and equality, refer to pages 28–30.

All employee data is based on actual data. The information has been compiled and assured by Castellum's HR department. Regional HR information has been broken down by county for Sweden. Since the number of employees in Castellum's operations in Finland and Denmark is limited, these employees are included in the statistics for Sweden.

Training and education (GRI 404-1, Emp-Training)

Training, hours	Women	Men	Total
Average number of employees during the year	182	245	427
Average number of training hours during the year	2,320	3,779	6,099
Under 30	218	250	468
30–50	1,596	2,109	3,705
Over 50	506	1,421	1,927
Average hours per employee/year	13	15	14

Leadership development, hours	Women	Men	Total
Number of participating employees	37	41	78
Number of hours	427	501	928

Castellum does not break down training hours by occupational category, as the company does not have access to this information. The information may be developed in the next few years with a Group-wide HR system. The average cost for training per employee totals SEK 8,000 for women and SEK 10,000 for men, with an average of SEK 9,000 for all employees in 2021.

Well-being, cont.

Equality (GRI 405-1, Diversity-Emp)

Demographic structure personnel	2021		2020		2019		2018	
	Number of employees	Of which women	Number of employees	Of which women	Number of employees	Of which women	Number of employees	Of which women
Board of Directors	7	44%	8	50%	7	57%	7	57%
Under 30	0	—	—	—	—	—	—	—
30-50	0	—	1	100%	1	100%	1	100%
Over 50	7	44%	7	43%	6	50%	6	50%
Executive management	8	50%	8	50%			9	44%
Under 30	0	—	—	—	—	—	—	—
30-50	6	47%	6	50%	5	40%	6	67%
Over 50	2	58%	2	50%	2	50%	3	0%
Employees excl. executive management	427	43%	413	40%			374	42%
Under 30	37	50%	29	48%	48	47%	32	29%
30-50	237	49%	202	47%	218	45%	198	54%
Over 50	153	31%	182	30%	154	28%	145	27%

This table shows the demographic structure of personnel, according to age and gender, for various administrative levels. Castellum does not track the minority status of employees. Castellum has chosen not to report on the groups known as regional management groups in the company since they do not correspond to regional management groups from a global perspective but rather a national one.

Age distribution - number of employees (GRI 405-1)

Age distribution	Women	Men	Total
Number of employees, excluding Board	182	245	427
Under 30	18	19	37
30-50	117	120	237
Over 50	47	106	153

Composition of the Board (Gov-Board)

	2021
Number of Board members	8
Number of independent Board members	7
Average mandate period, years	4

New measurement as of 2021. Refer to page 148 for ESG competence on the Board.

Employee turnover (GRI 401-1, Emp-Turnover)

Employee turnover ¹⁾	2021		2020		2019	
	Number of employees	Of which women	Number of employees	Of which women	Number of employees	Of which women
New employees during the year²⁾						
Under 30	6	39%	4	47%	15	55%
30-50	16	50%	20	68%	32	39%
Over 50	4	47%	7	20%	10	20%
Total new employees	25	47%	31	54%	57	40%
Proportion of new employees	6%	3%	7%		14%	
Employees who left during the year						
Under 30	7	33%	0	—	8	59%
30-50	21	44%	14	33%	21	75%
Over 50	17	24%	11	25%	7	35%
Total number of leavers	45	35%	25	30%	36	64%
Proportion of leavers	11%	4%	6%		9%	
Proportion of leavers on own initiative ³⁾	56%	20%				

The average cost for external new recruitment in 2021 totalled SEK 121,058 per recruit.

1. Castellum has transitioned to the Full-Time Equivalent (FTE) principle as of 2018. FTE takes into account actual work time during the year; deductions are made, for example, for level of service and actual period of employment during the year. Example: an employee who begins employment on 1 July and works 70% (28 hours/week) up through 31 December is counted as 0.35 FTE (employed for 50% of the year at 70% employment).

2. Of the new hires during the year, 47% had an international background.

3. New measurement as of 2021.

Well-being, cont.

Remuneration

Castellum has procedures and guidelines concerning benefits, terms of employment and incentive systems. These initiatives are being taken with the purpose of strengthening the Castellum Spirit, increasing mobility within the company and ensuring a clear remuneration and incentive structure.

We are carrying out a bonus programme for all employees wherein it is possible for all participants to receive a share of all improvements. This contributes to an inclusive culture where operational objectives are a natural part of everyday activities.

In principle, all employees at Castellum are permanent employees with the possibility of working full-time. This means that all employees are covered by the same benefits and terms of employment.

Gender pay ratio, average (GRI 2-21, 405-2; Diversity-Pay)

%	2021				2020			
	Women base salary	Men base salary	Women, total remuneration	Men, total remuneration	Women base salary	Men base salary	Women, total remuneration	Men, total remuneration
Executive Management excl. CEO (Diversity-Pay)	96%	104%	79%	126%	90%	112%	125%	80%
Managers (Diversity-Pay)	99%	101%	98%	102%	93%	108%	86%	116%
Employees (Diversity-Pay)	101%	99%	102%	98%	98%	101%	98%	102%

Gender pay ratio, median (GRI 2-21, Diversity-Pay)

%	2021				2020			
	Women base salary	Men base salary	Women, total remuneration	Men, total remuneration	Women base salary	Men base salary	Women, total remuneration	Men, total remuneration
Executive Management excl. CEO	96%	104%	73%	136%	— ¹⁾	— ¹⁾	— ¹⁾	— ¹⁾
Executives	97%	104%	102%	98%	— ¹⁾	— ¹⁾	— ¹⁾	— ¹⁾
Employees	108%	93%	108%	93%	— ¹⁾	— ¹⁾	— ¹⁾	— ¹⁾

1. The median pay ratio is a new indicator that was not measured prior to 2021.

Pay ratio, highest paid relative to median (GRI 2-21, Diversity-Pay)

	2021
Total remuneration to CEO (highest paid), MSEK	8.2
Median annual total remuneration for all employees (excl. highest annual remuneration), MSEK	0.6
Relation between highest paid and median (excl. highest annual remuneration)	13.7
Median salary increase, all employees (excl. highest annual remuneration), %	2.9
Salary increases, CEO, 2001–2020, %	-1.7

All employees excluding United Space's operations are included in the above data on pay ratios. No restatement to FTE has been made. All remuneration (i.e. fixed and variable) has been included. The company's CEO has the highest level of remuneration. The name of the person with the highest remuneration is indicated in the company's remuneration report.

Well-being, cont.

Working environment

Castellum protects and supports both employees and suppliers, and it is our responsibility that no one becomes ill, either physically or mentally, or is injured owing to their work.

We work routinely on developing and improving working environments within the entire Group. Castellum also has a Code of Conduct for suppliers, in which they are obligated to meet the same requirements we impose on ourselves as regards work environments. During the year, 18 work-related accidents (11) were reported, 7 (5) of which involved Castellum employees. Total sick leave remained low, at 2.9% (2.0).

To reach the Group's tough sustainability goals of net-zero carbon emissions by 2030 and maintain a non-fossil fuel powered vehicle fleet, Castellum's employees must prioritise sustainable travel and meetings. Castellum's guidelines include the following requirements:

- Travel over 450 km should primarily be booked by train.
- Environmental requirements are imposed on all travel (e.g. green taxis should be booked).
- Annual climate compensation for all of the Group's travel.

Occupational health and safety

(GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7)

Castellum's procedures for occupational health and safety cover all its employees. Systematic occupational health and safety work is based on a work environment handbook with policies, guidelines and procedures that is available to all employees on the intranet. All employees are covered by Castellum's systematic health and safety work, and training is continual both in accordance with plans and as needed. Castellum assumes its statutory work environment responsibility for all of its employees and agency staff, and assumes coordinating responsibility for contractors in our operations.

Work-related injuries and ill health

(GRI 403-9, 403-10, H&S-Emp, H&S-Comp)

	2021		2020		2019	
	Employees	Suppliers	Employees	Suppliers	Employees	Suppliers
Number of work-related fatalities (H&S-Emp)	0	0	0	0	0	0
Number of workplace injuries leading to absence (LTI)	2	5	2	4	— ⁴⁾	— ⁴⁾
<i>Injury frequency rate per 200,000 hours (LTIFR)</i>	0.5	0.2	0.5	0.2	— ⁴⁾	— ⁴⁾
Number of workplace injuries with serious consequences ¹⁾	0	0	0	0	— ⁴⁾	— ⁴⁾
<i>Injury frequency rate per 200,000 hours</i>	0	0	0	0	— ⁴⁾	— ⁴⁾
Total number of recorded workplace injuries	7	11	5	6	7	11
<i>Injury frequency rate per 200,000 hours (TRIFR, H&S-Emp)</i>	1.7	0.3	1.2	0.3	1.7	— ⁴⁾
Number of recorded workplace injuries ²⁾ (H&S-Comp)	13	not measured	5	not measured	6	not measured
Short-term sick leave as % of total hours worked (H&S-Emp)	1.1%	not measured	0.9%	not measured	1.0%	not measured
Long-term sick leave as % of total hours worked (work days lost, employees; H&S-Emp)	1.8%	not measured	1.1%	not measured	1.9%	not measured
Total sick leave as % of total hours worked (absence, employees; H&S-Emp)	2.9%	not measured	2.0%	not measured	2.9%	not measured
Total number of hours worked	840,212	6,712,089³⁾	828,613	4,194,183³⁾	846,905	—⁴⁾

Terms: LTI = Lost Time Injury, LTIFR = Lost Time Injury Frequency Rate, TRIFR = Total Recordable Injury Frequency Rate.

1. Serious injuries with more than 6 months of recovery, excl. fatalities.

2. Castellum's interpretation of GRI's "Work-related ill health".

3. The number of hours worked for suppliers is based on an assumption that 60% comprises labour costs at an hourly price of SEK 500.

4. The key metrics were first measured in 2020.

Occupational Health and Safety by property type (H&S-Asset)

	Like-for-like (Lfl) comparison																	
	Offices			Logistics			Retail			Public sector properties			Light industry			Castellum total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Health and safety evaluations (H&S-Asset)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Well-being, cont.

The work environment handbook indicates how the responsibility and work environment tasks are allocated. The regional managing directors of the various parts of the operation bear primary responsibility. The regional managing directors delegate work environment tasks to the operations so that one or more managers, supervisors or other employees are tasked with working to prevent risks in the work and to achieve a satisfactory work environment. Employees or employers who are or have been assigned responsibility for work environment tasks must ensure that the knowledge concerning the work is sufficient, which is also defined in Castellum's work environment handbook. The company's local safety officers have an important function in occupational health and safety work, and in cooperating to develop Castellum's work environment. Courses in occupational health and safety are continually held in the operation.

Risk identification and management

Identifying and preventing risks to health and safety are the foundation of Castellum's occupational health and safety work. Risks are assessed at different levels and in specific situations. For example, risks are reviewed and a renewed risk assessment is conducted for every part of operations on an annual basis. Risk assessments are also conducted in conjunction with changes (e.g. moving premises, new tools, changes to working methods or prior to hiring a contractor).

Castellum's workplace-related incidents and accidents are handled according to established procedures. If an employee suffers an occupational injury or gets into an accident at work, or if some near-accident occurs at work, the managing director of the operation concerned, the manager concerned and the HR director – as well as the employee – will investigate the causes so that the risk of ill health and accidents can be prevented in the future and, if needed, routines and approaches for minimising risks can be changed.

The regional managing directors of the operation concerned, or alternately the manager concerned, must report the occurrence to the Swedish Work Environment Authority without delay. The regional managing directors of the operation concerned are also responsible

for reporting work-related injuries to Castellum's legal department. The documentation will be used in the systematic health and safety work so as to prevent future accidents.

At Castellum, the safety officers have the right to intervene and stop work that is deemed to be dangerous or could entail a risk of injury or ill-health. In Castellum's projects, near-accidents and accidents must also be reported for the purpose of learning from the experience. Our hired contractors are formally responsible, in their capacity as employers, to investigate and implement measures in conjunction with workplace injuries. It is the task of Castellum as property developer, however, to draw lessons from what took place in order to apply actions in conjunction with planning and designing projects as well as regards overall conditions for the project. Castellum's employees have a great deal of influence over the company's work environment and health initiatives. The safety officers have an important role in this. Influence is exercised through measures such as participation in risk assessments, safety committees, physical fitness groups and more. At Castellum, there are local safety committees that both employer and employee representatives take part in.

Health Care

For Castellum, healthy employees who feel good and live healthy lifestyles are important. Lifestyle, and the physical and social environment, are crucial for people's health and wellness both in leisure time and work life.

Castellum makes use of external resources for occupational health services, starting from the fact that expert knowledge is necessary to study and assess the potential physical and mental risks. Occupational health care proposes measures and takes part in implementing them. It is also an important resource when rehabilitation studies are to be conducted and in conjunction with work adaptation measures for individual employees and groups of employees. It may be a question of employees who face challenges in the physical work environment, for example, with unbalanced work. Health checks are conducted throughout the company once per year, and more time is scheduled when needed. The purpose of

occupational health care is to work in a manner that promotes health and is preventive, in accordance with the intent of the Swedish Work Environment Act.

Through their healthcare insurance, all employees have access to several preventive health service such as telephone support and e-health services, which are free of charge to use and are available round the clock. In order to provide every employee with the proper conditions to care for their health, all employees are offered work environment and health check-ups at certain intervals.

To inspire our employees, Castellum has a physical fitness group that continually develops activities that our employees are invited to. Every year, our physical fitness group develops a plan with various physical fitness activities that are carried out around the company. Every employee also has access to a physical fitness subsidy of SEK 5,000 per year.

Preventive work with suppliers

Castellum's operations encompass many buildings and large areas of land around the Nordic region. To achieve effective administration and construction, Castellum needs to partner with many different suppliers. Partnership with suppliers is built on such factors as clear requirements and expectations, as well as dialogue and monitoring. By imposing clear requirements in areas such as work environment, we can enable and promote sustainable development for the entire construction and property industry. The Code of Conduct for suppliers, clear requirements in procurement documents, and instructions for suppliers are a few examples of how Castellum takes on these issues.

Work-related injuries and ill health (GRI 403-9, 403-10)

During the year, a total of 7 workplace accidents (5) were reported for Castellum's own employees. The most common accidents were crushing injuries, falls and injuries owing to sub-operations. The number of injuries resulting in sick leave (LTI) yields an accident rate of 0.5 (0.5) per 200,000 hours worked, which is considered low. The accident rate is defined as the number of workplace accidents that lead to absence on one or more contractual workdays per 200,000 hours worked.

Sick leave in the company remains low and continues to hold steady at 2.9% (2.0). Our time-reporting system for registering sick leave provides us with the opportunity for early identification of employees who are experiencing work-related ill health. During the year, 13 employees (7) indicated that their absences were a consequence of conditions at work. Those who suffered workplace injuries with absence as a result are here. In addition, there is ill health as consequence of stress. We work continually with health-promoting and preventive activities for the purpose of preventing employees from suffering work-related injuries and ill health. We work in accordance with a structure similar to a "hierarchy of controls" in order to prevent and reduce the risk of injury.

Castellum has established targets for forward-looking occupational health and safety work:

- Short-term sick leave must be under 2%.
- Long-term sick leave must be under 3%.
- Zero workplace injuries and work-related illness among employees and suppliers.
- All managers must have undergone systematic occupational health and safety training for the purpose of possessing the knowledge required for the responsibility they have been delegated.
- Safety committee meetings must be held every three months.
- Psychosocial work environment issues must be followed up annually via questions in temperature measurements, which were introduced during the year. Targets for psychosocial issues will be followed up on in 2021.

Castellum has procedures for recording and investigating work-related illnesses in order to establish the underlying causes and to develop preventive strategies. Among our suppliers, 5 workplace injuries (4) resulting in absence were reported during the year. This yields an accident rate of 0.15 per 200,000 hours worked, which from an industry perspective can be considered low. The accident rate is defined as the number of workplace accidents that lead to absence on one or more workdays per 200,000 hours worked. No fatalities have occurred, which is why we did not divide fatalities according to workplace illness or workplace accidents, nor is any fatality rate reported.

Performance and career development review (GRI 404-3, Emp-Dev)

Performance and career development reviews are conducted on a regular basis to set individual goals and identify any needs for competence development. All employees are offered performance and career development reviews. In the course of 2021, 91% (93) of all employees took part in performance and career development reviews, of which 93% (89) were women and 89% (95) were men. Castellum does not break down performance and career development reviews by occupational category, as the company does not have access to this information at the individual level. The information may be developed in the next few years with a Group-wide HR system.

Sick leave, employees (GRI 403-10)

	2021			2020		
	Women	Men	Total	Women	Men	Total
Absenteeism, Castellum	3.3%	2.6%	2.9%	2.1%	2.0%	2.0%
Of which short-term sick leave	1.1%	1.1%	1.1%	0.8%	1.0%	0.9%
Of which long-term sick leave (counted after day 15)	2.2%	1.5%	1.8%	1.3%	1.0%	1.1%

Performance and career development review (GRI 404-3, Emp-Dev)

	2021			2020		
	Women	Men	Total	Women	Men	Total
Performance and career development reviews conducted (Emp-Dev)	93%	89%	91%	89%	95%	93%

Castellum does not break down performance and career development reviews by occupational category, as the company does not have access to this information. The information may be developed in the next few years with a Group-wide HR system.

Castellum's agenda for the sustainable city

Key metrics – sustainability	2021	2020	2019	2018	2017	Targets
Resource efficiency						
Total energy use, kWh/sq. m., year	91 ¹⁾	75	88	97	94	
Total energy use, degree-day corrected, kWh/sq. m., year	92 ²⁾	87	95	103	100	Max 89 kWh/sq. m. in 2021, and 80 kWh/sq. m. in 2025 (22% reduction 2025 cf. with 2015)
1. of which actual heating	65	50	60	64	64	
2. of which degree-day corrected heating	66	62	67	70	70	
3. of which electricity and cooling	26	25	28	33	30	
Energy savings per year in the like-for-like portfolio, rolling 12 months, % (degree-day corrected)	0%	-12%	-8%	3%	-6%	-2.5% energy savings/year in the like-for-like portfolio
Energy savings per year in the like-for-like portfolio, rolling 12 months, % (actual energy use)	+13%	-11%	-9%	3%	-7%	
Total water use, m ³ /sq. m., year	0.2	0.3	0.3	0.3	0.3	
Water savings per year in the like-for-like portfolio, rolling 12 months, %	-6%	-13%	-3%	-1%	-4%	1% water conservation/year in the like-for-like portfolio
Fossil-free						
Share of non-fossil energy	95%	95%	96%	95%	95%	100% fossil-free energy by 2030
Fossil fuel-free vehicles, %	100%	100%	86%	62%	34%	100% fossil fuel-free vehicles
No. of charging posts for electric vehicles	674	—	—	—	—	New measurement point, 2021
No. of large solar panels installed	46	39	26	22	16	100 solar cell installations by 2025
Road map to climate neutrality by 2030						
Property management – CO ₂ emissions in kg/sq. m., year (market-based) ³⁾	1.5	1.0	1.5	1.2	1.7	1.2 kg/sq. m. 2021 and 0 kg/sq. m. 2030
of which Scope 1	0.1	0.1	0.1	0.2	0.3	
of which Scope 2 (market-based)	1.4	0.9	1.4	1.0	1.4	
of which Scope 2 (location-based)	4.3	4.1	8.8	11.3	11	
Project Development – Reduced emissions in project development portfolio (Scope 3), %	-15%	—	—	—	—	New target from 2021. 15% reduction in CO ₂ emissions per sq. m. in new production of offices
Sustainability certification						
Sustainability certification, % of sq. m.	48%	39%	36%	33%	29%	50% certified area by 2025
Sustainability certification, number of properties	206	202	164	141	129	
Sustainability certification, % of rental income	61%	52%	47%	43%	39%	
Sustainability certification, % of property value	63%	55%	51%	48%	43%	
ESG benchmarks						
GRESB points (0-100)	95	91	92	92	95	Global Sector Leader 2021, GRESB, received 15 October 2021
DJSI points (0-100)	80	81	79	73	72	Only Nordic property company included in DJSI
CDP mark (A to D-)	A-	A	A-	B	A-	CDP: Highest marks of all Nordic property companies.
Social key metrics						
Sick leave, % (long-term and short-term)	2.9%	2.2%	2.9%	3.8%	2.0%	Max 2% short-term and 3% long-term sick leave
Equality, % women and men	43%/57%	40%/60%	39%/61%	42%/58%	38%/62%	Between 40–60%
Diversity, international background, %	9%	8%	6%	6%	No measurement	20% 2025
Apprentices, % of employees	4%	2%	5%	6%	4%	4% per year

Castellum will be one of the most sustainable property companies in Europe. The company's sustainability agenda, "The sustainable city," is divided into four areas of focus: The Planet, Future-proofing, Well-being and Social responsibility. These areas of focus ensure that operations are conducted responsibly, creating long-term solutions from an economic, ecological and social perspective. Kungsleden, which was acquired in late 2021, has not been included in the company's sustainability reporting or sustainability key metrics. It will be included in 2022.

1. The increase in total energy consumption compared with 2020 is due primarily to the portfolio shift and acquisitions in Finland that took place in 2021, and a colder year compared with 2020 resulting in increased heating.

2. The small increase in the degree-day corrected consumption is due primarily to the portfolio shift and acquisitions in Finland that took place in 2021. Castellum's actual enhancements to energy efficiency in the like-for-like portfolio can be seen further down in the table and totals 0% savings per square metre, rolling 12 months.

3. This list includes all CO₂ emissions from property management (i.e. scopes 1 and 2). Detailed information on Castellum's CO₂ emissions and complete Scope 3 emissions outside of property management can be found on page 179. Total energy consumption is the sum of 1 and 3. Total normalised energy use is the sum of 2 and 3.

Sustainability index

GRI Universal Standards 2021 and EPRA Best Practice Recommendations on Sustainability Reporting

GRI Standard	Disclosure	Reference to EPRA disclosure	Page reference	Derogation		
				Derogation from requirement	Reason	Explanation
GENERAL DISCLOSURES						
The organisation and its reporting practices						
GRI 2: General disclosures 2021	2-1	Organisational details	2			
GRI 2: General disclosures 2021	2-2	Entities included in the organisation's sustainability reporting	Inside cover, 168			
GRI 2: General disclosures 2021	2-3	Reporting period, frequency and contact point	168			
GRI 2: General disclosures 2021	2-4	Restatements of information	168			
GRI 2: General disclosures 2021	2-5	External assurance	199			
Activities and workers						
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	2, 12, 44-72, 168, 175			
GRI 2: General disclosures 2021	2-7	Employees	123, 187-188	Castellum does not report on employees by region.	The majority of Castellum's employees are employed in Sweden. The number of employees in Finland and Denmark is small, and not reported separately. The number of employees in Denmark and Finland is reported in Note 12 on page 124.	Reporting employees by region is not deemed to be something that Castellum can therefore report on.
GRI 2: General disclosures 2021	2-8	Workers who are not employees	187-188, 190-192	Castellum does not report on workers who are not employees.	Castellum does not have any workers who are not employees.	Castellum's own operations are carried out solely with employees. Castellum has a responsibility towards working environments for suppliers who work on the company's properties, and reports on absences and injuries for this group.
Governance						
GRI 2: General disclosures 2021	2-9	Governance structure and composition	Gov-Board (Composition of the highest governance body)	146, 149, 160-161, 172		
GRI 2: General disclosures 2021	2-10	Nomination and selection of the highest governance body	Gov-Select (Nomination and selection of the highest governance body)	148, 188		
GRI 2: General disclosures 2021	2-11	Chair of the highest governance body		160-161		
GRI 2: General disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts		170, 172		
GRI 2: General disclosures 2021	2-13	Delegation of responsibility for managing impacts		172	Castellum's Board of Directors does not approve the materiality analysis. Castellum's Head of Sustainability and Executive Management approve adjustments to the materiality analysis as needed. The Board of Directors, on the other hand, issues the company's sustainability policy.	
GRI 2: General disclosures 2021	2-14	Role of the highest governance body in sustainability reporting		140, 170, 172		
GRI 2: General disclosures 2021	2-15	Conflicts of interest	Gov-Col (Process for managing conflicts of interest)	146, 160-161		
GRI 2: General disclosures 2021	2-16	Communication of critical concerns		31, 172		
GRI 2: General disclosures 2021	2-17	Collective knowledge of the highest governance body		160-161		
GRI 2: General disclosures 2021	2-18	Evaluation of the performance of the highest governance body		149		
GRI 2: General disclosures 2021	2-19	Remuneration policies		151, 153, 158-159, 164-165		

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GRI Standard	Disclosure	Reference to EPRA disclosure	Page reference	Derogation		Explanation
				Derogation from requirement	Reason	
Governance, cont.						
GRI 2: General disclosures 2021	2-20	Process to determine remuneration	151, 153, 158-159, 164-165			
GRI 2: General disclosures 2021	2-21	Annual total compensation ratio	Diversity-Pay (Gender pay ratio)	124, 164-165, 189		
Strategy, policies and practices						
GRI 2: General disclosures 2021	2-22	Statement on sustainable development strategy	6-7			
GRI 2: General disclosures 2021	2-23	Policy commitments	31, 172			
GRI 2: General disclosures 2021	2-24	Embedding policy commitments	31, 172			
GRI 2: General disclosures 2021	2-25	Processes to remediate negative impacts	31, 157, 172-177			
GRI 2: General disclosures 2021	2-26	Mechanisms for seeking advice and raising concerns	31, 157, 172			
GRI 2: General disclosures 2021	2-27	Compliance with laws and regulations	31, 59			
GRI 2: General disclosures 2021	2-28	Membership associations	32			
Stakeholder engagement						
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	169-170			
GRI 2: General disclosures 2021	2-30	Collective bargaining agreements	30			
Material topics						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	170			
GRI 3: Material Topics 2021	3-2	List of material topics	169-170			
GRI 3: Material Topics 2021	3-3	Management of material topics	20-32, 172-175			
SPECIFIC DISCLOSURES – GRI 200: Economic topics						
GRI 201: Economic Performance 2016						
	201-1	Direct economic value generated and distributed	186			
	201-2	Financial implications and other risks and opportunities due to climate change	59, 81, 84-86, 198			
	201-3	Defined benefit plan obligations and other retirement plans	124-125			
GRI 205: Anti-corruption 2016						
	205-1	Operations assessed for risks related to corruption	26-27			
	205-3	Confirmed incidents of corruption and actions taken	31, 172			
GRI 206: Anti-competitive Behavior 2016						
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	31, 172			
GRI 207: Tax 2019						
	207-1	Approach to tax	97-98, 123			
	207-2	Tax governance, control, and risk management	80, 97-98, 123			
	207-3	Stakeholder engagement and management of concerns to tax	97-98, 123			
	207-4	Country-by-country reporting	186			

GRI Universal Standards 2021 and EPRA Best Practice Recommendations on Sustainability Reporting

GRI Standard	Disclosure	Reference to EPRA disclosure	Page reference	Derogation		
				Derogation from requirement	Reason	Explanation
SPECIFIC DISCLOSURES – GRI 300: ENVIRONMENTAL TOPICS						
GRI 302: Energy 2016						
302-1	Energy consumption within the organisation	Elec-Abs (Total electricity consumption) DH&C-Abs (Total district heating & cooling consumption) Fuels-Abs (Total fuel consumption)	22-23, 177-178, 193			
302-2	Energy consumption outside of the organisation	Elec-Abs (Total electricity consumption) DH&C-Abs (Total district heating & cooling consumption) Fuels-Abs (Total fuel consumption) Elec-LfL (Like-for-like total electricity consumption) DH&C-LfL (Like-for-like total district heating & cooling consumption) Fuels-LfL (Like-for-like total fuel consumption) Energy-Int (Building energy intensity)	177-178, 193			
302-3	Energy intensity	Energy-Int (Building energy intensity)	177-178			
302-4	Reduction of energy consumption		22			
GRI 303: Water and Effluents 2018			24			
303-1	Interactions with water as a shared resource	Water-Abs (Total water consumption) Water-LfL (Like-for-like total water consumption)				
303-5	Water consumption	Water-Abs (Total water consumption) Water-LfL (Like-for-like total water consumption) Water-Int (Building water intensity)	24, 182	Castellum's properties are not localised in areas characterised by high or extremely high water shortages or water stress.		
GRI 304: Biodiversity 2016						
304-2	Significant impacts of activities, products and services on biodiversity		173			
GRI 305: Emissions 2016						
305-1	Direct (Scope 1) GHG emissions	GHG-Dir-Abs (Total direct greenhouse gas (GHG) emissions) GHG-Dir-LfL (Like-for-like direct greenhouse gas (GHG)emissions) GHG-Int (Greenhouse gas (GHG) emissions intensity from building energy consumption)	22-23, 177-180, 193			
305-2	Energy indirect (Scope 2) GHG emissions	GHG-Indir-Abs (Total indirect greenhouse gas (GHG)) GHG-Indir-LfL (Like-for-like indirect greenhouse gas (GHG) emissions) GHG-Int (Greenhouse gas (GHG) emissions intensity from building energy consumption)	22-23, 177-180, 193			
305-3	Other indirect (Scope 3) GHG emissions		177-180, 193			
305-4	GHG emissions intensity	GHG-Int (Greenhouse gas (GHG) emissions intensity from building energy consumption)	179			
305-5	Reduction of GHG emissions		22, 179-181, 193			
GRI 306: Waste 2020						
306-1	Waste generation and significant waste-related impacts		24			
306-2	Management of significant waste-related impacts		24			
306-3	Waste generated	Waste-Abs (Total weight of waste by disposal route) Waste-LfL (Like-for-like total weight of waste by disposal route)	183			
306-4	Waste diverted from disposal	Waste-Abs (Total weight of waste by disposal route) Waste-LfL (Like-for-like total weight of waste by disposal route)	183			
306-5	Waste directed to disposal	Waste-Abs (Total weight of waste by disposal route) Waste-LfL (Like-for-like total weight of waste by disposal route)	183			
GRI 307: Environmental Compliance 2016						
307-1	Environmental Compliance		31, 59			
GRI 308: Supplier Environmental Assessment 2016						
308-1	New suppliers that were screened using environmental criteria		26-27			

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			GRI Universal Standards 2021 and EN 15330 Best Practice Recommendations on Sustainability Reporting			
GRI Standard	Disclosure	Reference to EPRA disclosure	Page reference	Derogation		
				Derogation from requirement	Reason	Explanation
SPECIFIC DISCLOSURES – GRI 400: Social topics						
GRI 401: Employment 2016						
	401-1	New employee hires and employee turnover	Emp-Turnover (Employee turnover and retention)	188		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		29, 189		
	401-3	Parental leave		29	Castellum applies Swedish legislation regarding parental leave, and in addition tops up parents’ allowances with salary supplements.	Monitoring employees based on their parental leave is not considered relevant.
GRI 403: Occupational Health and Safety 2018						
	403-1	Occupational health and safety management system		173, 175		
	403-2	Hazard identification, risk assessment, and incident investigation	H&S-Emp (Employee health and safety)	28, 75–77, 82, 173, 190–192		
	403-3	Occupational health services		28		
	403-4	Worker participation, consultation, and communication on occupational health and safety		190–192		
	403-5	Worker training on occupational health and safety		190–192		
	403-6	Promotion of worker health		28, 190–192		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		190–192		
	403-8	Workers covered by an occupational health and safety management system		190		
	403-9	Work-related injuries	H&S-Emp (Employee health and safety)	190–192		
	403-10	Work-related ill health	H&S-Emp (Employee health and safety)	190–192		
GRI 404: Training and Education 2016						
	404-1	Average hours of training per year per employee	Emp-Training (Training and development)	30, 187		
	404-2	Programs for upgrading employee skills and transition assistance programs		30		
	404-3	Percentage of employees receiving regular performance and career development reviews	Emp-Dev (Employee performance appraisals)	192		
GRI 405: Diversity and Equal Opportunity 2016						
	405-1	Diversity of governance bodies and employees	Diversity-Emp (Employee gender diversity)	188		
	405-2	Ratio of basic salary and remuneration of women to men	Diversity-Pay (Gender pay ratio)	189		
GRI 413: Local Communities 2016						
	413-1	Operations with local community engagement, impact assessments, and development programs	Comty-Eng (Community engagement, impact assessments and development programs)	30		
	413-2	Operations with significant actual and potential negative impacts on local communities		31–32, 175	Castellum’s operations do not have any negative social impact on local communities, but instead promote bringing them to life.	
GRI 414: Supplier Social Assessment 2016						
	414-1	New suppliers that were screened using social criteria		26–27		
	414-2	Negative social impacts in the supply chain and actions taken		26–27, 175		
GRI 416: Customer Health and Safety, 2016						
	416-1	Assessment of the health and safety impacts of product and service categories		31		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	H&S Asset (Asset health and safety assessments) H&S-Comp (Asset health and safety compliance)	31		
Company-specific disclosures				186		
	GRI C1	Product responsibility	Cert-Tot (Type and number of sustainably certified assets)			

Reporting according to the Task Force on Climate-Related Financial Disclosures (TCFD)

For the fourth time, Castellum has adapted the company's reporting in accordance with the recommendations in the TCFD framework to describe how we work strategically with climate-related risks and opportunities. The table below describes the scope of the reporting and page references are made for the respective areas. In 2021, Castellum worked further on scenario analyses linked to climate change, which is reported on pages 84–86.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	INDICATORS & GOALS
Recommended disclosures	Recommended disclosures	Recommended disclosures	Recommended disclosures
A. The Board's monitoring of climate-related risks and opportunities. Pages 74–86, 145, 148–150, 172	A. Climate-related risks and opportunities the organisation has identified. Pages 84–86	A. The organisation's processes for identifying climate-related risks. Pages 74–86	A. The organisation's indicators for evaluating climate-related risks and opportunities. Pages 11, 13–15, 20–23, 171
B. Management's role regarding assessing and managing climate-related risks and opportunities. Pages 20–23, 74–86, 172–175	B. Impact from risks and opportunities on the organisation's operations, strategy and financial planning. Pages 6, 10–16, 20–23, 172–175	B. The organisation's processes for managing climate-related risks. Pages 172–175, 184–186, 179	B. Emissions of Scope 1, 2 and 3 under the Greenhouse Gas Protocol. Pages 179–181, 193
	C. Preparation of the organisation's strategy in consideration of various climate-related scenarios. Pages 20–23, 84–86	C. Integration of the above processes in the organisation's general risk management. Pages 74–86	C. Goals for managing climate-related risks and opportunities. Pages 11, 13–15, 20–23, 171

Auditor's Limited Assurance Report on the Sustainability Report and statement regarding the Statutory Sustainability Report

To Castellum AB, corporate identity number 556475-5550

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

Introduction

We have been engaged by the Board of Directors of Castellum AB (publ) to undertake a limited assurance engagement of the Castellum Sustainability Report for the year 2021. The Company has defined the scope of the Sustainability Report in connection with the annual report's table of content, which also includes the Statutory Sustainability Report.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 168 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability

Report. Our engagement is limited to historical information presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12. The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Castellum AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Gothenburg, March 6 2022

Deloitte AB

Signature on Swedish original

Harald Jagner

Authorised Public Accountant

Definitions

Share-related key metrics

Data per share

In calculating income and cash flow per share the average number of shares has been used, whereas in calculating assets, equity and net asset value per share the number of shares outstanding has been used.

Dividend yield

Dividend as a percentage of the share price at the end of the period.

EPRA EPS – Earnings Per Share

Income from property management adjusted for nominal tax attributable to income from property management, divided by the average number of shares. Taxable income from property management means income from property management less deductions for tax purposes of depreciation and reconstruction.

EPRA NDV – Net disposal value

Equity as recognised in the balance sheet less non-controlling interest and hybrid bonds and adjusted for goodwill that does not constitute deferred tax.

EPRA NRV – Net Reinstatement Value

Equity as recognised in the balance sheet less non-controlling interests and hybrid bonds and adjusted for interest rate swaps, goodwill relating to deferred tax, and deferred tax in its entirety.

EPRA NTA – Net Tangible Assets

Equity as recognised in the balance sheet less non-controlling interests and hybrid bonds and following add-back of derivatives and goodwill, adjusted for actual deferred tax instead of nominal deferred tax.

Number of shares

Registered number of shares – the number of shares registered at a given point in time. Number of shares outstanding – the number of shares registered with a deduction for the company's own repurchased shares at a given point in time. Average number of shares – the weighted average number of shares outstanding during a given period.

Payout ratio

Dividend per share as a percentage of income from property management per share.

Total return per share

Share price development with addition of the dividends during the period as if reinvested in shares on the day shares traded ex-dividend.

Property-related key metrics

Economic occupancy rate

Rental income accounted for during the period, less discounts, as a percentage of rental value for properties owned at the end of the period. Properties acquired/completed during the period have been restated as if they had been owned or completed during the whole year, while properties disposed of have been excluded entirely. Development projects and undeveloped land have been excluded.

Income from property management

Net income following add-back of acquisition and restructuring costs, revaluation of results due to stepwise acquisitions, impairment of goodwill and changes in value, as well as tax for both the Group and for associated companies/joint ventures.

Property costs

This item includes both direct property costs, such as operating expenses, maintenance, site leasehold fees and property tax, as well as indirect costs for letting and property administration.

Rental income

Rents debited plus supplements such as reimbursement of heating costs and property tax.

Property type

The property's primary rental value with regard to the type of premises. Premises for purposes other than the primary use may therefore be found within a property type. Castellum's property types are: office, public sector properties (customers that are directly or indirectly tax funded), warehouse/logistics, light industry, retail and developments and undeveloped land.

Rental value

Rental income plus estimated market rent for vacant premises.

SEK per square metre

Property-related key metrics, expressed in terms of SEK per square metre, are based on properties owned at the end of the period. Properties acquired/completed during the year have been restated as if they had been owned or completed for the whole year, while properties disposed of have been completely excluded. Development projects and undeveloped land have been excluded. In the interim accounts, key metrics have been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

Surplus ratio

Net operating income as a percentage of rental income.

Financial key metrics

Interest coverage ratio

Income from property management after reversal of net financial items as a percentage of net interest items.

Loan-to-value ratio

Interest-bearing liabilities after deduction for cash and cash equivalents as a percentage of total assets.

Loan-to-value ratio, Property

Interest-bearing liabilities after deduction for cash and cash equivalents as a percentage of the properties' fair value with deduction for acquired properties not taken into possession, and with addition for divested properties still in Castellum's possession.

Net debt to EBITDA

Interest-bearing liabilities after deduction for cash and cash equivalents in relation to net operating income less central administrative expenses.

Return on EPRA NRV

Net income after tax with reversed changes in values on derivatives and deferred tax as a percentage of initial EPRA NRV. In the interim accounts the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

Return on equity

Income after tax as a percentage of average equity. In the interim accounts the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

Return on total capital

Income before tax with reversed net financial items and changes in values on derivatives during the year as a percentage of average total capital. In the interim accounts the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

Financial calendar, owner's information and contact details

Financial calendar and dividend

Record date for the Annual General Meeting	23 March 2022
2022 Annual General Meeting	31 March 2022
Proposed record date, dividend (I)	4 April 2022
Expected distribution of dividend (I)	7 April 2022
Interim report January–March 2022	25 April 2022
Proposed record date, dividend (II)	30 June 2022
Expected distribution of dividend (II)	5 July 2022
Half-year report January–June 2022	15 July 2022
Record date, dividend (III)	30 September 2022
Expected distribution of dividend (III)	5 October 2022
Interim report January–September 2022	20 October 2022
Record date, dividend (IV)	30 December 2022
Expected distribution of dividend (IV)	4 January 2023
Year-end report 2022	13 February 2023
2023 Annual General Meeting	23 March 2023

Annual General Meeting

The Annual General Meeting (AGM) of shareholders in Castellum AB (publ) will be held on Thursday, 31 March 2022. More information and instructions on how to register will be provided by the notice to attend the meeting, which will be publicised in a separate press release and will be available through such sources as Castellum's web site, www.castellum.com

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