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# Q4

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Year-end report  
January–December 2022

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## 28 per cent growth in income from property management

### Important events during the quarter

- To safeguard the company's credit rating, the Board decided on a tightened financial policy and a savings programme with reduced scope for investments in 2023 and 2024, for the purpose of strengthening the company's balance sheet. Nor will the Board propose a dividend to the next Annual General Meeting.
- At an Extraordinary General Meeting, Leiv Synnes was elected as a Board member for the period up until the next Annual General Meeting.
- Maria Strandberg announced during the quarter that she had decided to step down from her role as CFO. Jens Andersson, the current Head of Treasury, was appointed as new CFO and will take office on 14 February.
- Rutger Arnhult informed the Board of Directors that he was stepping down as CEO.
- For the purpose of promoting increased geographical concentration in the portfolio and strengthening the balance sheet, properties were divested during the quarter for around SEK 4 Bn.
- Castellum received a top ranking in the Dow Jones Sustainability Indices for the seventh year in a row – the only Nordic property company to do so.

- Income for the year totalled SEK 8,996 M (6,353), and income for the quarter amounted to SEK 2,264 M (1,916).
- Income from property management totalled SEK 4,510 M (3,522), corresponding to SEK 13.63 per share (12.45) and an increase of 9.5 per cent. Income from property management for the quarter totalled SEK 912 M (1,019), corresponding to SEK 2.78 per share (3.29).
- Changes in value on properties amounted to SEK -3,537 M (pos: 7,185) and on derivatives to SEK 2,690 M (325).
- Net income for the year amounted to SEK 1,750 M (11,828), corresponding to SEK 5.29 (41.81) per share.
- Long-term net reinstatement value (EPRA NRV) amounted to SEK 242 per share (251).
- After new construction, extensions and reconstructions totalling SEK 5,548 M (3,799) in existing portfolios, acquisitions of SEK 363 M (56,147) and divestments of SEK -3,080 M (-17,228), net investments for the year totalled SEK 2,831 M (42,718) for the year.
- Net lettings for the quarter totalled SEK 8 M (45), while net lettings for the year totalled SEK 161 M (162).

KEY METRICS	2022 Oct–Dec	2021 Oct–Dec	2022 Jan–Dec	2021 Jan–Dec
Income, SEK M	2,264	1,916	8,996	6,353
Net operating income, SEK M	1,368	1,252	5,838	4,346
Income from property management, SEK M	912	1,019	4,510	3,522
NOI SEK/share	2.78	3.29	13.63	12.45
NOI growth, %	-15.5	-1.0	9.5	-4.0
Net income for the period, SEK M	-4,903	4,764	1,750	11,828
NOI SEK/share	-14.93	15.36	5.29	41.81
NOI growth, %	-197	49	-87	104
Net investment, SEK M	1,396	46,092	2,831	42,718
Net lettings, SEK M	8	45	161	162
Loan-to-value ratio, %	42.3	39.2	42.3	39.2
Loan-to-value ratio, adjusted, % <sup>1</sup>	41.1	35.3	41.1	35.3
Interest coverage ratio, multiple	2.9	4.6	3.9	5.2
EPRA NRV, SEK/share	242	251	242	251
EPRA NTA, SEK/share	230	241	230	241
EPRA NDV, SEK/share	196	197	196	197

1. An adjusted loan-to-value ratio was introduced as of Q1 2022 in order to adapt the key metric with regard to treasury shares. The shares have been measured at the market price as of the balance-sheet date.

*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.*

## Strong earnings in a time of continued uncertainty

**Castellum ended the year with income from property management of SEK 4,510 M (3,522) and positive net lettings for the twelfth consecutive quarter. Despite significant turbulence in the business environment, the rental market was strong throughout 2022. The acquisition of Kungsleden led to an increase in earnings capacity and synergy effects as we sum up the year.**

The last quarter of 2022 was an eventful and intense one for Castellum, with property divestments, including letters of intent, of around SEK 4 Bn. The divestments are a stage in continuing the geographical streamlining of the portfolio following the combination with Kungsleden, but they are also an efficient method of strengthening the balance sheet. The Nordic property market was heavily impacted by high levels of inflation, rapidly rising interest rates, a cautious bond market, and an economic slowdown. At the same time, the rental market and demand for offices and warehouse/logistics properties were strong. The prospects for 2023, however, are divided, and we will face the challenges ahead with humility. Operationally speaking, Castellum's properties and projects are moving along at a good pace while the finance market is marked by continued uncertainty.

### Pause in the dividend tradition and proposal for a fully guaranteed preferential rights issue

As a consequence of the rapidly changing market conditions, Castellum has focused further on ensuring long-term, enduring financing while retaining creditworthiness and strengthening its balance sheet. The company routinely evaluates measures that could secure and strengthen financial stamina in the event of long-term uncertainty in the capital market. One of the measures taken by Castellum's Board of Directors is pausing the dividend tradition by not

proposing a dividend to the Annual General Meeting in 2023. Another measure is today's proposal for the fully guaranteed preferential rights issue of around SEK 10 Bn, which it is proposed that the Annual General Meeting resolve on authorisation for on 23 March.

The changed market conditions entail both challenges and opportunities for the commercial property sector. With this proposed preferential rights issue, Castellum will consolidate its position as one of the leading commercial property companies in the Nordic region, retaining its capacity to leverage opportunities for value creation while the company continues to be both an attractive investment for shareholders and a stable counterparty for banks and debt investors.

Moreover, Castellum has tightened its financial policy with requirements for an interest coverage ratio of 3x (2) and that the loan-to-value ratio, defined as net debt divided by the balance sheet total, is not to permanently exceed 40 per cent (previously 50 per cent under the definition of net debt divided by property value), which is in line with the requirements set by the ratings institutions to fulfil the Investment Grade (IG) credit rating. The company has also announced a slowdown in the rate of investment, which means that the ongoing development projects will be completed in accordance with plans while other projects are being postponed until a future date. Together, these measures constitute a firm basis for the company to maintain a strong financial position and a broad scope for action.

### Stable leasing base and increases in income

Castellum has been actively engaged in costs during the year, prioritizing energy-saving measures in particular as a result of rising energy prices. High energy prices, and inflation in general, have certainly increased costs, but the rate of inflation has yielded significant increases in income owing to the index components in our leases.

Even though times are tough for many tenants, with generally rising costs, the assessment is that Castellum's various customer segments – with a large proportion of public-sector tenants, numerous well-capitalised office customers and logistics operators – can withstand these cost increases. In the well-diversified and stable asset

portfolio that Castellum possesses, nearly one quarter of the rental income comes from public-sector tenants. Only a very small portion of rental income now comes from the hard-pressed retail sector.

Castellum's geographical positioning in strong sub-markets in stable economies in the Nordic region constitutes a uniquely well-diversified and stable leasing base. The experiences from the pandemic, when many tenants were also exposed to significant challenges, show that Castellum successfully changed course and managed new situations quickly, without significant rental losses during the period.



“Even though times are tough for many tenants, the assessment is that Castellum's various customer segments – with a large proportion of public-sector tenants, numerous well-capitalised office customers and logistics operators – can withstand these cost increases.”

### Projects yield growth in cash flow

In 2022, ten major projects with a total rental value of SEK 220 M per year were completed. Two examples are the NollCO<sub>2</sub>-certified police station in the Korsningen district of Örebro and the WELL-certified, fully let GreenHaus office

building in Helsingborg. Two new projects started in the last quarter: a 9,000-square metre police station in the Hisingen district of Gothenburg, which will be completed in 2025, and an 11,600-square metre logistics facility in the Östra hamnen district of Malmö.

Castellum will complete the majority of its ongoing projects in 2023, and these will generate around SEK 280 M in rental value annually. The new E.ON head office and the court building in Malmö, with an annual rental value of around SEK 170 M, were completed in the first quarter of 2023. Under the prevailing market conditions, Castellum project volume has slowed down but the company is prepared, with an attractive development portfolio to start up when market conditions are more favourable once again.

### **Impaired property values**

Rising interest rates and uncertainty in the finance market are driving up interest in the values of the property companies. In the fourth quarter, Castellum impaired its property values by 4 per cent.

### **Top marks for Castellum in sustainability**

In December, Castellum received a top ranking in the Dow Jones Sustainability Indices for the seventh year in a row – the only Nordic property company to do so. The company also received the highest sustainability score in GRESB, in project development. During the year, the company revised its sustainability goals, including increasing its ambition to improve energy efficiency to 2.5 per cent per year. The expansion of solar panel installations is steadily progressing, and as of 31 December 2022, 76 systems have been installed in the property portfolio – investments that, in the current energy crisis, have been far more profitable than calculated.

### **Equipping for the future**

Now that Castellum's robust growth over the past few years seems to be slowing somewhat, there are opportunities to further trim and develop the business and become even better equipped for the future. As one of the foremost and largest commercial property company in the Nordic region, Castellum has attractive assets in the right locations and a strong underlying business with a low vacancy rate, a high-quality portfolio and an efficient administrative organisation. The strategy of growing in the Nordic region, in offices and logistics, with the target of ten per cent growth annually in income from property management per share, remains in place.

In conclusion, I would like to thank all our tenants, partners, shareholders, creditors, employees, and other stakeholders for their continued strong commitment during a challenging year.

### **Joacim Sjöberg**

Acting Chief Executive Officer, Castellum AB

## Condensed consolidated statement of comprehensive income

SEK M	2022 Oct–Dec	2021 Oct–Dec	2022 Jan–Dec	2021 Jan–Dec
Rental income	1,906	1,695	7,803	5,723
Service income	289	166	960	461
Coworking income	68	55	232	169
<b>Income</b>	<b>2,264</b>	<b>1,916</b>	<b>8,996</b>	<b>6,353</b>
Operating costs	-452	-290	-1,490	-840
Maintenance expenses	-93	-57	-286	-155
Property tax	-147	-118	-580	-401
Coworking expenses	-70	-61	-280	-194
Lettings and property administration expenses	-134	-138	-522	-417
<b>Net operating income</b>	<b>1,368</b>	<b>1,252</b>	<b>5,838</b>	<b>4,346</b>
Central administrative expenses	-57	-66	-270	-174
Acquisition costs	-3	-56	-7	-76
Income from associated companies	-46	1,381	-373	1,142
Net financial items <sup>1</sup>				
Net interest costs	-486	-283	-1,531	-845
Dividend	—	—	—	61
Financing fees, etc. for acquisitions	—	—	—	-27
Letting cost/Site leasehold fee	-24	-7	-76	-27
<b>Income including associated companies<sup>1</sup></b>	<b>752</b>	<b>2,221</b>	<b>3,581</b>	<b>4,400</b>
<b>of which income from property management<sup>1,2</sup></b>	<b>912</b>	<b>1,019</b>	<b>4,510</b>	<b>3,522</b>
Changes in value				
Properties	-6,394	2,654	-3,537	7,185
Financial holdings	1	-9	-57	42
Change in goodwill	-289	-121	-440	-194
Revaluation of earnings due to stepwise acquisition	—	111	—	111
Derivatives	-22	134	2,690	325
<b>Income before tax<sup>1</sup></b>	<b>-5,952</b>	<b>4,990</b>	<b>2,237</b>	<b>11,869</b>
Current tax	170	-18	-15	-173
Deferred tax	879	-208	-472	132
<b>Net income for the period<sup>1</sup></b>	<b>-4,903</b>	<b>4,764</b>	<b>1,750</b>	<b>11,828</b>
<b>Other comprehensive income</b>				
<i>Items that can be reclassified to net income for the period</i>				
Translation difference of currencies, etc. <sup>1</sup>	-11	379	530	629
Change in values on derivatives, currency hedge	-319	-328	-694	-508
<b>Comprehensive income for the period<sup>1</sup></b>	<b>-5,233</b>	<b>4,815</b>	<b>1,586</b>	<b>11,949</b>
Average number of shares, thousand	328,401	310,088	330,854	282,917
Earnings, SEK/share	-14.93	15.36	5.29	41.81

1. Net financial items were incorrectly charged SEK 119 M in Q3 2022, which would have impacted the following line items: net interest, income including associated companies, income from property management, and income before tax, as well as net income for the period, which would have increased by SEK 119 M. The item should instead have been recognised against other comprehensive income. In Q4, Castellum corrected this erroneous amount.

2. For calculation, refer to Financial Key Metrics on page 19.



# Performance analysis, January–December 2022

## Income from property management

The acquisitions of the previous year enabled a 9.5 per cent increase in income from property management per share despite a temporary increase in administrative costs, sharp price increases for electricity and heating, and substantially increased financing costs in 2022. Income from property management for the period totalled SEK 4,510 M (3,522), corresponding to SEK 13.63 per share (12.45).

## SEGMENT INFORMATION

SEK M	Income	
	2022 Jan–Dec	2021 Jan–Dec
Stockholm	2,409	1,483
West	1,685	1,272
Central	1,632	911
Mälardalen	1,123	1,014
Öresund	1,305	1,168
Finland	609	336
Coworking	232	169
<b>Total income per segment</b>	<b>8,996</b>	<b>6,353</b>

## Income

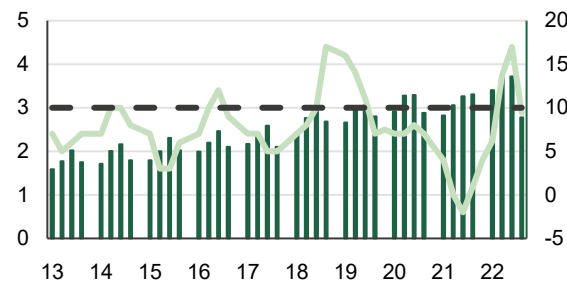
During the period, total income increased by SEK 2,643 M to SEK 8,996 M (6,353). In the like-for-like portfolio of the investment properties, rental income increased by 7.2 per cent. This increase is attributable to continued robustness in new lettings, successful renegotiation and indexation. After the combination with Kungsleden, the company's investment properties are included in the Group's definition of the like-for-like portfolio for investment properties. The average economic occupancy rate for the period totalled 93.4 per cent (93.2).

## DEVELOPMENT OF INCOME

SEK M	2022 Jan– Dec	2021 Jan– Dec	2021 Jan–Dec incl. KL	Change in combined company, %
Like-for-like portfolio	7,689	5,152	7,176	7.2
Development properties	463	152	331	
Transactions	612	897	879	
Coworking	232	169	169	
<b>Total</b>	<b>8,996</b>	<b>6,353</b>	<b>8,555</b>	<b>5.2</b>

## INCOME FROM PROPERTY MANAGEMENT PER SHARE

Income from property management in SEK/share, per quarter (bars) Annual growth, LTM (curve) and 10% target (dotted line)



## Costs

Direct property costs totalled SEK 2,356 M (1,396), corresponding to SEK 412 per square metre (346). The property costs for the like-for-like portfolio of investment properties have increased 20.1 per cent, primarily as a result of the sharp price increase for electricity and heating but also due to increased costs for property tax following new tax assessments.

The combination with Kungsleden means that Kungsleden's investment properties are included in the Group's definition of the like-for-like portfolio for investment properties.

Property administration amounted to SEK 522 M (417), corresponding to SEK 99 per square metre (103). Central administrative expenses were SEK 278 M (174). A portion of the cost increase was deemed to be temporary, as a result of the combination.

## COST TRENDS

SEK M	2022 Jan–Dec	2021 Jan– Dec	2021 Jan–Dec incl. KL	Change in combined company, %
Like-for-like portfolio	1,958	1,102	1,631	20.1
Development properties	162	60	118	
Transactions	236	234	207	
<b>Direct property costs</b>	<b>2,356</b>	<b>1,396</b>	<b>1,957</b>	<b>20.4</b>
Coworking	280	194	194	
Property administration	522	417	531	
Central administration	278	174	269	
<b>Total costs</b>	<b>3,436</b>	<b>2,181</b>	<b>2,951</b>	<b>16.4</b>

## PROPERTY COSTS, 12 MONTHS, SEK/SQ. M.

	Offices	Public sector properties	Warehouse/light industry	Retail	Total
Operating costs	327	258	175	188	263
Maintenance expenses	62	42	28	36	47
Property tax	149	102	26	77	102
<b>Property costs</b>	<b>537</b>	<b>402</b>	<b>229</b>	<b>301</b>	<b>412</b>
Lettings and property administration expenses	—	—	—	—	99
<b>Total</b>	<b>537</b>	<b>402</b>	<b>229</b>	<b>301</b>	<b>511</b>
NOI Q4 2021	443	331	212	252	425

### Income from associated companies

Income from associated companies consists of Castellum's share of Entra's earnings. The income includes both income from property management, tax and changes in value in Entra's property portfolio. It is only Castellum's share of the associated company's income from property management that is included in the line item "of which income from property management" in the consolidated statement of comprehensive income, which totalled SEK 550 M for the year. This means that changes in value, tax, and other items (pertaining primarily to changes in value of financial instruments) are excluded. Each quarter, Castellum also carries out an impairment test on the share, and impairment for 2022 totalled SEK 178 M. The accumulated impact on Castellum's holding in Entra from changes in currency rates is recognised in other comprehensive income. For further information on Entra, refer to page 18.

SEK M	2022 Jan-Dec	2021 Jan-Dec
Income from property management	550	161
Change in values on properties	-863	935
Tax	-35	-234
Other	154	17
<b>Castellum's share of associated company earnings</b>	<b>-195</b>	<b>879</b>
Impairment of associated companies	-178	-246
Revaluation of participations in associated companies	—	509
<b>Total impact on net income for the year</b>	<b>-373</b>	<b>1,142</b>
Currency translation (OCI)	420	398
<b>Earnings from associated companies in other comprehensive income</b>	<b>-47</b>	<b>1,540</b>

### Net financial items

Net financial items totalled SEK -1,607 M (-838). The change is attributable primarily to a larger loan portfolio after the acquisition of Kungsleden as well as to an increase in the average interest rate, which as of 31 December 2022 totalled 2.6 per cent (1.8).

SEK M	2022 Jan-Dec	2021 Jan-Dec
Financial income	0	2
Interest costs	-1,593	-880
Financing fees, etc. for acquisitions	—	-27
Less: capitalised interest	101	50
Dividend, associated companies	—	61
Site leasehold fees	-76	-27
Other financial costs	-39	-17
<b>Total net financial items<sup>1</sup></b>	<b>-1,607</b>	<b>-838</b>

1. Net financial items were incorrectly charged SEK 119 M in Q3 2022, which would have impacted the following line items: net interest, income including associated companies, income from property management, and income before tax, as well as net income for the period, which would have increased by SEK 119 M. The item should instead have been recognised against other comprehensive income. In Q4, Castellum corrected this erroneous amount.

### Changes in value

#### Properties

There were few completions in the property market at the end of the year, and the required market yield was impacted by rising interest rates and credit margins. Improved cash flow, linked primarily to inflation, is offsetting the higher required yield to some extent. Castellum reported SEK -3,563 M (pos: 6,307) in unrealised changes in value for the year, attributable primarily to a 31-point upswing in the average required yield, compared to 4.70 per cent at the start of the year. Moreover, realised changes in value of SEK 26 M (878) were recognised, attributable primarily to the divestment of twelve properties in Gävle as well as divestments in the Kungsleden portfolio during the fourth quarter.

SEK M	2022 Jan-Dec	2021 Jan-Dec
Cash flow	6,380	589
Project gains/building rights	582	1,162
Required yield	-10,529	4,489
Acquisitions	4	67
<b>Unrealised changes in value</b>	<b>-3,563</b>	<b>6,307</b>
%	-2.3	4.3
Sales	26	878
<b>Total</b>	<b>-3,537</b>	<b>7,185</b>
%	-2.3	4.9

### Financial instruments

Castellum holds both interest-rate and currency derivatives, which are impacted primarily by long-term market interest rates and exchange rate fluctuations. Total change in value on derivatives during the year totalled SEK 3,309 M, of which SEK 2,690 M (325) was recognised in profit or loss and the remainder in other comprehensive income. The positive changes in value are attributable to the rise in interest rates on longer maturities during the period as well as changes in currency exchange rates.

### Goodwill

In 2022, goodwill was impaired by a total of SEK 440 M. This is a result of primarily divestments of SEK 200 M. Goodwill attributable to United Spaces has been impaired by SEK 168 m as a result of increased yield requirements. Other impairments are attributable to negative value changes on properties linked to goodwill.



**Tax**

Total tax expenses for the year were SEK 487 M (41), of which SEK 15 M (173) pertained to current tax. Applying the tax rate of 20.6 per cent, the total theoretical tax expense is SEK 461 M. The difference of SEK -26 M at a 20.6 per cent tax rate on income before tax pertains primarily to the add-back of deferred tax of SEK 373 M for properties divested, non-deductible interest of SEK -252 M and SEK -91 M attributable to impairment of goodwill, which had no effect on tax.

**TAX CALCULATION JAN-DEC 2022**

SEK M	Basis current tax	Basis deferred tax
Income from property management	4 510	
<i>In associated holdings</i>	-550	
Deductions for tax purposes		
depreciation	-2,486	2,486
reconstructions	-835	835
Capitalised interest	-101	101
Non-deductible interest	1,224	—
Currency translation	-970	367
Other tax items	-108	110
<b>Taxable income from property management</b>	<b>684</b>	<b>3,899</b>
<i>Current tax if tax loss carry forwards not utilised</i>	-141	
Divestment of properties		-1,809
Change in values on properties		-3,563
Change in values on derivatives	-11	3,162
<b>Taxable income before tax loss carry forwards</b>	<b>673</b>	<b>1,690</b>
Tax loss carry forwards, opening balance	-2,236	2,236
Tax loss carry forwards, closing balance	1,635	-1,635
<b>Taxable income</b>	<b>72</b>	<b>2,291</b>
<b>Tax according to the income statement for the period</b>	<b>-15</b>	<b>-472</b>

**NET DEFERRED TAX LIABILITY, 31 DECEMBER 2022**

SEK M	Basis	Nominal tax liability	Real tax liability
Tax loss carry forwards	1,635	337	337
Derivatives	-3,114	-641	-641
Untaxed reserves	-764	-157	-157
Properties	-94,357	-19,438	-3,399
<b>Total</b>	<b>-96,600</b>	<b>-19,899</b>	<b>-3,860</b>
Properties, asset acquisitions	10,415	2,145	
<b>Closing balance</b>	<b>-86,185</b>	<b>-17,754</b>	<b>-3,860</b>

## Condensed consolidated balance sheet

SEK M	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>		
Investment properties	153,563	153,146
Goodwill	4,969	5,544
Leases, right-of-use	1,591	1,741
Associated companies	13,286	13,571
Derivatives	3,215	—
Other fixed assets	312	467
Other receivables	1,937	1,966
Cash and cash equivalents	858	1,197
<b>Total assets</b>	<b>179,731</b>	<b>177,632</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	78,983	83,637
Deferred tax liability	17,754	17,351
Other provisions	28	38
Derivatives	468	563
Interest-bearing liabilities	76,849	70,829
Lease liability	1,591	1,741
Non-interest bearing liabilities	4,058	3,473
<b>Total equity and liabilities</b>	<b>179,731</b>	<b>177,632</b>

## Condensed Changes in Equity

SEK M	31 Dec 2022	31 Dec 2021
Equity at start of period	83,637	48,243
Dividend	-2,496	-1,888
Repurchase of own shares	-2,752	-1,038
Share issue in kind	—	26,371
Transactions with non-controlling interest	-830	—
Dividend, hybrid capital	-162	—
Net income for the period	1,750	11,828
Other comprehensive income for the period	-164	121
<b>Equity at end of period</b>	<b>78,983</b>	<b>83,637</b>

## Customers\*

\*Excluding Castellum's holding in Entra, 31 December 2022.

Castellum's exposure to individual tenants is extremely low, with a lease portfolio that has a large spread across many different tenants, customer sizes and industries. This spreads the risk for rent losses and vacancies. The Group has approximately 8,000 commercial leases and approximately 500 residential leases, and their distribution in terms of size is presented in the table below. The single largest lease accounts for 1.2 per cent of the Group's total rental income, while the corresponding figure for the single largest customer is 2.1 per cent. As at 31 December 2022, the remaining average length of contract was 3.9 years (3.7).

### LEASE MATURITY STRUCTURE

SEK M	Number of leases	Lease value, SEK M	Proportion of value, %
<b>Commercial, term</b>			
2023	2,987	1,412	16
2024	1,854	1,779	20
2025	1,517	1,576	17
2026	966	1,266	14
2027	317	686	8
2028+	452	2,094	22
<b>Total commercial</b>	<b>8,094</b>	<b>8,813</b>	<b>97</b>
<b>Residential</b>			
Parking spaces and other	512	50	1
<b>Total</b>	<b>15,225</b>	<b>9,063</b>	<b>100</b>

### LEASE SIZE

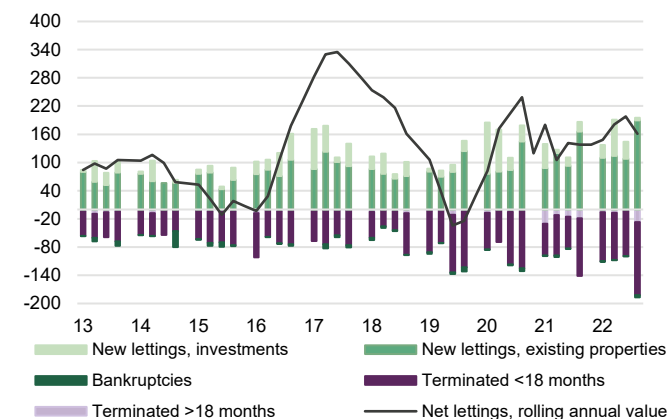
SEK M	Number of leases	Share, %	Lease value, SEK M	Proportion of value, %
<b>Commercial</b>				
<0.25	3,625	24	252	3
0.25–0.5	1,255	8	466	5
0.5–1.0	1,266	8	896	10
1.0–3.0	1,314	9	2,270	25
>3.0	634	4	4,929	54
<b>Total</b>	<b>8,094</b>	<b>53</b>	<b>8,813</b>	<b>97</b>
<b>Residential</b>				
Parking spaces and other	512	3	50	1
<b>Total</b>	<b>15,225</b>	<b>100</b>	<b>9,063</b>	<b>100</b>

### NET LETTINGS

SEK M	Sthlm	West	Central	Mälardalen	Öresund	Finland	Total
<b>NEW LETTINGS</b>							
Existing properties	115	112	120	70	62	42	521
Investments	40	64	10	6	25	—	145
<b>Total</b>	<b>155</b>	<b>176</b>	<b>130</b>	<b>76</b>	<b>87</b>	<b>42</b>	<b>666</b>
<b>TERMINATED</b>							
Existing properties	-158	-84	-115	-38	-64	-38	-497
Bankruptcies	—	-2	-5	—	—	-1	-8
<b>Total</b>	<b>-158</b>	<b>-86</b>	<b>-120</b>	<b>-38</b>	<b>-64</b>	<b>-39</b>	<b>-505</b>
<b>Net lettings</b>	<b>-3</b>	<b>90</b>	<b>10</b>	<b>38</b>	<b>23</b>	<b>3</b>	<b>161</b>
<i>NOI Q4 2021</i>	<i>15</i>	<i>53</i>	<i>53</i>	<i>—</i>	<i>35</i>	<i>6</i>	<i>162</i>

During the period, Castellum signed leases with an annual rental value of SEK 666 M (720). Notices of termination amounted to SEK 505 M (558), of which bankruptcies were SEK 8 M (8) and SEK 43 M (81) were notices of termination with more than 18 months left of contract. Net lettings for the period thus totalled SEK 161 M (162). 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



### CASTELLUM'S LARGEST TENANTS

Largest tenants	Rental value, SEK M
AFRY Group	194
The Swedish Police Authority	188
ABB	175
The Swedish National Courts Administration	146
Handelsbanken	144
The Swedish Social Insurance Agency	95
E.ON	83
The Swedish Migration Board	82
Northvolt	79
Region Stockholm	74
<b>Total rental value our largest tenants</b>	<b>1,260</b>

# Castellum's property portfolio

Category	31 Dec 2022					January–December 2022					Net operating income, SEK M	
	Number	Area, 000 sq. m.	Property value, SEK M	NOI SEK/sq. m.	Rental value, SEK M	NOI SEK/sq. m.	Econ. occ. rate, %	Income, SEK M	Property costs, SEK M	NOI SEK/sq. m.		
<b>OFFICES</b>												
Stockholm	53	660	32,829	49,755	1,770	2,475	92.3	1,587	364	552	1,222	
West	78	467	14,011	30,030	857	1,699	92.4	779	193	415	586	
Central	75	533	11,335	21,252	890	1,532	91.8	811	241	451	570	
Mälardalen	29	381	10,347	27,148	728	1,755	91.9	659	185	484	474	
Öresund	41	289	9,354	32,345	626	2,012	92.9	569	147	508	422	
Denmark	14	142	5,422	38,112	328	2,182	94.7	303	91	641	212	
Finland	14	178	6,676	37,528	582	3,032	92.7	532	203	1,143	329	
<b>Total Office</b>	<b>304</b>	<b>2,650</b>	<b>89,974</b>	<b>33,950</b>	<b>5,781</b>	<b>2,181</b>	<b>92.4</b>	<b>5,240</b>	<b>1,424</b>	<b>537</b>	<b>3,815</b>	
<b>PUBLIC SECTOR PROPERTIES</b>												
Stockholm	7	126	5,150	40,794	265	2,044	97.3	254	45	354	210	
West	19	146	3,240	22,199	237	1,569	96.7	228	47	322	181	
Central	28	294	9,140	31,076	581	1,878	95.1	548	134	456	414	
Mälardalen	7	37	1,026	27,626	62	1,650	98.2	60	10	280	50	
Öresund	6	44	1,204	27,442	84	1,874	98.0	82	17	388	65	
Denmark	1	12	663	54,902	34	2,749	98.6	33	5	396	28	
Finland	4	25	462	18,240	49	1,829	95.2	46	17	679	29	
<b>Total Public sector properties</b>	<b>72</b>	<b>685</b>	<b>20,885</b>	<b>30,500</b>	<b>1,312</b>	<b>1,915</b>	<b>96.3</b>	<b>1,251</b>	<b>275</b>	<b>402</b>	<b>976</b>	
<b>WAREHOUSE/LIGHT INDUSTRY</b>												
Stockholm	36	197	4,123	20,951	255	1,215	93.6	233	42	216	191	
West	83	592	8,753	14,782	577	917	94.1	534	115	194	419	
Central	21	109	1,198	10,946	98	850	95.1	92	24	221	67	
Mälardalen	27	323	3,853	11,945	361	1,060	94.7	336	113	352	223	
Öresund	44	272	3,217	11,823	244	826	92.2	221	45	167	175	
Denmark	1	18	172	9,455	16	684	77.2	12	5	264	8	
<b>Total Warehouse/Light industry</b>	<b>212</b>	<b>1,511</b>	<b>21,316</b>	<b>14,105</b>	<b>1,551</b>	<b>1,026</b>	<b>93.8</b>	<b>1,428</b>	<b>345</b>	<b>229</b>	<b>1,082</b>	
<b>RETAIL</b>												
Stockholm	21	118	3,179	27,029	200	1,681	98.8	194	26	220	168	
West	15	68	1,454	21,456	100	1,386	93.5	93	24	358	68	
Central	19	130	2,328	17,943	183	1,338	94.8	170	46	356	123	
Mälardalen	13	50	844	16,972	61	1,178	95.6	56	14	272	43	
Öresund	19	85	1,609	19,035	124	1,396	95.3	113	26	303	87	
<b>Total Retail</b>	<b>87</b>	<b>449</b>	<b>9,413</b>	<b>20,949</b>	<b>669</b>	<b>1,488</b>	<b>96.0</b>	<b>625</b>	<b>135</b>	<b>301</b>	<b>490</b>	
<b>Total investment properties</b>	<b>675</b>	<b>5,296</b>	<b>141,588</b>	<b>26,737</b>	<b>9,312</b>	<b>1,758</b>	<b>93.4</b>	<b>8,544</b>	<b>2,181</b>	<b>412</b>	<b>6,363</b>	
Lettings and property administration expenses									522	99	522	
<b>Total after lettings and property administration expenses</b>									<b>2,703</b>	<b>511</b>	<b>5,841</b>	
Project	51	401	11,021	—	413	—	—	206	101	—	105	
Undeveloped land	23		953	—	32	—	—	31	10	—	21	
<b>Total</b>	<b>749</b>	<b>5,696</b>	<b>153,563</b>	<b>—</b>	<b>9,757</b>	<b>—</b>	<b>—</b>	<b>8,781</b>	<b>2,814</b>	<b>—</b>	<b>5,967</b>	

The net operating income of SEK 5,967 M reported above and the net operating income of SEK 5,838 M in the consolidated statement of comprehensive income are attributable to the deduction of the net operating income of SEK 77 M in properties divested during the period, the SEK 100 M upward adjustment of the net operating income on properties acquired/completed during the period as if they had been owned or been completed during the entire period, and the exclusion of SEK -48 M from the coworking company in the table.

## Investment properties

As of 31 December 2022, after the acquisition of 12 properties and the divestment of 25 properties during the year, Castellum owns a total of 749 properties at a carrying amount of SEK 154 Bn. The property portfolio is located in growth areas in Sweden as well as Copenhagen and Helsinki. The properties are located in city centre locations and well-situated business districts, with excellent public transportation and services. Our ownership is characterised by sustainability and a long-term perspective, and 61 per cent of the value of the asset portfolio is certified for sustainability. We work continually on developing, refining, modernising and customising our properties.

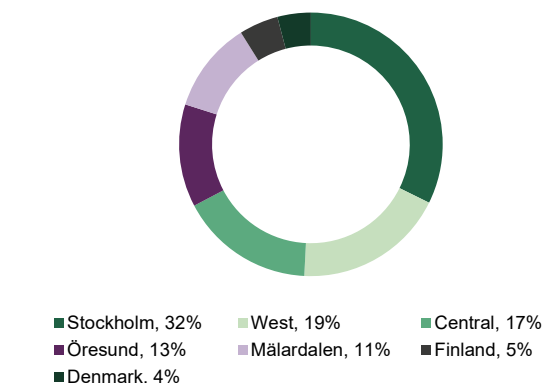
## CHANGES IN THE PROPERTY PORTFOLIO

SEK M	Carrying amount, SEK M	Number
Property portfolio on 1 Jan. 2022	153,146	762
+ Acquisitions	363	12
+ New construction, extensions and reconstructions	5,548	
- Sales	-3,080	-25
+/- Unrealised changes in value	-3,563	
+/- Currency translation	1,149	
<b>Property portfolio on 31 December 2022</b>	<b>153,563</b>	<b>749</b>

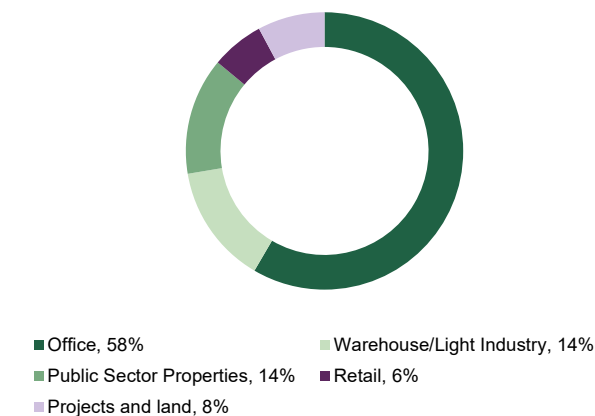
## PROPERTY-RELATED KEY METRICS

	2022 Jan-Dec	2021 Jan-Dec
Rental value, SEK/sq. m.	1,758	1,648
Economic occupancy rate, %	93.4	93.2
Property costs, SEK/sq. m.	511	425
Net operating income, SEK/sq. m.	1,048	1,008
Property value, SEK/sq. m.	26,737	26,667
Number of properties	749	762
Lettable area, thousand sq. m.	5,696	5,853
Average property valuation yield, %	5.0	4.7

## PROPERTY VALUE BY REGION



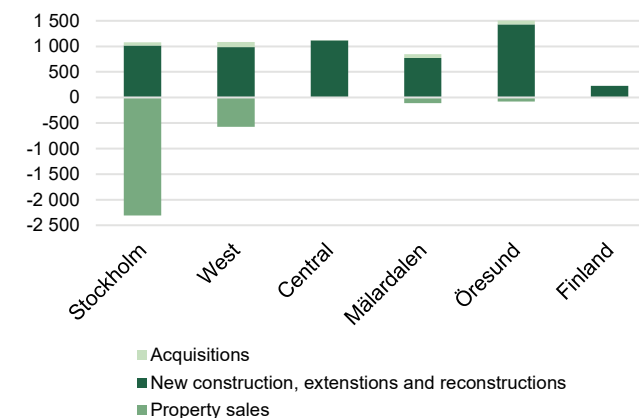
## PROPERTY VALUE BY CATEGORY



## Investments

During the year, investments in property totalled SEK 5,911 M (59,946), of which SEK 363 M (56,147) pertained to acquisitions and SEK 5,548 M (3,799) to new construction, extensions and reconstructions. After sales of SEK -3,080 M (-17,228), net investments amounted to SEK 2,831 M (42,718).

## NET INVESTMENTS PER REGION



## Larger ongoing projects

Castellum has ongoing projects totalling approximately SEK 6.3 Bn, of which SEK 2.1 Bn remains to be invested. The average economic occupancy rate in January 2023 totalled 83 per cent. During the fourth quarter of the year, the new construction of the Drevet 1 logistics facility in Helsingborg and the reconstruction of the County Administrative Board premises on the Götaland 5 property in Jönköping were completed. In 2022, ten major projects with a total annual rental value of SEK 220 M were thereby completed. Two new projects were started in the last quarter: new construction of a 9,000-square metre police station in the Hisingen district of Gothenburg (Backa 20:5), which will be completed in 2025, and an 11,600-square metre logistics facility in the Östra hamnen district of Malmö (Tistlarna 9). The projects that have been started have an annual rental value of around SEK 50 M.

The prevailing market conditions have slowed down the project volumes, but Castellum is putting greater focus on risk management in the ongoing projects and has an attractive development portfolio to start up with once the market conditions are more favourable.

Property	Category	Inv. type	Location	Completed	Area, sq. m.	Rental value, SEK M	Econ. occ. rate, %	Total investment, SEK M	Of which invested, SEK M	Remaining to invest, SEK M
Sjustjärnan 1	O	N	Malmö	Q1 2023	31,500	83	99	1,362	1,181	181
Godsfinkan 1	O/P	N	Malmö	Q1 2023	26,500	85	97	1,350	1,193	157
Backa 20:5	P	N	Gothenburg	Q1 2025	9,000	40	100	490	40	450
Tusenskönan 2	P	N	Mölndal	Q3 2024	10,600	29	100	453	109	344
Effekten 13	O	N	Västerås	Q3 2023	15,400	31	100	445	279	166
Götaland 9 <sup>1</sup>	P	N	Jönköping	Q1 2023	9,200	23	100	323	276	47
Kungsängen-Tibble 1:648	W	N	Stockholm	Q2 2023	15,200	20	48	301	186	115
Åseby 1:5	O/I	N	Gothenburg	Q3 2023	14,800	21	100	301	214	87
Werket	O	R	Jönköping	Q1 2026	25,500	47	37	291	124	167
Finnslätten 1 (part)	O/I	R	Västerås	Q4 2024	21,000	28	39	250	139	111
Hornsberg 10	O	R	Stockholm	Q3 2023	8,700	33	82	248	139	109
Tistlarna 9	Lo	N	Malmö	Q1 2024	11,600	13	97	195	71	124
Borgarfjord 5	O	R	Stockholm	Q4 2024	9,300	28	45	162	128	34
Bollbro 15	P	R	Helsingborg	Q3 2023	3,800	7	92	125	80	45
<b>Total larger ongoing projects</b>					<b>212,100</b>	<b>487</b>	<b>83</b>	<b>6,296</b>	<b>4,159</b>	<b>2,137</b>
1. Sold but not vacated										
<b>Developments completed or fully/partly occupied</b>										
GreenHaus	O	N	Helsingborg	Q2 2022	7,000	22	90	330	325	5
Drevet 1	Lo	N	Helsingborg	Q4 2022	21,800	18	100	276	276	0
Rotterdam 1	O	R	Stockholm	Q4 2022	21,300	69	71	236	187	49
Sesamfröet 2	P	R	Mölndal	Q3 2022	5,600	24	100	230	228	2
Korsningen 1	O/P	R	Örebro	Q2 2022	5,700	15	100	227	218	9
Örnäs 1:17	Lo	N	Upplands Bro	Q3 2022	16,900	15	64	204	188	16
Verkstaden 14	P	N	Västerås	Q1 2022	5,800	14	95	202	194	8
Taktpinnen 1	O/I	R	Norrköping	Q3 2022	16,300	29	100	136	128	8
Hissmontören 4	O/I	N	Örebro	Q1 2022	3,400	9	100	134	129	5
Götaland 5	O	R	Jönköping	Q4 2022	7,900	6	100	117	102	15
<b>Total projects &gt;SEK 100 M</b>					<b>323,800</b>	<b>707</b>	<b>84</b>	<b>8,388</b>	<b>6,134</b>	<b>2,254</b>
<b>Smaller ongoing projects, SEK 10–100 M</b>								<b>1,812</b>	<b>1,118</b>	<b>694</b>

Category: O=Office, W=Warehouse, Lo=Logistics, P=Public sector, I=Industry  
Investment type: N=New construction, R=Reconstruction



**Castellum's project pipeline**

In the prevailing market situation, Castellum will postpone certain project starts until more stable conditions have appeared. This means that the volume of estimated project starts over the next five years will decrease. Castellum still has a great deal of potential in its development portfolio, and currently believes that projects corresponding to approximately 650,000 square metres can be started over the next five years given improved market conditions, a healthy pace of lettings, and proper progress in detailed development plans. Out of this volume, around 310,000 square metres are logistics and the rest primarily offices. The geographic distribution and the 20 largest development projects by area are shown in the following table.

**FUTURE POTENTIAL DEVELOPMENT PROJECTS, 20 LARGEST BY AREA**

Project	Location	Type	Category	Detailed development plan	Lettable area, sq. m.
Säve Stage 1	Gothenburg	N	Lo	Ongoing	51,500
Halvorsång Stage III*	Gothenburg	N	Lo	In effect	50,500
Läkaren 10	Stockholm	R	O	In effect	38,000
Part of Västerås 3:69**	Västerås	N	Lo	Ongoing	32,000
Halvorsång Stage II*	Gothenburg	N	Lo	In effect	32,000
Finnslätten 1	Västerås	N	Oth	In effect	28,700
Halvors ång Stage I*	Gothenburg	N	Lo	In effect	28,000
Charkuteristerna 1-8	Stockholm	R	O	Ongoing	25,000
Norr om Nordstaden**	Gothenburg	N	O	Ongoing	25,000
Infinity	Stockholm	N	O	In effect	19,800
Flabohult	Jönköping	N	Lo	In effect	15,000
Smårgelskivan	Helsingborg	N	Lo	In effect	15,000
Halvorsång Stage V*	Gothenburg	N	Lo	In effect	14,000
Halvorsång Stage IV*	Gothenburg	N	Lo	In effect	13,000
Sunnanå 8:51	Malmö	N	Lo	In effect	13,000
Brunna Örnäs 1:28	Stockholm	N	Lo	In effect	12,700
Brunna Örnäs 1:29	Stockholm	N	Lo	In effect	12,700
Gladan 5,6,7	Stockholm	R	O	In effect	11,000
Forskaren	Lund	N	O	In effect	10,000
Inre hamnen	Norrköping	N	O	In effect	9,000
<b>Total</b>					<b>456,000</b>

Category: O=Office, W=Warehouse, Lo=Logistics, P=Public sector, I=Industry

\*The projects are being administered by JV. Castellum's share is 50 per cent

\*\*Land allocation agreement

**FUTURE POTENTIAL DEVELOPMENT PROJECTS BY LOCATION AND CATEGORY**

Location	Category	Lettable area, sq. m.	
		Detailed development plan exists	Change to detailed dev. plan required
Gothenburg	Lo*	137,000	51,500
Gothenburg	O	—	25,000
Gothenburg	Oth	—	5,900
Helsingborg	Lo	15,000	—
Jönköping	O	5,600	—
Jönköping	Lo	15,000	—
Copenhagen	Lo	7,300	—
Linköping	O	6,500	8,400
Linköping	Oth	10,000	—
Lund	O	10,000	—
Malmö	O	6,200	17,500
Malmö	Lo	13,000	—
Norrköping	O	9,000	—
Stockholm	O	70,100	74,200
Stockholm	Lo	46,000	—
Stockholm	Oth	—	7,600
Uppsala	O	—	8,300
Västerås	O	10,000	—
Västerås	Lo	—	32,000
Västerås	Oth	39,000	—
Örebro	O	12,700	—
Örebro	Oth	—	3,500
<b>Total</b>		<b>412,400</b>	<b>233,900</b>

Category: O=Office, W=Warehouse, Lo=Logistics, P=Public sector, I=Industry

\*130,000 square metres pertain to projects being carried out by JV, where Castellum's share is 50 per cent

# Key metrics – Sustainability

KEY METRICS – SUSTAINABILITY	2022	2021	2020	2019	2018	Targets/Comments
<b>Resource efficiency</b>						
Total energy use, kWh/sq. m., year	96 <sup>1</sup>	91	75	88	97	
Total energy use, degree-day corrected, kWh/sq. m., year	99 <sup>2</sup>	92	87	95	103	
1. of which actual heating	64	65	50	60	64	
2. of which degree-day corrected heating	67	66	62	67	70	
3. of which electricity and cooling	32	26	25	28	33	
Energy savings/yr, like-for-like portfolio, LTM, % (deg. day corr.)	-4	0	-12	-8	3	-2.5 per cent energy savings/year in the like-for-like portfolio
Energy savings/yr, like-for-like portfolio, LTM, % (actual energy use)	-9	13	-11	-9	3	
Total water use, m <sup>3</sup> /sq. m., year	0.3	0.2	0.3	0.3	0.3	
Water savings/yr, like-for-like portfolio, LTM, %	1	-6	-13	-3	-1	1 per cent water conservation per year in the like-for-like portfolio
<b>Fossil-free</b>						
Share of non-fossil energy, %	95	95	95	96	95	100% fossil-free energy by 2030
Fossil fuel-free vehicles, %	96	100	100	86	62	100% fossil fuel-free vehicles
Number of charging posts for electric vehicles	922	674	—	—	—	New measurement point, 2021
Number of solar cell panels installed	76	55	39	26	22	100 solar cell installations by 2025
<b>Road map to climate neutrality by 2030</b>						
Property management – CO <sub>2</sub> emissions in kg/sq. m., year (market-based) <sup>3</sup>	2.3	1.5	1.0	1.5	1.2	0 kg/sq. m. by 2030
of which Scope 1	0.1	0.1	0.1	0.1	0.2	
of which scope 2 – market-based	2.2	1.4	0.9	1.4	1	
of which scope 2 – location-based	5.5	4.3	4.1	8.8	11.3	
Project Development – Reduced emissions in project development portfolio (scope 3), %	-29	-15	—	—	—	New target from 2021. 15% reduction in CO <sub>2</sub> emissions per sq. m. in new production of offices
<b>Sustainability certification</b>						
Sustainability certification, % of sq. m.	45	48	39	36	33	50% certified area by 2025
Sustainability certifications, number	249	206	202	164	141	
Sustainability certification, % of rental income	56	61	52	47	43	
Sustainability certification, % of property value	61	63	55	51	48	
<b>ESG benchmarks</b>						
GRESB points (0–100)	92	95	91	92	92	Global Sector Leader 2022, GRESB, received 17 October 2022
DJSI points (0–100)	82	80	81	79	73	Only Nordic property company included in DJSI
CDP mark (A to D-)	B	A-	A	A-	B	Highest marks of all Nordic property companies
<b>Social key metrics</b>						
Sick leave, % (long- and short-term)	2.9	2.9	2.2	2.9	3.8	Max 2 per cent short-term and 3 per cent long-term sick leave
Equality, women/men, %	42/58	43/57	40/60	39/61	42/58	Between 40–60 per cent
Diversity, international background, %	10	9	8	6	6	20 per cent by 2025
Apprentices, % of employees	2	4	2	5	6	4 per cent per year
<b>EU Taxonomy Regulation Contextual information with preliminary guidance<sup>4</sup></b>						
<b>Taxonomy-aligned proportion of property management portfolio, Q4 2022</b>						
Share of total sales (Turnover), %	33					
Share of total operational expenditure (OpEx), %	28					
Share of total investments and acquisitions (CapEx), %	11					

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. For more detailed information, refer to Castellum's Annual Report and Sustainability Report for 2022, which will be published in February 2023. Kungsleden, which was acquired in late 2021, has been included in the company's sustainability key metrics, which has had a certain effect on the portfolio as shown in the table.

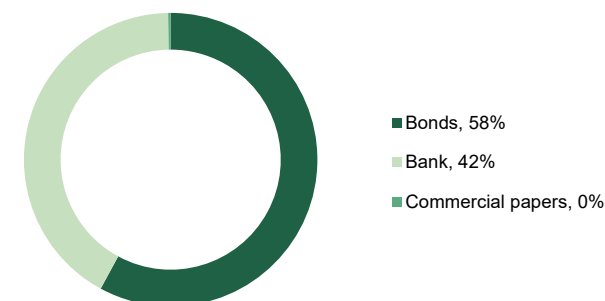
1. The increase in total energy consumption compared with 2021 and 2020 is due primarily to the portfolio shift, including the acquisition of Kungsleden, and acquisitions in Finland that took place in 2021 as well as a colder year, to some extent.
2. The increase in degree day-corrected energy consumption compared with 2021 and 2020 is due primarily to the portfolio shift, including the acquisition of Kungsleden, and acquisitions in Finland that took place in 2021.
3. This list includes all CO<sub>2</sub> emissions from property management (i.e. scopes 1 and 2). Detailed information on Castellum's CO<sub>2</sub> emissions and complete Scope 3 emissions outside of property management will be made available in the Annual Report and Sustainability Report for 2022.
4. More information on Castellum's reporting under Article 8 in the Taxonomy Regulation, will be available in Castellum's Annual Report and Sustainability Report for 2022. The limit values for the top 15 per cent have been updated with the new limit values found in the Fastighetsägarna industry association report on the top 15 per

# Financing

Existing bank loans totalling SEK 3.8 Bn were refinanced at longer maturities during the fourth quarter. In addition, SEK 1.3 Bn and DKK 2.2 Bn in new financing was arranged during the quarter, of which the Danish financing will be paid out in 2023. Castellum has a healthy amount of contingency liquidity, and with SEK 16.2 Bn in cash and bank balances, unutilised credit facilities, and loans that have been arranged but not yet paid out, it can cover all maturities in the capital market up through 2024. At the end of the year, interest-bearing liabilities totalled SEK 76,849 M (70,829). The interest-bearing liabilities consist of bond loans of SEK 44,503 M (43,088), loans in banks of SEK 32,137 M (17,391) and commercial paper of SEK 209 M (10,350). Unsecured liabilities correspond to 58 per cent (76) of interest-bearing liabilities.

The interest coverage ratio (LTM) was a multiple of 3.9 (5.2) and the loan-to-value ratio totalled 42.3 per cent (39.2). The average remaining interest-rate and debt maturity totalled 2.7 years (3.3) and 3.1 years (3.8) respectively. Adjusted for financing that has been arranged but not yet paid out, total debt maturity is 3.6 years.

**DISTRIBUTION OF INTEREST-BEARING FINANCING, 31 DEC 2022**



**INTEREST RATE MATURITY STRUCTURE, 31 DEC 2022**

Maturity date	SEK M	Share, %	Average interest rate, %	Average fixed interest rate term, years
0–1 year	33,408	43	4.4	0.3
1–2 years	7,856	10	0.6	1.6
2–3 years	9,531	12	1.3	2.3
3–4 years	7,665	10	1.5	3.7
4–5 years	348	0	11.9	3.3
>5 years	18,041	23	1.2	7.2
<b>Total</b>	<b>76,849</b>	<b>100</b>	<b>2.6</b>	<b>2.7</b>

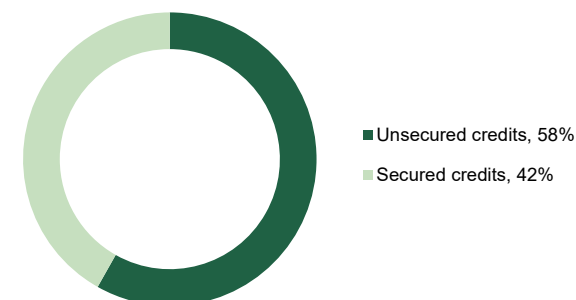
**KEY METRICS – INTEREST-BEARING FINANCING**

	31 Dec 2022	31 Dec 2021
Interest-bearing liabilities, SEK M	76,849	70,829
Bonds outstanding, SEK M	44,503	43,088
Commercial paper outstanding, SEK M	209	10,350
Banking credit etc., SEK M	32,137	17,391
Cash and cash equivalents, SEK M	858	1,197
Unutilised credit facilities, SEK M	12,301	26,394
Share of unsecured assets, %	52	55
Share of secured borrowing/property value, %	21	18
The share of secured borrowing/total assets, %	18	9
Share of secured credits utilised, %	42	24
Loan-to-value ratio, %	42.3	39.2
Interest coverage ratio, multiple	3.9	5.2
Net liability/EBITDA, multiple	13.6	16.7
Average debt maturity, years	3.1	3.8
Average fixed interest rate term, years	2.7	3.3
Credit rating	Baa3, Stable Outlook	Baa2, Stable Outlook
Average effective rate excluding pledges, %	2.6	1.7
Average effective rate including pledges, %	2.7	1.8
Market value interest rate derivatives, SEK M	1,899	-98
Market value currency derivatives, SEK M	847	-465

**CREDIT MATURITY STRUCTURE, 31 DEC 2022**

Credit agreements	Bank balances, SEK M	Bonds, SEK M	Commercial paper, SEK M	Total interest-bearing liabilities, SEK M	Share, %	Unutilised credits, SEK M	Total available credit facilities, SEK M
0-1 year	860	11,164	209	12,233	16	950	13,183
1-2 years	7,743	3,750	—	11,493	15	5,254	16,747
2-3 years	12,859	10,684	—	23,543	31	6,097	29,640
3-4 years	3,630	6,928	—	10,558	14	—	10,558
4-5 years	1,416	2,698	—	4,114	5	—	4,114
>5 years	5,629	9,279	—	14,908	19	—	14,908
<b>Total</b>	<b>32,137</b>	<b>44,503</b>	<b>209</b>	<b>76,849</b>	<b>100</b>	<b>12,301</b>	<b>89,150</b>

**SECURED AND UNSECURED CREDITS, 31 Dec 2022**



**CASTELLUM'S FINANCIAL POLICY AND COMMITMENTS IN CREDIT AGREEMENTS**

	Policy	Commitments	Outcome
<b>Loan-to-value ratio</b>	Not to permanently exceed 40%	Not exceeding 65 per cent	<b>42%</b>
<b>Interest coverage ratio, LTM</b>	>3	>1.5	<b>3.9x</b>
<b>The share of secured borrowing/total assets</b>		Not exceeding 45 per cent	<b>18%</b>
<b>Funding risk</b>			
• average debt maturity	At least 2 years		<b>3.1 years</b>
• proportion maturing within 1 year	No more than 30 per cent of loans outstanding and unutilised credit agreements		<b>16%</b>
• Liquidity reserve	Liquidity reserve corresponding to 12 months' impending loan maturities		<b>Achieved</b>
<b>Interest rate risk</b>			
• average interest duration	1.5-4.5 years		<b>2.7 years</b>
• maturing within 6 months	No more than 50 per cent		<b>38%</b>
<b>Credit and counterparty risk</b>			
• rating restriction	Credit institutions with high ratings, at least S&P BBB+		<b>Achieved</b>
<b>Currency risk</b>			
• net exposure in foreign currency	Maximum 10 per cent of balance sheet total		<b>Achieved</b>

# Condensed consolidated cash flow statement

SEK M	2022 Oct–Dec	2021 Oct–Dec	2022 Jan–Dec	2021 Jan–Dec
Net operating income	1,368	1,252	5,838	4,346
Central administrative expenses	-57	-66	-270	-174
Reversed depreciation	83	39	160	139
Interest paid	-328	-313	-1,478	-837
Interest received <sup>1</sup>	0	0	0	2
Tax paid	-108	-217	-144	-244
Translation difference of currencies	229	-106	7	45
<b>Cash flow from operating activities before change in working capital</b>	<b>1,187</b>	<b>589</b>	<b>4,113</b>	<b>3,277</b>
Change in current receivables	183	-86	38	-493
Change in current liabilities	71	-411	149	-181
<b>Cash flow from operating activities</b>	<b>1,441</b>	<b>92</b>	<b>4,300</b>	<b>2,603</b>
Investments in new construction, extensions and reconstructions	-1,861	-1,311	-5,548	-3,799
Property acquisitions	-51	-43	-363	-8,889
Change in liabilities at acquisitions of property	—	50	-142	187
Divestment of properties	516	2,520	3,080	17,228
Change in receivables at divestment of properties	-69	1,610	-9	132
Business combinations	—	-6,484	—	-6,484
Transactions with non-controlling interest	—	—	-830	—
Sale of investments held as long-term assets	—	—	133	—
Dividend paid from associated companies	168	—	333	—
Investment in financial assets	—	—	—	-2,730
Investment in associated companies	—	-670	—	-9,413
Other investments	-116	-56	-10	-204
<b>Cash flow from investment activities</b>	<b>-1,413</b>	<b>-4,384</b>	<b>-3,356</b>	<b>-13,972</b>
Repayment of loans	-7,541	-7	-24,999	-14
Drawn loans	7,249	3,282	29,196	5,375
Change in long-term receivables	-3	—	-5	—
Derivatives	-363	-5	-733	-194
Repurchase of own shares	—	—	-2,752	-1,038
Hybrid bond	—	-7	-167	10,164
Dividend paid	-624	—	-1,872	-1,888
<b>Cash flow from financing activities</b>	<b>-1,282</b>	<b>3,263</b>	<b>-1,332</b>	<b>12,405</b>
Cash flow for the period	-1,254	-1,029	-388	1,036
Cash and cash equivalents opening balance	2,101	2,227	1,197	161
Exchange-rate difference in cash and cash equivalents	11	—	49	—
<b>Cash and cash equivalents, closing balance</b>	<b>858</b>	<b>1,197</b>	<b>858</b>	<b>1,197</b>
Average number of shares, thousand	328,401	310,088	330,854	282,917
Cash flow, SEK/share	-3.82	-3.32	-1.17	3.66

1. As of Q4 2022, amended policies have been applied, meaning that interest received from and paid to the same counterparty are net accounted for.

## CASTELLUM'S CASH FLOW

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. Operating cash flow after change in operating capital was SEK 4,300 M. SEK 5,548 M has been invested in existing properties and projects. During the first quarter, twelve properties in Gävle were divested and vacated, with a purchase consideration of SEK 2,302 M received, and a further 13 smaller properties were divested during the fourth quarter. Minor acquisitions were also completed during the year, with a total purchase price of SEK 505 M. The buy-out of the minority in Kungsleden impacted cash flow by SEK 830 M during the year. Routine hedging of currency positions during the period impacted cash flow by SEK -733 M, while a total of SEK 2,752 M in shares was repurchased during the period. A dividend of SEK 1,872 M pertaining to the first three disbursements of dividends for financial year 2021 was paid to shareholders. A dividend of SEK 167 M for the hybrid bond has also been disbursed. Net debt as of 31 December 2022 totalled SEK M 75,991 after an increase in liabilities of SEK 6,020 M and in cash and bank balances of SEK 339 M during the year.

## Associated companies

At the end of the period, Castellum owned 60,710,624 shares in Entra, corresponding to 33.3 per cent of the voting rights and capital. Entra owns and manages modern office properties in central locations in Norway 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. Castellum recognises its holdings in Entra in accordance with the equity method.

ENTRA'S ASSET PORTFOLIO, 31 DECEMBER 2022



- Oslo, 67%
- Bergen, 9%
- Trondheim, 7%
- Sandvika, 6%
- Drammen, 3%
- Stavanger, 2%
- Projects and land, 6%

CASTELLUM'S PROPERTY VALUE BY COUNTRY INCL. ENTRA



- Sweden, 78%
- Norway, 15%
- Finland, 4%
- Denmark, 3%

CASTELLUM'S LETTABLE AREA BY COUNTRY INCL. ENTRA



- Sweden, 85%
- Norway, 8%
- Finland, 4%
- Denmark, 3%



## 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 26.

	2022 Oct–Dec		2021 Oct–Dec		2022 Jan–Dec		2021 Jan–Dec	
<b>Return on equity</b>								
Return on equity, %	-23.4		30.3		2.2		22.7	
Return on total capital, %	-11.9		13.5		0.6		8.6	
	2022 Oct–Dec		2021 Oct–Dec		2022 Jan–Dec		2021 Jan–Dec	
<b>Average number of shares, thousand</b>	328,401		310,088		330,854		282,917	
<b>Income from property management</b>	SEK M	SEK/share	SEK M	SEK/share	SEK M	SEK/share	SEK M	SEK/share
Income before tax	-5,952	-18.12	4,990	16.09	2,237	6.76	11,869	41.95
Reversed:								
Acquisition costs	3	0.01	56	0.18	7	0.02	76	0.27
Financing fees, etc. for acquisitions	—	—	—	—	—	—	27	0.10
Revaluation of earnings due to stepwise acquisition	—	—	-111	-0.36	—	—	-111	-0.39
Income from associated companies excl. income from property management	157	0.48	-1,258	-4.06	922	2.79	-981	-3.47
Change in values on properties	6,394	19.47	-2,654	-8.56	3,537	10.69	-7,185	-25.40
Change in values on financial holdings	-1	0.00	9	0.03	57	0.17	-42	-0.15
Change in values on derivatives	22	0.07	-134	-0.43	-2,690	-8.13	-325	-1.15
Changes in value on goodwill	289	0.88	121	0.39	440	1.33	194	0.69
<b>= Income from property management</b>	<b>912</b>	<b>2.78</b>	<b>1,019</b>	<b>3.29</b>	<b>4,510</b>	<b>13.63</b>	<b>3,522</b>	<b>12.45</b>
<b>EPRA Earnings (Income from property management after tax)</b>								
Income from property management	912	2.78	1,019	3.29	4,510	13.63	3,522	12.45
Reversed: Current tax, income from property management	174	0.53	-26	-0.07	-141	-0.43	-246	-0.87
<b>EPRA Earnings/EPRA EPS</b>	<b>1,086</b>	<b>3.31</b>	<b>993</b>	<b>3.20</b>	<b>4,369</b>	<b>13.21</b>	<b>3,276</b>	<b>11.58</b>

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 minimum 10 per cent increase in property management income. Income from property management also forms the basis of the annual shareholder dividend: at least 50 per cent of

CASTELLUM YEAR-END REPORT 2022

	31 Dec 2022		31 Dec 2021	
<b>Number of shares outstanding, thousand</b>	<b>328,401</b>		<b>340,544</b>	
	31 Dec 2022		31 Dec 2021	
<b>Net asset value</b>	<b>SEK M</b>	<b>SEK/share</b>	<b>SEK M</b>	<b>SEK/share</b>
Equity according to the balance sheet	78,983	240.51	83,637	245.60
Reversed:				
Hybrid bonds	-10,169	-30.97	-10,164	-29.85
Non-controlling interest	—	—	-693	-2.03
Declared, undistributed dividend	624	1.90	—	—
Derivatives according to the balance sheet	-2,747	-8.36	563	1.65
Goodwill attributable to deferred tax	-4,944	-15.05	-5,351	-15.71
Deferred tax according to the balance sheet	17,754	54.06	17,351	50.95
<b>Net reinstatement value (EPRA NRV)</b>	<b>79,501</b>	<b>242.09</b>	<b>85,343</b>	<b>250.61</b>
Deduction:				
Goodwill due to acquisition of United Spaces	-25	-0.08	-193	-0.57
Estimated real deferred tax, 4%	-3,860	-11.75	-3,160	-9.28
<b>Net tangible assets (EPRA NTA)</b>	<b>75,616</b>	<b>230.26</b>	<b>81,990</b>	<b>240.76</b>
Reversed:				
Derivatives according to above	2,747	8.36	-563	-1.65
Deferred tax	-13,870	-42.23	-14,191	-41.67
<b>Net disposal value (EPRA NDV)</b>	<b>64,493</b>	<b>196.38</b>	<b>67,236</b>	<b>197.44</b>
	2022	2021	2022	2021
<b>Interest coverage ratio<sup>1</sup></b>	<b>Oct–Dec</b>	<b>Oct–Dec</b>	<b>Jan–Dec<sup>1</sup></b>	<b>Jan–Dec</b>
Income from property management, SEK M	912	1,019	4,510	3,522
Reversed:				
Net interest items, SEK M	486	283	1,531	845
<b>Income from property management excluding net interest, SEK M</b>	<b>1,398</b>	<b>1,302</b>	<b>6,041</b>	<b>4,367</b>
Interest coverage ratio, multiple	2.9	4.6	3.9	5.2

1. Net financial items of SEK 119 M were incorrectly charged in Q3 2022, which is why Castellum applied IAS 8, Point 42 for the correction of the error. The interest coverage ratio (LTM) as of Q3 2022 should have totalled 4.1.

CASTELLUM YEAR-END REPORT 2022

<b>Loan-to-value ratio</b>	<b>31 Dec 2022</b>		<b>31 Dec 2021</b>	
Interest-bearing liabilities, SEK M		76,849		70,829
Cash and cash equivalents, SEK M		-858		-1,197
<b>Net interest-bearing liabilities, SEK M</b>		<b>75,991</b>		<b>69,632</b>
<b>Total assets, SEK M</b>		<b>179,731</b>		<b>177,632</b>
Loan-to-value ratio, %		42.3		39.2
<b>Loan-to-value ratio, adjusted</b>	<b>31 Dec 2022</b>		<b>31 Dec 2021</b>	
Interest-bearing liabilities, SEK M		76,849		70,829
Cash and cash equivalents, SEK M		-858		-1,197
Treasury shares at market value		-2,188		-1,265
<b>Net interest-bearing liabilities excluding treasury shares, SEK M</b>		<b>73,803</b>		<b>68,367</b>
<b>Total assets, SEK M</b>		<b>179,731</b>		<b>177,632</b>
Loan-to-value ratio, adjusted, %		41.1		38.5
<b>LTV ratio, Property</b>	<b>31 Dec 2022</b>		<b>31 Dec 2021</b>	
<b>Net interest-bearing liabilities, SEK M</b>		<b>75,991</b>		<b>69,632</b>
Investment properties, SEK M		153,563		153,146
Acquired properties not taken into possession, SEK M		-45		-187
Divested properties still in Castellum's possession, SEK M		97		88
<b>Investment properties, SEK M</b>		<b>153,615</b>		<b>153,047</b>
Loan-to-value ratio, Property, %		49.5		45.5
<b>Net debt to EBITDA</b>	<b>31 Dec 2022</b>		<b>31 Dec 2021</b>	
<b>Net interest-bearing liabilities, SEK M</b>		<b>75,991</b>		<b>69,632</b>
Net operating income, SEK M		5,838		4,346
Central administration expenses, SEK M		-270		-174
<b>Operating income, SEK M</b>		<b>5,568</b>		<b>4,172</b>
Net debt to EBITDA,		13.6		16.7
<b>Net investment, SEK M</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Oct–Dec</b>	<b>Oct–Dec</b>	<b>Jan–Dec</b>	<b>Jan–Dec</b>
Acquisitions	51	47,301	363	56,147
New construction, extensions and reconstructions	1,861	1,311	5,548	3,799
<b>Total investments</b>	<b>1,912</b>	<b>48,612</b>	<b>5,911</b>	<b>59,946</b>
Net sales prices	-516	-2,520	-3,080	-17,228
<b>Net investments</b>	<b>1,396</b>	<b>46,092</b>	<b>2,831</b>	<b>42,718</b>
Proportion of the property value, %	1	30	2	28

CASTELLUM YEAR-END REPORT 2022

<b>Other key financial metrics</b>	<b>2022 Oct–Dec</b>	<b>2021 Oct–Dec</b>	<b>2022 Jan–Dec</b>	<b>2021 Jan–Dec</b>
Surplus ratio, %	62	68	67	71
Gross lettings, SEK M	194	186	666	720
Net lettings, SEK M	8	45	161	162
Return (EPRA NRV), %	-18.1	50.2	-4.7	18.4
Return on total capital, %	-11.9	13.5	0.6	8.6
Return on equity, %	-23.4	30.3	2.2	22.7
Property value, SEK/share	468	450	468	450

# The Castellum share

The Castellum share is listed on Nasdaq Stockholm Large Cap. At the end of the period, the company had just over 106,000 shareholders. The 15 individual largest shareholders confirmed as of 31 December 2022 are presented in the table below.

## SHAREHOLDERS AS OF 31 DECEMBER 2022

Shareholders	Number of shares, thousand	Share of votes/capital, %
Akelius Residential Property	42,021	12.8
Rutger Arnhult with companies	15,873	4.8
Gösta Welandson with companies	11,668	3.6
Handelsbanken Fonder	11,571	3.5
APG Asset Management	11,032	3.4
Länsförsäkringar Fonder	10,801	3.3
BlackRock	10,718	3.3
Vanguard	10,445	3.2
Corem Property Group	8,708	2.7
Swedbank Robur Fonder	8,542	2.6
Nordea Fonder	8,382	2.6
Norges Bank	6,688	2.0
Folksam	4,609	1.4
Third Swedish National Pension Fund	4,380	1.3
Olle Florén with companies	3,353	1.0
15 largest owners	168,791	51.4
Foreign owners, other	106,274	32.4
Swedish owners, other	53,336	16.2
<b>Total shares outstanding</b>	<b>328,401</b>	<b>100.0</b>
Repurchase of own shares	17,331	
<b>Total shares registered</b>	<b>345,732</b>	

Source: Holdings by Modular Finance AB. Collected and analysed data from Euroclear, Morningstar, Finansinspektionen, Nasdaq and Millistream.

## Acquisitions and transfers of own shares

The 2021 AGM gave a mandate to the Board up until the next AGM to acquire and transfer shares. The acquisition may include no more than the number of shares corresponding to approximately 10 per cent of the number of shares outstanding. During the year, 12,143,033 shares were repurchased at an average price of SEK 226. On 31 December 2022, the company's holding of treasury shares amounted to 17,331,000 shares, corresponding to 5 per cent of the number of shares registered.

## Dividend yield

The recent AGM approved a dividend of SEK 7.60 per share (6.90) corresponding to a dividend yield of 6.0 per cent (2.8) based on the share price at the end of the period. It was decided to pay out the dividend on four occasions, each at SEK 1.90 per share. Over the interim period, the dividend was paid out with record dates of 31 March, 30 June, and 30 September. The subsequent disbursement had a record date of 30 December 2022 and was paid out on 4 January 2023.

## Dividend

To safeguard the company's credit rating, the Board decided on a tightened financial policy and a savings programme with reduced scope for investments in 2023 and 2024, for the purpose of strengthening the company's balance sheet. Nor will the Board propose a dividend to the next Annual General Meeting.

The share	31 Dec 2022	31 Dec 2021
Share price, SEK	126.25	243.8
Market capitalisation, SEK Bn	43.6	84.3
Sales, millions	386	204
Turnover rate, %	115	71
Share price/EPRA NRV, %	52	97
Share price/EPRA EPS, LTM	-48	21
P/E ratio	16	6
Dividend yield	6.0	2.8

## SHAREHOLDERS BY COUNTRY AS OF 31 DECEMBER 2022



■ Sweden, 69%    ■ USA, 11%  
 ■ Netherlands, 5%    ■ Norway, 3%  
 ■ Finland, 3%    ■ Other, 9%

## Parent Company

### CONDENSED INCOME STATEMENT

SEK M	2022 Oct–Dec	2021 Oct–Dec	2022 Jan–Dec	2021 Jan–Dec
Income	71	91	211	167
Central administrative expenses	-91	-126	-360	-283
Financial items	414	3,790	-20	3,589
<b>Income before changes in value and tax</b>	<b>394</b>	<b>3,755</b>	<b>-169</b>	<b>3,473</b>
Change in value on financial instruments	-154	-42	1,489	78
<b>Income before tax</b>	<b>240</b>	<b>7,713</b>	<b>1,320</b>	<b>3,551</b>
Tax	44	-9	-383	-5
<b>Net income for the period</b>	<b>284</b>	<b>3,704</b>	<b>937</b>	<b>3,546</b>
<b>Items that will be reclassified to net income for the period</b>				
Translation difference of currencies	—	2	—	39
Unrealised change, currency hedge	-99	—	-85	—
<b>Comprehensive income for the period</b>	<b>185</b>	<b>3,706</b>	<b>852</b>	<b>3,585</b>

### CONDENSED BALANCE SHEET

SEK M	31 Dec 2022	31 Dec 2021
Participations in Group companies	47,342	46,239
Participations in associated companies	12,693	12,690
Receivables, Group companies	50,209	42,903
Financial assets	—	190
Derivatives	2,183	145
Other assets	252	140
Cash and cash equivalents	10	37
<b>Total assets</b>	<b>112,689</b>	<b>102,199</b>
Equity	40,451	45,009
Derivatives	327	764
Interest-bearing liabilities	47,304	42,257
Liabilities, Group companies	23,444	14,090
Deferred tax liability	321	—
Other liabilities	842	224
<b>Total equity and liabilities</b>	<b>112,689</b>	<b>102,199</b>

The Parent Company's contingent liabilities increased by SEK 20 Bn over the year, totalling SEK 27 Bn at 31 December 2022. The contingent liabilities are attributable to sureties for subsidiaries.

## Other information

### Risks and uncertainties

Castellum's operations, earnings and financial position are impacted by a number of risk factors. These are related primarily to properties, tax and financing. The company works actively to identify and manage the risks and opportunities that are of material significance to its operations. 2022 was impacted by the after-effects of the pandemic, the ongoing crisis in Ukraine, the generally high rate of inflation as well as interest-rate hikes. Considering the present situation, Castellum's risk assessment has therefore been revised since the 2021 Annual Report. We believe that we have elevated levels of macroeconomic risk, project risk, risk of changes in values on properties, and funding risk. Castellum manages these risks in relation to a changing market by having a strong balance sheet and keeping the loan-to-value ratio low. Combined with active asset management, we reduce the risk for increased cost of capital. On the operational side, we are working with a carefully composed tenant portfolio with a spread across notice periods, industries, tenant size and geographic location concentrated in growth markets. To facilitate risk management, Castellum has chosen to classify risks into the categories of business environment risks, operational risks, financial risks, and sustainability risks. More information on Castellum's risks and their management can be found in the 2022 Annual Report, which will be published on 28 February 2023.

### Forward-looking information

A number of items recognised in this report are forward-looking, and the actual outcome may differ substantially. Apart from the factors that have expressly been commented on, other factors such as economic growth, interest-rate levels, financing terms, yield requirements on property assets and political decisions may also have a material impact on the actual outcome.



**Accounting policies**

Castellum's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The year-end report has been prepared in accordance with IAS 34 *Interim Financial Reporting*, and for the Parent Company in accordance with Chapter 9 of the Annual Accounts Act. Moreover, the relevant provisions in the Annual Accounts Act and the Securities Markets Act have been applied. For the Group and the Parent Company, the same accounting policies and bases for calculation as in the latest annual report have been applied. In addition to the financial statements, disclosures in accordance with IAS 34.16A appear in the remainder of this year-end report. Preparation of the year-end report requires company management to make assessments and estimates, and to make assumptions that have impacted the application of the accounting policies and the recognised amounts of assets, liabilities, income and costs. The actual outcome may deviate from these estimates and assessments. The critical assessments made and the sources of uncertainty in existing estimates are the same as those in the latest published annual report. As of Q4 2022, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is applied. Net financial items of SEK 119 M were incorrectly charged in Q3 2022, which would have impacted net interest, income including associated companies, income from property management, and income before tax, as well as net income for the period, which would have increased by SEK 119 M. The item should have been recognised in other comprehensive income. The interest coverage ratio would also have been positively impacted.

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## Events after balance sheet date

On 17 January, the Board of Directors appointed Joacim Sjöberg as acting CEO of Castellum AB during the ongoing recruitment process for a permanent CEO.

On 6 February, Rutger Arnhult announced that he was resigning from the Board of Directors of Castellum with immediate effect. Rutger Arnhult announced on 14 December 2022 that he would be stepping down as CEO of Castellum, and that he would not be standing for re-election to the Board of Directors.

On 13 February, it was announced that the Board of Directors of Castellum will, in order to strengthen the company's financial position, propose that the Annual General Meeting authorises the Board of Directors to resolve on a rights issue of approximately SEK 10 billion.

Gothenburg, 13 February 2023

**Joacim Sjöberg**

Acting Chief Executive Officer, Castellum AB

*This Interim Report has not been examined by the company's auditors.*

This disclosure contains information that Castellum is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact person set out above at 8:00 a.m. CET on 13 February 2023.

# Definitions

## Alternative key performance indicators

Castellum applies the European Securities and Market Authority (ESMA) guidelines on alternative performance measures. According to these guidelines, an alternative performance measure is a financial measurement of historical or future earnings trends, financial position, financial earnings or cash flows that are not identified or indicated in the applicable rules for financial reporting (IFRS and the Swedish Annual Accounts Act).

Castellum is also a member of the European Public Real Estate Association (EPRA), which is why the financial key metrics EPRA EPS, EPRA NRV, EPRA NTA and EPRA NDV are reported.

## Share-related key metrics

### Dividend yield

Dividend as a percentage of the share price at the end of the period.

### 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.

### Data per share

Calculation of income and cash flow per share uses the average number of shares, and calculation of assets, equity and net asset value per share uses the number of shares outstanding.

### 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 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.

### EPRA NDV – Net Disposal Value

Equity as recognised in the balance sheet, less non-controlling interests and hybrid bonds and adjusted for goodwill that does not constitute deferred tax.

## 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.

### 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/light industry, retail and development projects.

### 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.

### 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. 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.

### Rental income

Rents debited plus supplements such as reimbursement of heating costs and property tax.

### 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 during 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

### 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.

### Loan-to-value ratio

Interest-bearing liabilities after deduction for cash and cash equivalents as a percentage of total assets.

### LTV 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.

### Hybrid bond

Castellum has issued hybrid bonds with a maturity to the first potential redemption of 4.5 years and a fixed coupon rate of 3.125 per cent. The issue was oversubscribed, and the bonds are listed on Euronext Dublin (Global Exchange Market). The hybrid bonds are recognised as equity according to IFRS. Moody's gave the instrument a rating of Ba1, and confirmed that they classified 50 per cent as equity and 50 per cent as liabilities.

### Loan-to-value ratio, adjusted

Interest-bearing liabilities after deduction for cash and cash equivalents and treasury shares measured at market value at the end of the period, as a percentage of total assets. An adjusted loan-to-value ratio has been introduced as of Q1 2022 in order to adapt the key metric with regard to treasury shares. For the standard definition of loan-to-value ratio, refer to "Loan-to-value ratio" above.

### Interest coverage ratio

Income from property management after reversal of net financial items as a percentage of net interest items.

### Net debt to EBITDA

Interest-bearing liabilities after deduction for cash and cash equivalents in relation to net operating income less central administrative expenses. In the interim accounts, net operating income less central administrative expenses have been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

### Financial calendar

Annual and Sustainability Report 2022 published on the company's website	28 February 2023
Annual General Meeting 2023	23 March 2023
Interim report January–March 2023	21 April 2023
Half-year report, January–June 2023	14 July 2023
Interim report, January–September 2023	20 October 2023

### [www.castellum.se](http://www.castellum.se)

Visit Castellum's website to download and subscribe to press releases and financial reports.

### Contact details

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### About 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 2022, the property value, including the ownership share of the Norwegian company Entra ASA, totalled approximately SEK 181 Bn. We are active in attractive Nordic growth regions. 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.

Beyond expectations.

[www.castellum.se](http://www.castellum.se)



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