

Beyond

expectations

2022

Annual Report and Sustainability Report



CASTELLUM

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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 102–178. Castellum's sustainability report is found on pages 6–26, 30, 48, 55–101, 111–118, 120, 122–123, 132 and 134–136. The Sustainability Report constitutes 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 96–100.

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**This is
Castellum**

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 2022, the property value totalled approximately SEK 181 Bn, including the ownership share of the Norwegian company Entra. We are active in attractive Nordic growth regions. One of our sustainability goals is to achieve net-zero carbon emissions 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, 2022

INCOME

SEK 8,996 M (6,353)

NET INCOME FOR THE YEAR

SEK 1,750 M (11,828)

ENERGY CONSUMPTION

4% reduction

SUSTAINABILITY-CERTIFIED PROPERTIES

45% (48) of sq. m.

INCOME FROM PROPERTY MANAGEMENT

SEK 4,510 M (3,522)

PROPERTY VALUE¹⁾

SEK 181 Bn (176)

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

63% reduction

EQUALITY

42% women (43)

58% men (57)

1. Including holdings in Entra

The workplace of the future attracts employees



Helene Lidström,
workplace strategist for Castellum

The pandemic brought new digital working methods with it, and the demands placed on flexible workplaces have increased. But the office has never been more important than now, as Castellum's annual "Work Life of the Future" survey shows.

In 2022, when the pandemic entered a calmer phase and coronavirus restrictions were relaxed, many people began returning to their workplaces. However, the pandemic has accelerated the development of digital tools and facilitated greater flexibility. But businesses had different approaches to how they wanted their employees to spend their working days going forward. At one end of the scale is the Swedish tech company Spotify, which during the pandemic decided to let employees themselves determine how often they wanted to work from the office. On the other end is the US electric car manufacturer Tesla, where in the summer of 2022 CEO and billionaire Elon Musk brusquely exhorted his employees via Twitter to return to the office – or leave the company.

Flexible working methods are important

Most companies and organisations lie somewhere between these two extremes. Clearly, most people want to continue using flexible

working methods even after the pandemic. To learn what trends office workers in Sweden would like to see in the workplaces of the future, since 2020 Castellum has been conducting the "Work Life of the Future" survey that gauges the viewpoints, desires and expectations of Swedish office workers for the office as workplace. The survey, which encompassed 2,600 people in 2022, showed clear differences among expectations of the workplace before and after the pandemic.

It showed that most people wanted to be able to switch between the office and working remotely, but that most regarded the office as the key meeting place going forward. Another conclusion is that the workplace needs to become more creative, social and inviting – if employers want to succeed in drawing their employees back to the office. This is particularly important for young people, who are also the ones who wanted to come back to the office the most. They want to see other people, and thus want to be at the office frequently. The consensus among survey participants on the importance of the office is broad. Building a positive corporate culture needs an office that provides people with opportunities to meet. Another issue that has gained significance after the pandemic is that the workplace should also promote health.

Digital meetings are good, but physical meetings are better

The informal chats at the coffee machine should not be underestimated, says Helene Lindström,



Castellum's offices on Hangövägen in Stockholm are a good example of a practical and inviting workplace.

workplace strategist at Castellum. They are important for promoting corporate culture. As a workplace strategist, she helps the company's tenants design good workplaces. Setting a good example is important, she says, pointing out such projects as Castellum's office on Hangövägen in Stockholm as a good example of suitable, inviting workplaces.

The pandemic has changed how we fundamentally view office work. Flexible working methods have become the norm, and preferences and expectations from both managers and employees have changed greatly. But there is no solution for how to design our offices and working methods to suit every organisation. Different operations, groups, and individuals have different needs.

Despite all these various needs, the common denominator is obvious: we need to design workplaces where we can be productive both individually and together, that can be perceived by all the senses, and form a hub for collaboration and learning where new ideas can be born, know-how and experiences can be shared, and relationships built.

All due respect to digital meetings, but people seeing one another is important if companies are to develop, Helene Lindström says. It should be felt that there is more to gain from being in the office instead of staying at home. Otherwise, there is a risk that employees will quit. Quite simply, workplaces of the future must be designed in a way that makes employees not just want to be at work, but makes them feel it is a place to enjoy. ■

The year in brief

2022 was a turbulent year, with the war in Ukraine, record-high inflation and an economic slowdown. Activities carried out during the year were a part of the long-term ambition to reinforce Castellum's position as one of the Nordic region's largest commercial property companies.

Q1

Rutger Arnhult elected CEO and Per Berggren elected Chairman of the Board

A new management group in Castellum was appointed at the same time. The executives in the management group were appointed from Castellum's and Kungsleden's former management groups, as well as recruited externally.

Sale in Gävle at a sale price of approximately SEK 2.3 Bn

Sale of portfolio in Gävle

Castellum sold 12 properties in Gävle to Fastighets AB Regio. The sale price totalled approximately SEK 2.3 Bn. The properties have around 107,000 square metres of lettable area and a rental value of approximately SEK 160 M per year. Tenants include the Swedish Police Authority (Polismyndigheten), the Swedish Prison and Probation Service (Kriminalvården) and the Swedish Mapping, Cadastral and Land Registration Authority (Lantmäteriet).

Q2

Castellum introduces lease appendices for climate neutrality

Castellum's ambition is for its entire operation to be climate neutral by 2030 at the latest. Together with our tenant PE Teknik & Arkitektur, Castellum presents a new type of lease aimed at methodically measuring and reducing joint greenhouse gas emissions from premises to net-zero.

Castellum develops new animal hospital

Castellum and the foundation-owned Blå Stjärnan Animal Hospital are developing a new specialist animal hospital in Mölndal. The hospital will be Sweden's largest small-animal clinic, and its 7,000 square metres will house an advanced medical practice where animal welfare and animal protection are key cornerstones.



Q3

Castellum receives Green Equity Designation from Nasdaq

Castellum has met all the conditions for securing the Green Equity Designation on Nasdaq Stockholm, and is now the first large property company in the Nordics to be approved and classified as a green share. The purpose of a Green Equity Designation is to increase visibility for investors who are looking for sustainable investments.



NollCO₂ certification

With the completion of the Korsningen block project – a building constructed entirely of wood – in central Örebro, Castellum is one of the first companies in the Nordic region to receive the highly demanding NollCO₂ sustainability certification. This certification means that the property has a net-zero climate impact throughout its entire life cycle.



Together under one roof

Castellum and Kungsleden have become one. The new Castellum has more colleagues, properties, and tenants, and more possibilities for making dreams come true and continuing to do what we are best at, in an even better way.

Castellum and Kungsleden have become one.



Q4

Castellum named the world's most sustainable office developer for the seventh consecutive year

In a ranking conducted by the independent organisation GRESB, Castellum was named the world's most sustainable office developer. A total of over 1,820 property companies and funds in 74 countries were included in the survey, which encompasses a large part of the globally listed property sector.

The world's most sustainable office developer for the seventh consecutive year

Castellum ranked as one of the world's most sustainable companies

For the seventh consecutive year, Castellum has received top marks in the S&P Corporate Sustainability Assessment (S&P CSA) and is the only Nordic property company to be included in the Dow Jones Sustainability Indices, the S&P 500 ESG and several other related sustainability indices.



Castellum to build new police station in Hisingen

The construction of Hisingen's new police station on Exportgatan has begun. Castellum is creating suitable premises on the site where the old printing office for the Swedish daily Göteborgs-Posten once stood. The new police station will be approximately 9,000 square metres in size, and is expected to be ready for occupancy during the second quarter of 2025.

Extra General Meeting in Castellum

At the meeting, Leiv Synnes – an MBA born in 1970 – was elected as an ordinary Board member. Leiv Synnes is the CFO of Akelius Residential Property AB.

Changes to Executive Management

Rutger Arnhult informed the Board of Directors of Castellum that he had decided to resign as CEO. The Board has initiated a process to appoint a replacement. Castellum's Head of Treasury Jens Andersson has been appointed new CFO of Castellum AB. He will take office on 14 February 2023.

Castellum finalises three sales

A scattered retail property portfolio, a public sector property in Jönköping, and two office properties in the Liljeholmen district outside Stockholm were sold in December.

Castellum's Board of Directors proposes putting dividends on hold

Castellum's Board of Directors sees a bond market that remains closed, with no sign of recovery in the near future. To safeguard the company's credit rating, the Board has decided on a tightened financial policy and a savings programme. The Board also proposes that the coming Annual General Meeting put dividends on hold.

Events after the end of the period

Joacim Sjöberg becomes Acting CEO

In January, the Board of Directors of Castellum appointed Joacim Sjöberg as CEO during the ongoing CEO recruitment process. He remains on the Board, and took office as CEO immediately.

Changes to Castellum's Board of Directors

Rutger Arnhult announces that he is resigning from the Board of Directors of Castellum. Anna Kinberg Batra is also leaving Castellum's Board of Directors due to her new assignment as the governor of Stockholm County.

Castellum named Europe's most sustainable property company

For the seventh consecutive year, Castellum has been included in the Sustainability Yearbook. Castellum ranks first in the Nordic region and Europe for property companies and fifth worldwide in the sector.

Proposal for preferential rights issue

On 13 February the Board of Directors of Castellum announced that, to strengthen the company's financial position, it would propose that the Annual General Meeting authorise the Board to decide on a preferential rights issue of around SEK 10 Bn.

CEO's Comment

A year of upheaval for the property industry

2022 was an intense and eventful year for Castellum. The Nordic property market was heavily impacted by geopolitical unrest as a result of the war in Ukraine, high inflation, and an economic slowdown. At the same time, despite all this, the market situation and demand for offices and warehouse/logistics properties were strong. The combination with Kungsleden was completed, which increased income from property management by 28 per cent. 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.

The combination with Kungsleden meant that Castellum added just over 200 new properties and around 100 new employees. In 2022, the organisation put a great deal of effort into the integration of systems and working methods, as well as into identifying operational synergy effects of around SEK 100 M. The combination has also involved a new organisation with a new region: Region Mälardalen, which includes Västerås and Uppsala. In 2022, Castellum worked further to secure the Nordic office and logistics platform. The geographic refinement in the portfolio continued, where Castellum took measures that included exiting Gävle, Halmstad and Alingsås. At the same time, ten high-quality office and warehouse spaces were completed in 2022 that generate a rental value of around SEK 220 M per year.

Good earnings

Castellum posted strong earnings for the year, with an asset portfolio of SEK 181 Bn including the holdings in the Norwegian company Entra, and positive net lettings (SEK 161 M) for the

twelfth consecutive quarter. Demand for offices and warehouse/logistics was favourable, and many workers returned to the office after a long period of working remotely under the restrictions of the coronavirus pandemic.

“Now that the robust growth seems to be slowing somewhat, there are opportunities to develop the business and become even better equipped for the future. 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.”

Castellum achieved a historically high occupancy rate of 93.4 per cent in the second quarter of 2022, and rental levels either were stable or increased throughout the year. At the same time, customer satisfaction increased in the annual CSI survey, where the rating rose to 75 (74).

Economic slowdown and uncertainty in the capital market

The Nordic property market was adversely impacted after the first quarter by rapidly rising inflation, geopolitical uncertainty and the ensuing energy crisis as a result of the war in Ukraine. Interest-rate levels rose steeply with a drastic slowdown in access to capital as a result, primarily in the bond market, which is a key market for the property industry. This resulted in sharp downturns in share prices for Castellum and other property companies during the summer and autumn, even if we noted a certain amount of recovery from low levels in the final quarter of the year.



For most of 2022, Castellum increased its focus on strengthening its financial position and safeguarding its credit rating. As a link in this process, the company slowed its investment volume going forward and even divested properties for around SEK 4 Bn, of which sales of around SEK 2.2 Bn occurred late in the year, and signed letters of intent for a further SEK 1.8 Bn that are expected to be implemented in the first half of 2023. In the autumn, the Board of Directors proposed a pause in the dividend tradition in 2023, which also contributes to strengthening the financial position.

Projects yield growth and increase the quality of the portfolio

In 2022, ten major projects with a total rental value of SEK 220 M per year were completed. Two examples are the NollCO₂-certified police station in the Korsningen project of Örebro and the Miljöbyggnad-certified, fully let GreenHaus office building in Helsingborg.

Castellum will complete the majority of its ongoing projects in 2023, and these will generate around SEK 310 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, will be 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.

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. Since the lease indexing and completed projects have resulted in higher values, the net effect for 2022 was -2 per cent.

Stable leasing base and increases in income

Castellum has been actively engaged in costs during the year, prioritising energy-saving measures in particular as a result of

rising energy prices. High energy prices, and inflation in general, have certainly increased costs while the rate of inflation will yield 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 – 6 per cent – 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 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 rental losses during the period.

Continued focus on energy efficiency

Energy efficiency in the property portfolio continued to improve, and consumption decreased by 4 per cent in the like-for-like portfolio. Energy consumption per square metre was 41 per cent better compared with the industry average. During the year, 21 new solar PV systems were installed, and all together Castellum now has 76 installations with an area of 83,500 square metres that produce 7,339 MWh – corresponding to 7 per cent of the company's annual energy consumption. With the 2022 electricity prices, the investments Castellum has made in renewable energy in recent years have proven to be far more profitable than estimated.

Additional focus during the year has been on certifying more properties in the portfolio for sustainability, where late in the year

the company reached 249 certified properties – 45 per cent of the area in the portfolio – and is thereby a step closer to the target of certifying 50 per cent of the property space by 2025 at the latest.

Top marks for Castellum in sustainability

During the year, Nasdaq approved Castellum's application for listing as a green share, and Castellum thus became the first major property company in the Nordic region to receive a Green Equity designation. 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 ranked as a global sector leader inGRESB, under the Office/Industry category.

Economic slowdown and continued uncertainty in 2023

Now that Castellum's robust growth over the past few years seems to be slowing somewhat, there are opportunities to develop the business and become even better equipped for the future. As one of the foremost and largest commercial property companies 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 10 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, creditors, shareholders, employees, and other stakeholders for their continued strong commitment during a challenging year.

Joacim Sjöberg

Acting Chief Executive Officer, Castellum AB

A man with grey hair and glasses, wearing a dark blue suit jacket over a light blue shirt, stands on a balcony. He is leaning on a wooden railing with a black handrail. The balcony is part of a modern building with large glass windows and a wooden facade. To the left, there is a lush green living wall with various plants. The scene is brightly lit, suggesting daytime.

Business environment and strategy

A turbulent, rapidly changing world

2022 was a turbulent year, with the war in Ukraine, record-high inflation and an economic slowdown. Despite a sharp focus on liquidity and cost control, the company continued to develop the workplaces of the future for existing and prospective tenants.

Geopolitical turbulence left its mark on the world in 2022. When it appeared that the pandemic was on the wane, Russia invaded Ukraine. This triggered an energy crisis in Europe, the full consequences of which probably remain to be seen. Despite an average energy consumption that is around 40 per cent lower than the industry average, Castellum's energy bill more than doubled during the year. As a result of high energy prices, global inflation had reached its highest level in several decades, and the business cycle weakened in pace with the central banks raising key interest rates in their attempts to stave off inflation. The worsening macroeconomic situation also meant a drastic impairment of liquidity in the capital market for property companies, with higher financing costs and a lower level of transaction activity as a result.

New requirements on workplaces

In pace with the pandemic entering a more tranquil phase and most restrictions being lifted in 2022, people around the world began returning to their workplaces. Castellum can clearly see how views on the office are changing in its annual Work Life of the Future report. The requirements for practical and healthy workplaces are increasing, and workplaces are taking additional steps towards becoming the natural meeting place for colleagues and customers. The report provides Castellum with strong documentation for helping its tenants develop the modern workplace that meets the strict requirements being set by these new times.



Climate issues challenged by the wallet

Just six months after the 2021 climate summit in Glasgow, where the world's leaders were strengthened their view that action had to be taken to avoid a climate catastrophe, Russia invaded Ukraine. The climate problems that were highlighted as the most serious for the economy and humanity have – temporarily, in any case – faded into the background as many households are struggling to make their finances work, and energy prices are reaching new record levels. Even if emissions rise temporarily as a result of the energy crisis, major investments in

non-fossil energy are now being made in Europe that will yield a positive climate footprint over the short term. The return on renewable energy broke all records during the year, and the repayment period for Castellum's installations of numerous solar PV systems on its properties shrank from 12–13 years to 3–4 years.

The EU, together with its member states, agreed in December 2022 that the system for emissions rights will be reformed and encompass emissions from buildings and vehicle transportation starting in 2027. Castellum is monitoring the process carefully and will analyse how this will impact the company.

Beyond expectations

Castellum works continually to develop its offering so that the company can meet the rapid changes in its business environment. The offering to tenants reaches beyond the properties themselves. Through dialogue with tenants and by listening to research, innovative and healthy work environments are being developed that facilitate flexible approaches and a sustainable working life.

Castellum is also part of developing the retail of the future by offering logistics services – last-mile services, for example – that bring day-to-day purchases home to the front door. Castellum is developing buildings with net-zero carbon emissions. Meeting places are being created, and Castellum is helping its tenants and their employees to become more sustainable. The business strategy takes its starting point in a rapidly changing business environment, where the objective is to consistently meet tenants' needs while being an urban developer with a long-term perspective. This is how Castellum is creating the sustainable cities of the future.



Value creation model - from a sustainability perspective

This is a description of how Castellum creates sustainability values in its operation. The construction and property industry accounts for nearly 20 per cent of Sweden's carbon emissions and generates just over 30 per cent of all waste in Sweden. At Castellum, we do not have just the ambition to drive the transition to a more sustainable society. We act. The value creation model shows how we use business intelligence to plan and act smartly, to exert our influence, and to create sustainable values for our stakeholders. Our ambition is to make a positive contribution to society.



Resources that Castellum uses

- 749 properties at a value of SEK 154 Bn and a total area of 5.7 million square metres

PROPERTY VALUE¹⁾

SEK 181 Bn

- More than 500 employees
- A strong brand
- Nearly 11,000 suppliers and contractors
- 8,000 commercial leases
- 760 green leases
- Natural resources in the form of energy, water and materials

▶ Castellum develops successful workplaces and smart logistics solutions

- Property management
- Project development
- Transactions



▶ The value Castellum creates for its stakeholders

Satisfied, sustainable tenants

- CSI: 75
- 45 per cent sustainability-certified properties
- 76 solar PV systems installed, corresponding to 11,939 kW
- 922 charging stations provided
- Net lettings: 29,000 sq. m.

106,000 shareholders

- Net income for the year: SEK 1,750 M
- Growth: 9.5 per cent per share in income from property management
- Despite the dividend on hold, 3,175 per cent total return since 1997
- 33 per cent of turnover is EU Taxonomy-aligned
- A green share, Nasdaq Green Equity Designation

Committed employees who are developing

- All employees are offered a physical fitness subsidy
- More than 16,000 training hours completed
- Low level of sick leave (2.9 per cent)
- Good equality (42 per cent women / 58 per cent men)

Robust, long-standing supplier relations

- Code of Conduct applied in all supplier partnerships
- SEK 124 M in energy optimisation projects
- 353 framework agreements
- Goods and services purchased: SEK 8,750 M



▶ Castellum's ambition is to make a positive contribution to society

Reduced environmental and climate impact

Castellum makes efficient use of natural resources, reduces resource consumption and carbon emissions to create a sustainable asset portfolio:

- 63 per cent reduction in carbon emissions since 2007
- 4 per cent reduction in energy consumption
- Castellum promotes biodiversity
- Increases the proportion of circular materials

Strong positive impact on society

- Castellum develops sustainable properties and promotes positive urban development
- Castellum promotes health, wellness and productivity for its employees and tenants
- Through WELL at scale, Castellum has a positive influence over 18,000 of its tenants' employees as regards health and wellness

Major positive financial impact

Castellum is a profitable company that contributes financially to various stakeholders:

- SEK 558 M in salary and remuneration to employees
- SEK 8,750 M to suppliers and contractors
- SEK 15 M in tax and SEK 14 M in contributions to local communities

The figures in the value creation model pertain to 2022.

1. Including holdings in Entra.

A strategy that creates value

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

Objectives 2025

During the 2023–2025 strategy period, Castellum will create a new uniform organisation that is built for future growth. A clear objective and a robust culture will permeate the entire operation. In light of the changes to conditions in the business environment, Castellum revised its financial policy during the year.

The strategy plan for the coming strategy period, which was developed during the year, describes what Castellum is to do to achieve the overall target of 10 per cent growth in income from property management, as well as the updated operational targets.

Vision

Beyond expectations.

Mission

Creating workplaces where people and enterprises thrive.

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.

The Castellum Spirit

The Castellum Spirit embodies the core values that guide Castellum in its daily activities.

- Business-Focused
- Committed
- Courageous

Business model

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.

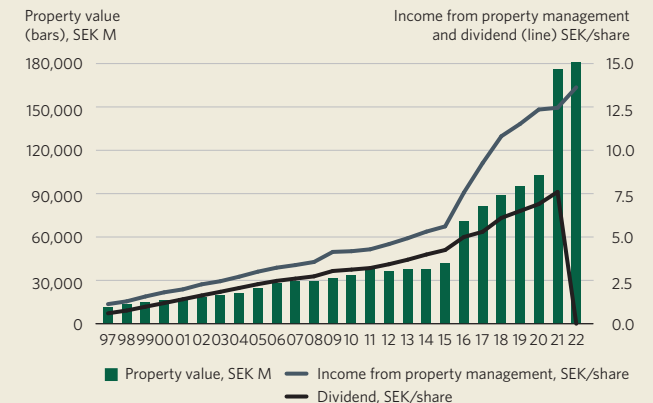
Overall targets

10%

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

9.5%

Performance 2022: 9.5 per cent growth in income from property management, in SEK/share.



Castellum's operational targets

1

Castellum will be the commercial company of choice for business and the public sector by developing and offering the sustainable meeting spaces and work places of the future, where organisations can grow and become attractive employers.

2

Castellum will be the Nordic region's leading property management company that makes daily life easier for our customers through local presence, sustainable property operation and leading-edge digital solutions.

3

Castellum will be a leading company and an attractive employer by focusing on our employees and having a robust culture with clear values.

New operational targets

After the combination with Kungsleden, Castellum is largely a new organisation. As part of this year's strategic initiatives, new operational targets were developed. The three new operational targets are what Castellum is to become:

- The commercial company of choice for business and the public sector by developing and offering the sustainable meeting spaces and work places of the future, where organisations can grow and become attractive employers.
To achieve this goal, Castellum will:
 - Clarify its offering based on tenants' needs, and increase both internal and external know-how.

- Ensure satisfied tenants through attentive, local property management with close customer dialogue.
- Rank among the three best-known property companies in the locations where we operate, by being heard and seen locally.

- The Nordic region's leading property management company that makes daily life easier for our customers through local presence, sustainable property operation and leading-edge digital solutions.
To achieve this goal, Castellum will:
 - Look at the specific opportunities of the premises in order to attain a high occupancy rate.
 - Be a leader in the climate transition and energy efficiency.

- Develop property management support and categorisation of properties according to technical requirements.

- A leading company that is an attractive employer by focusing on our employees and having a robust culture with clear values.
To achieve this goal, Castellum will:
 - Create a uniform company as regards governance, roles and approaches.
 - Establish a robust corporate culture with clear values.
 - Strengthen the employer brand in order to attract and retain the right competence.

Castellum's strategy

The strategy establishes the company's strategic orientation, priorities, and goals. The strate-

gic plan is reviewed annually by Executive Management before subsequent approval by the Board. The purpose of the strategy is to optimise the preconditions for Castellum to deliver on the company's overall growth targets and to create shareholder value. An additional purpose is to ensure that Castellum is the most sustainable property company in Europe and a major player in efforts to build a sustainable society.

Castellum offers offices and logistics in attractive Nordic growth regions. Castellum's offering is based on the tenants' needs, so that their operations are successful. The office offering consists of customised offices, turnkey offices, and coworking.

Castellum's customers comprise the 6,000 companies that are tenants and the 400,000 people who work in Castellum's premises.

The strategy describes how the desired objectives are to be attained. The property portfolio will be developed in attractive Nordic growth regions and logistics markets.

Strategy follow-up 2022

The preceding strategy period finished in 2022. Goals are established and results are monitored in the annual strategy plan.

In summary, Castellum has followed its strategy of growing in attractive Nordic growth regions, especially through the acquisition of Kungsleden; expanded its development portfolio to around SEK 8.1 Bn in 2022; and obtained a high confidence index among employees as well as a CSI of 75, higher than the preceding year (74).

For the seventh consecutive year, Castellum has also been the only property company in the Nordic region to be included in the Dow Jones Sustainability Indices, which shows that the company's strategic goal of being Europe's most sustainable property company has yielded results.

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 towards 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 cent 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 good internal 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 and organisation

- Castellum will create an organisation characterised by curiosity, innovation, and a desire to perform and to make a difference.
- The right competence for the future will be ensured through proactively forecasting current and future competence needs in order to achieve our business goals.
- Castellum will offer a workplace that encourages collaboration and flexibility, with regard to its employees' needs, life situations and health.

Goals and results

Strategic objective

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

Owing to the drastic changes in market conditions, Castellum decided in the second half of 2022 to reduce project investments in favour of strengthened liquidity and cost control in conjunction with increasing inflation.

Results, 2022

SEK 2,831 M (42,718) in net investments, corresponding to 2 per cent of property value, where SEK — M (47,258) pertained to business combinations; SEK 363 M (8,889) pertained to property acquisitions; SEK 5,548 M (3,799) to new construction, extensions and reconstructions; and SEK 3,080 M (17,228) pertained to sales.

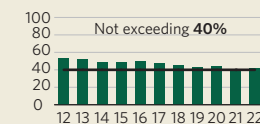
Goals and results

Strategic objective

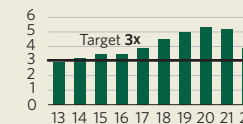
- Loan-to-value ratio that does not permanently exceed 40 per cent.
- Interest coverage ratio of at least 3.

Results, 2022

- Loan-to-value ratio: 42%



- Interest coverage ratio: 3.9



Goals and results

Strategic objective

- High satisfaction index, eNPS (employee Net Promoter Score) and a large proportion of Promoters.

Results, 2022

- 31 (43) in eNPS (Employee Net Promoter Score) and 47 per cent of employees are "promoters" of Castellum as an employer.

Tenants

Offer

- Castellum's office offering is to be based on the tenants' needs, to ensure the success of their operation, and consists of traditional offices, turnkey offices and coworking.
- Castellum's offering will target all of Castellum's customers – both tenants and their employees – in order to simplify their daily activities.
- Castellum will work towards continued development and expansion of its logistics portfolio in the Nordic region with new, modern, and efficient units adapted to today's requirements in the logistics sector.
- Castellum will develop new business opportunities that attract customers and improve their operations.
- Castellum will develop digital platforms to offer services that simplify working life for its customers and their employees.
- Castellum's brand should be identifiable on the basis of our broad know-how concerning the work life of the future, and our innovative service offering that helps customers thrive and perform better on the job.

Wider society

The sustainable city 2030

- Castellum is to work towards clear sustainability goals, both short- and long-term, to be one of the most sustainable property companies in Europe and actively promote sustainable development.
- Castellum will achieve climate neutrality by 2030.

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 16-27.

Goals and results

Strategic objective

- High customer satisfaction index (CSI).
- Brand awareness: Top three in spontaneous awareness in all of Castellum's locations.

Results, 2022

- 75 out of 100 in the latest CSI survey, conducted in 2022 (compared to 74 in the preceding year's quarterly pulse survey).
- Brand awareness: Top 3 in spontaneous awareness in 12 of Castellum's 14 locations.

Goals and results

Selection of strategic objectives

- Net-zero carbon emissions by 2030.
- 100 per cent non-fossil fuel energy by 2030 at the latest.
- 11 per cent reduction in energy consumption in 2025 compared with 2021.
- By 2025, 20 per cent of Castellum's employees will have international backgrounds.

Results, 2022

- 63 per cent (77) lower carbon emissions in Scope 1 and 2 compared with 2007.
- 95 per cent (95) non-fossil energy.
- 2 per cent (13) reduction in energy consumption per square metre compared with 2021.
- 10 per cent of employees with an international background.



The sustainable city 2030

A long-term community developer

Castellum works sustainably. The company's environmental impact is decreasing, and ecosystem services are being developed to promote biodiversity. Nearly half of Castellum's properties are certified for sustainability, and energy efficiency is continually being improved. Carbon emissions are decreasing, and the company is installing solar PV systems and charging stations. In partnership with tenants, the work life of the future and our shared society are being developed. Sustainability is a natural part of everything Castellum does, and of all of the company's investments.

Sustainability goals and strategy

Castellum's sustainability goals are ambitious. By 2030 at the latest, the company will be completely climate neutral. To achieve this,

carbon emissions must be reduced. At the same time, efforts to promote achievement of the UN Sustainable Development Goals must be successful. The sustainability strategy, "The sustainable city 2030", consists of four areas of focus: The Planet, Future-proofing, Well-being and Social Responsibility. The strategy is intended to ensure that the company, by contributing to sustainable development in selected areas, is a relevant and successful company, not just for today, but for a long time to come.

The sustainability strategy is integrated into the business strategy and comprises 23 measurable targets. The majority of the targets are followed up on a quarterly basis and reported both internally and externally. A handful of targets are monitored on an annual basis. The climate-related goals are scientifically grounded and have been approved by the Science Based Targets initiative (SBTi). Castellum works continually toward achieving

Sustainability vision
Castellum's vision for its sustainability initiatives is to be the most sustainable property company in Europe and to promote sustainable development.

the targets in the respective areas of focus. Castellum conducts its operation so as to become more sustainable and to create profitable solutions that promote community development from a social, ecological, and economic perspective.

Sustainability initiatives

Key starting points for sustainability initiatives include the UN’s 17 Sustainable Development Goals, the Paris Agreement, and the ten principles of the UN Global Compact, which Castellum has been affiliated with for many years. Castellum regards sustainability-related laws and regulations as minimum requirements, and endeavours to continually improve the company’s sustainability initiatives. The sustainability goals must lead to specific results.

Sustainability initiatives permeate the entire business from ownership, property management and asset portfolio development to relationships with customers, employees, suppliers, and financiers.

Conducting operations sustainably is crucial to the company’s success; it drives profitability and the development of long-term shareholder value alongside future-proofing the company’s assets.

Sustainability results

33 per cent of Castellum’s turnover is aligned with the EU taxonomy in terms of the Climate change mitigation requirements.

The world’s most sustainable office developer for the seventh consecutive year

For the seventh consecutive year, Castellum has been named the world’s most sustainable office developer by the Global Real Estate Sustainability Benchmark (GRESB). “This is proof that our strategy works and that we are on the right path – but it also shows that many aren’t doing enough. The possibility of reducing emissions through measures such as better choice of materials and smarter construction remains tremendous,” says Filip Elland, Chief Sustainability Officer at Castellum.

Dow Jones Sustainability Indices

For the seventh consecutive year, Castellum retained its position as the only Nordic company in the property and construction sector on the Dow Jones Sustainability Indices (DJSI).

During the year, Castellum – as the first major property company in the Nordic region – was approved and classified as a green share on Nasdaq Stockholm.

45 per cent of the company’s portfolio is sustainability certified, and Castellum is expected to achieve the target set of a 50 per cent certified portfolio before 2025.

UN Sustainable Development Goals

The nine Sustainable Development Goals that have the strongest links with Castellum’s business operations have been integrated into our sustainability strategy. These goals were identified in a process that analysed all of the goals and targets.

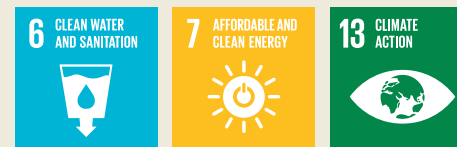
Well-being



Future-proofing



The Planet



Social responsibility

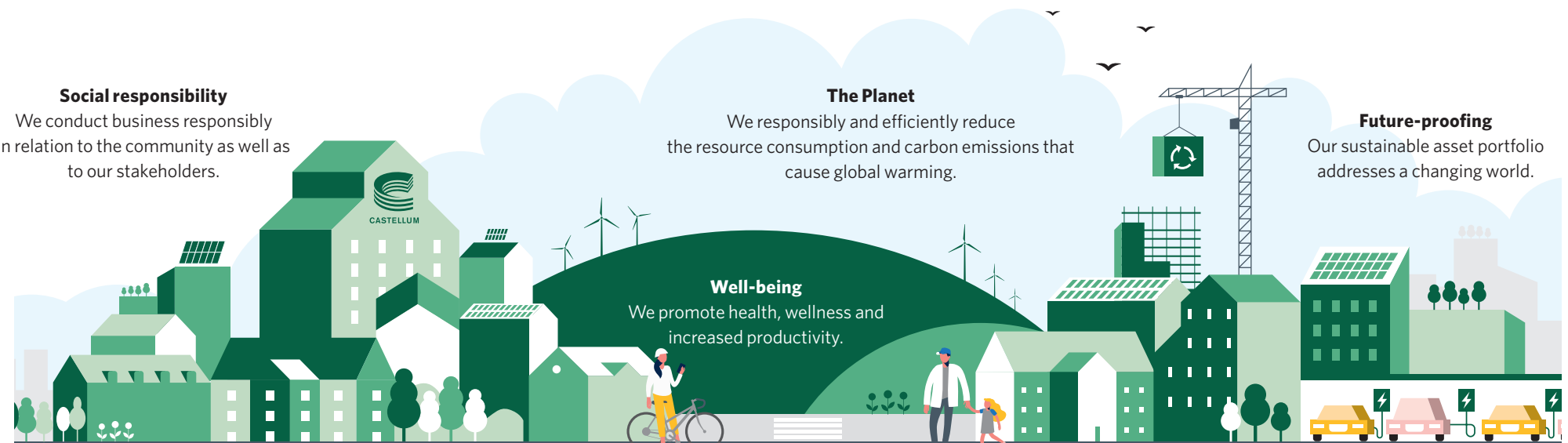


Castellum has installed 76 solar PV systems as part of its “100 on Solar” programme. These produce electricity corresponding to 7 per cent of Castellum’s total energy use.

Castellum’s entire property portfolio has been analysed based on climate risks, and 7 per cent of the value of the property portfolio has been identified as vulnerable to high risk.

During the year, there was a sharp focus on reducing energy consumption. Energy performance in the like-for-like portfolio decreased 4 per cent compared to 2021.

The sustainable city 2030



Social responsibility

We conduct business responsibly in relation to the community as well as to our stakeholders.

The Planet

We responsibly and efficiently reduce the resource consumption and carbon emissions that cause global warming.

Future-proofing

Our sustainable asset portfolio addresses a changing world.

Well-being

We promote health, wellness and increased productivity.

Ongoing targets

- 1 per cent water conservation per year.¹⁾
- 2.5 per cent energy efficiency enhancements per year.¹⁾
- 100 per cent non-fossil fuel powered vehicles.
- All new production and major reconstructions to be sustainability certified.
- Net positive increase of ecosystem services in major projects.
- Re-use in all projects.
- <2 per cent short-term sick leave.
- <3 per cent long-term sick leave.
- Increased share of anonymised recruitments.
- Zero workplace injuries and work-related illness among employees and suppliers.
- All employees undergo training in the Code of Conduct.
- 4 per cent of all employees to be apprentices.
- Create job opportunities in projects for young people and the long-term unemployed.

Target 2025

- 11 per cent reduction in energy consumption compared with 2021.
- 70 per cent of Castellum's properties must have an energy performance lower than 100 kWh/sq. m. per year.
- 100 solar PV systems in the "100 on Solar" programme.
- 50 per cent of the portfolio is to be sustainability certified.
- 40 to 60 per cent gender equality among all occupational categories.
- 20 per cent of Castellum's employees will have international backgrounds.

Target 2030

- Net-zero carbon emissions, approved by the Science Based Targets initiative. Achieved using the following road maps:
 - Net-zero in property management (Scope 1 & 2)
 - Net zero in Project development (Scope 3).
- 100 per cent non-fossil fuel energy.
- 100 per cent of Castellum's properties must, over the long term, have an energy performance lower than 50 kWh/sq. m. per year.²⁾
- Re-use and renewable materials must be a significant element in all projects.

1. In the like-for-like portfolio.

2. The target has not been set specifically for 2030, but is a long-term target.

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. One of the company’s key issues is preventing global warming by reducing the environmental and climate impacts of its operations.

Strategic areas of focus

Castellum’s environmental and climate initiatives concern optimising energy consumption and using natural resources efficiently and responsibly, as well as reducing carbon emissions, waste volumes, and consumption of water.

Castellum’s carbon emissions are generated primarily in property management and in conjunction with project development. Two road maps for reducing these emissions have been adopted. One is intended to reduce the emissions in property management (Scope 1 and 2), and one that sets a target for the annual reduction of the emissions that are generated in conjunction with project development (Scope 3).

11 per cent (6) of Castellum’s carbon emissions are Scope 1 and Scope 2 emissions, which arise from activities such as property management and travel using company vehicles. The company is systematically engaged with energy savings and energy efficiency to reduce these emissions. The focus is on optimising operation of the property management portfolio, and on investing



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

Ongoing targets

- 1 per cent water conservation per year.¹⁾ (+) 1 per cent
- 2.5 per cent energy efficiency enhancements per year.¹⁾ 4.0 per cent
- 100 per cent non-fossil fuel powered vehicles. 96 per cent

Target 2025

- 11 per cent reduction in energy consumption compared with 2021. 2 per cent
- 70 per cent of Castellum’s properties must have an energy performance lower than 100 kWh/sq. m. per year. 63 per cent
- 100 solar PV systems in the “100 on Solar” programme. 76

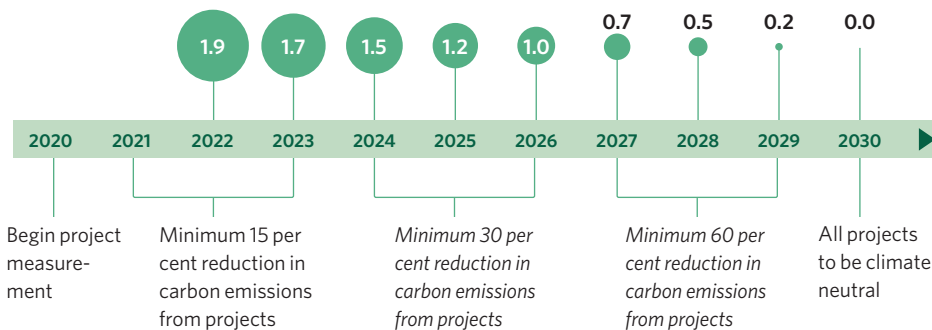
Target 2030

- Net-zero carbon emissions, approved by the Science Based Targets initiative. Achieved using the following road maps:
 - Net-zero in Property management (Scope 1 & 2) 2.3 kg/sq. m.
 - Net-zero in Project development (Scope 3). 29 per cent
- 100 per cent non-fossil fuel energy. 95 per cent
- Over the long term, 100 per cent of Castellum’s properties must have an energy performance lower than 50 kWh/sq. m. per year.²⁾ 28 per cent

Castellum’s road maps for net-zero carbon emissions

Road map: Property management (upper timeline)

Key figures refer to kilograms of carbon emissions per square metre for the total asset portfolio (kg CO₂e per square metre).



Road map: Project development (lower timeline)

Key figures refer to savings in kilograms of carbon dioxide emissions per square metre for the project development portfolio.¹⁾

1. The first milestone pertains to new construction of office buildings with a total investment volume greater than SEK 50 million. The project’s carbon dioxide emissions (kg CO₂e per sq. m.) for A1-A5 (material, production, transportation) are calculated and compared with estimated carbon dioxide emissions for a reference building (Reference value). The reference value is unique for each project and is produced using the SGBC method, which was developed for NollCO₂, or based on the accepted method for the National Board of Housing, Building and Planning’s climate calculations. The objectives in italics for 2024-2026 and 2027-2029 are preliminary, providing an indication of the direction of current knowledge; they can be adjusted and will be decided at a later date.

1. In the like-for-like portfolio.

2. The target has not been set specifically for 2030, but is a long-term target.

in energy-efficient solutions. To simplify and boost the quality of systematic follow-up and monitoring of operations and energy consumption at properties, efforts are under way to connect all the company's properties to an online portal. At year-end, 44 per cent of the properties were connected to the portal.

Castellum is engaged in increasing the proportion of renewable energy through such measures as installing solar PV systems. As part of the "100 on Solar" project, Castellum will install 100 solar PV systems up through 2025. At year-end, the company had installed 76 panels (55). All vehicles that are used in operations – service vehicles, carpool vehicles, and company vehicles – are non-fossil fuel powered and can run on either electricity or biofuels.

89 per cent (94) of Castellum's carbon emissions are Scope 3 emissions that are generated in the value chain. The majority of these emissions come from the use of materials in conjunction with new construction and reconstruction. Castellum has adopted a roadmap with targets for the annual reduction of emissions that are generated in conjunction with project development. Specific activities and innovations are required for Castellum to reach its goal of net-zero carbon emissions by 2030.

In addition, Castellum's aim is to reduce water consumption by one per cent per year in the like-for-like portfolio. Measures to reduce water consumption include installation of low-flow toilets and leak detectors, and installation of tap aerators.

The construction and property industry generates around 30 per cent of all waste in Sweden. These waste volumes must be reduced, and the proportion of waste that is recycled and re-used must

increase. All of Castellum's construction projects today have waste management plans, and guidelines for sorting waste, that can be easily put into practice. A maximum of 5 per cent is permitted to landfill, and the maximum total amount of waste must be 20 kilogrammes per square metre of gross floor area.

Outcomes and progress, 2022

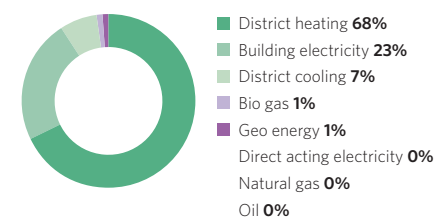
During the year, 28 energy optimisation projects (94) were carried out at a total investment of SEK 124 M (86). 21 solar PV systems (15) have been installed on Castellum's properties. A total of 11,939 kW (7,310) of solar PV capacity have been installed on Castellum's properties. This corresponds to 83,500 square metres (51,170), an increase of 63 per cent compared with 2021.

In 2022, water use increased 1 per cent (6) per square metre, driven to some extent by the return to offices during the year.

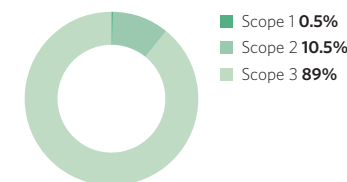
To reduce Castellum's and tenants' emissions, the company – together with PE Teknik & Arkitektur – developed a new type of lease appendix in 2022. The appendix binds the tenant and landlord to reduce their shared emissions from their respective operations to net zero. The first lease was signed in 2022.

As a step in achieving net-zero carbon emissions by 2030, Castellum decided in 2022 to further accelerate the requirements set in its projects. Beginning in 2023, for example, all major projects will have a 30 per cent savings in climate impact and the possibility of NollCO₂ certification, and storage of energy must always be investigated. Additionally, the projects will always be equipped with solar PV systems.

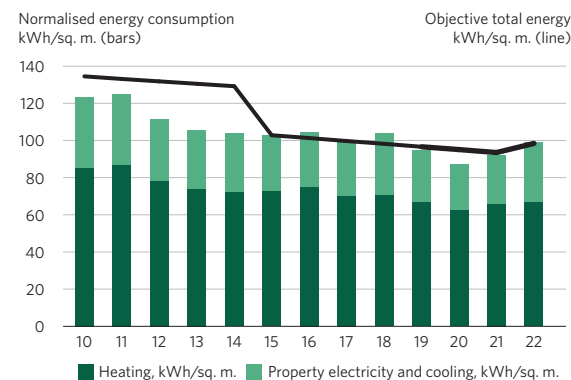
DISTRIBUTION OF TOTAL ENERGY CONSUMPTION, 2022



DISTRIBUTION OF EMISSIONS BY SCOPE, 2022



TARGET AND OUTCOME, ENERGY CONSUMPTION PER SQ. M.



The actual change in the like-for-like portfolio was 9 per cent. Castellum began systematically measuring energy consumption and heating in 2007, which is why it is utilised as a comparison year.

Energy use decreased
4 per cent in the like-for-like portfolio
in 2022.

Total carbon emissions
during the year decreased 13 per cent
in Scope 1 and 2.

248 new
charging stations in 2022.
922 charging stations in total.

21 solar PV systems were
installed on Castellum's properties
during the year.

Future-proofing

One of Castellum’s long-term goals is a future-proof asset portfolio with enduring values over time and that provides safe, healthy workplaces for its tenants and their employees. This is how Castellum will ensure that the company and its properties are equipped to manage future changes and external requirements, remaining a successful and sustainable company.

Strategic areas of focus

Castellum’s efforts to future-proof its asset portfolio involve activities such as environmental inventories and sustainability certifications of its properties, evaluating and adapting its properties to climate change and setting clear sustainability standards for all suppliers to follow.

Ongoing climate change is leading to an increase in the frequency and intensity of extreme weather events. As part of Castellum’s long-term work on climate change adaptation, its entire property portfolio was assessed during the year based on its exposure to climate risk, both today and going forward. 742 properties were analysed with regard to climate-related risks that are relevant in the context, including flooding, snowfall, landslides and erosion. The results showed that 7 per cent of the properties (in value) are exposed to high risk. Armed with this knowledge, Castellum can work for the long term to prevent climate-related damage to its properties. Along with having

prioritised properties, the company will plan and implement measures and maintenance that increase resilience, adapting these properties to a changed climate.

All of Castellum’s new production and major reconstructions will be certified for sustainability. Office projects in Sweden will be certified under Miljöbyggnad, level Gold. Offices outside Sweden will be certified under BREEAM, level Excellent. New construction of logistics buildings will be certified under Miljöbyggnad, level Silver. Moreover, with new construction the possibility of certifying the property under WELL is always investigated. The certifications are a means to check, and provide proof, that the company’s project development activities strive to be sustainable.

A priority area for Castellum is reducing resource consumption and creating circular flows of materials. Castellum works with re-use, and the possibility of doing so in all projects has been investigated since the target was implemented in 2022.

Castellum employs ecosystem services to promote biodiversity through such measures as installing sedum and biotope roofs, and placing beehives on its properties.

Castellum sets comprehensive requirements in all its construction projects, large and small. In general, requirements are set for aspects such as waste plans and environmental plans, as well as responsible and efficient choices of products. Additional sustainability-related requirements are set in all larger projects.



Our sustainable asset portfolio addresses a changing world.

Ongoing targets	Outcome 2022
<ul style="list-style-type: none"> All new production and major reconstructions to be sustainability certified. 	100 per cent
<ul style="list-style-type: none"> Net positive increase of ecosystem services in major developments.¹⁾ 	Achieved
<ul style="list-style-type: none"> Re-use in all projects. 	Achieved ²⁾
Target 2025	
<ul style="list-style-type: none"> 50 per cent of the portfolio is to be sustainability certified. 	45 per cent
Target 2030	
<ul style="list-style-type: none"> Re-use and renewable materials must be a significant element in all projects. 	— ³⁾

1. Revised goal from 2023.
 2. The implementation was completed in late 2022. Since then, re-use has been implemented in all projects. Monitoring of the target will begin in 2023.
 3. The target has a long-term perspective. Reporting will be developed over the coming years.

45 per cent certified properties.

All properties were subject to climate risk analyses in 2022.

34 projects with re-use.

All projects have requirements set for ecosystem services.

Outcomes and progress, 2022

Climate risk assessments were conducted during the year on all properties to identify which of them run the greatest risk of being impacted by climate change. These properties will be further analysed, and measures for increased climate change adaptation will be identified and taken.

The proportion of sustainability-certified properties at year-end was 45 per cent (48). The proportion decreased owing to the acquisition of Kungsleden. But expressed in absolute figures, compared with the preceding year, Castellum has 43 more certified properties. In 2022, Castellum was one of the first in the Nordic region to certify a property under the stringent NollCO₂ sustainability certification. This certification means that the property has a net-zero climate impact throughout its entire life cycle.

In 2022, Castellum began working in a more structured manner on a circular flow of materials. Framework agreements have been signed with re-use consultants, and the goal of employing re-use in all projects was implemented in late 2022. Follow-up shows that 22 per cent of Castellum's projects in 2022 employed re-use. After implementation, all projects will deploy the method of re-use.

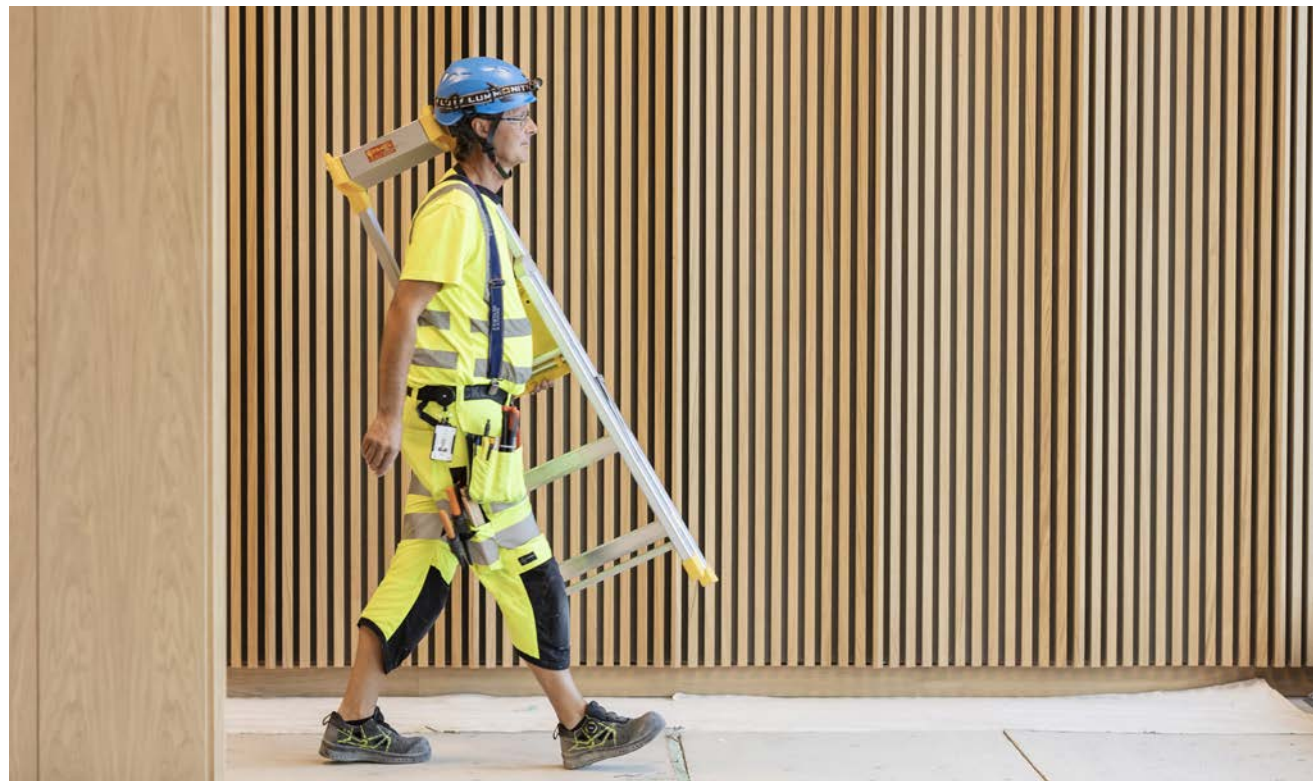
SHARE OF PROJECTS WITH RE-USE



Definition of re-use: when materials or components are used in the same manner as the one for which they were produced. Re-use is considered equal to recycling.

WELL-certified properties

WELL is a certification system that promotes health and wellness among the people who use the building. This system has a basis in science, and by working with the system Castellum can create positive health effects that help our tenants and their employees perform and be at their best. Castellum is affiliated with the WELL at scale in order to focus on health and wellness in a larger share of its portfolio. All office properties in Stockholm, Gothenburg and Malmö were included in the initial step. By certifying properties under WELL, Castellum makes a tangible contribution to achieving the UN Sustainable Development Goal Number 3: Good health and well-being.



Well-being

The goal is for 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 of the company being characterised by equality and diversity.

Strategic areas of focus

All of Castellum’s employees are to have a high sense of wellness. The objective is a safe, healthy workplace, free of accidents, and with a good work environment. Castellum is responsible for preventing employees, suppliers or contractors from being injured physically or mentally, or falling sick, owing to their work. To succeed, Castellum is structurally engaged in proactively boosting employee health, preventing risks, and avoiding work-related injuries and accidents.

For Castellum, learning is a key component in the effort to create commitment and job satisfaction. Learning involves

42 per cent (43) of all employees are women.

31 (14) training hours per employee.

EMPLOYEE NET PROMOTER SCORE (ENPS), %

	2022	2021	2020
Women	46	37	33
Men	47	48	34
20-29 years	58	50	18
30-50	51	41	32
Over 50	40	40	31



We promote health, wellness and increased productivity.

Ongoing targets

- <2 per cent short-term sick leave. 1.3 per cent
- <3 per cent long-term sick leave. 1.6 per cent
- Zero workplace injuries and work-related illness among employees and suppliers. 41 injuries
- Increased share of anonymised recruitments. 74 per cent¹⁾

Outcome 2022

Target 2025

- 40-60 per cent equality in all occupational categories. Women 42 per cent Men 58 per cent
- 20 per cent of Castellum’s employees will have international backgrounds. 10 per cent

1. The procedure was implemented in 2022. Increases/decreases will be monitored going forward.

Castellum - a value-driven company

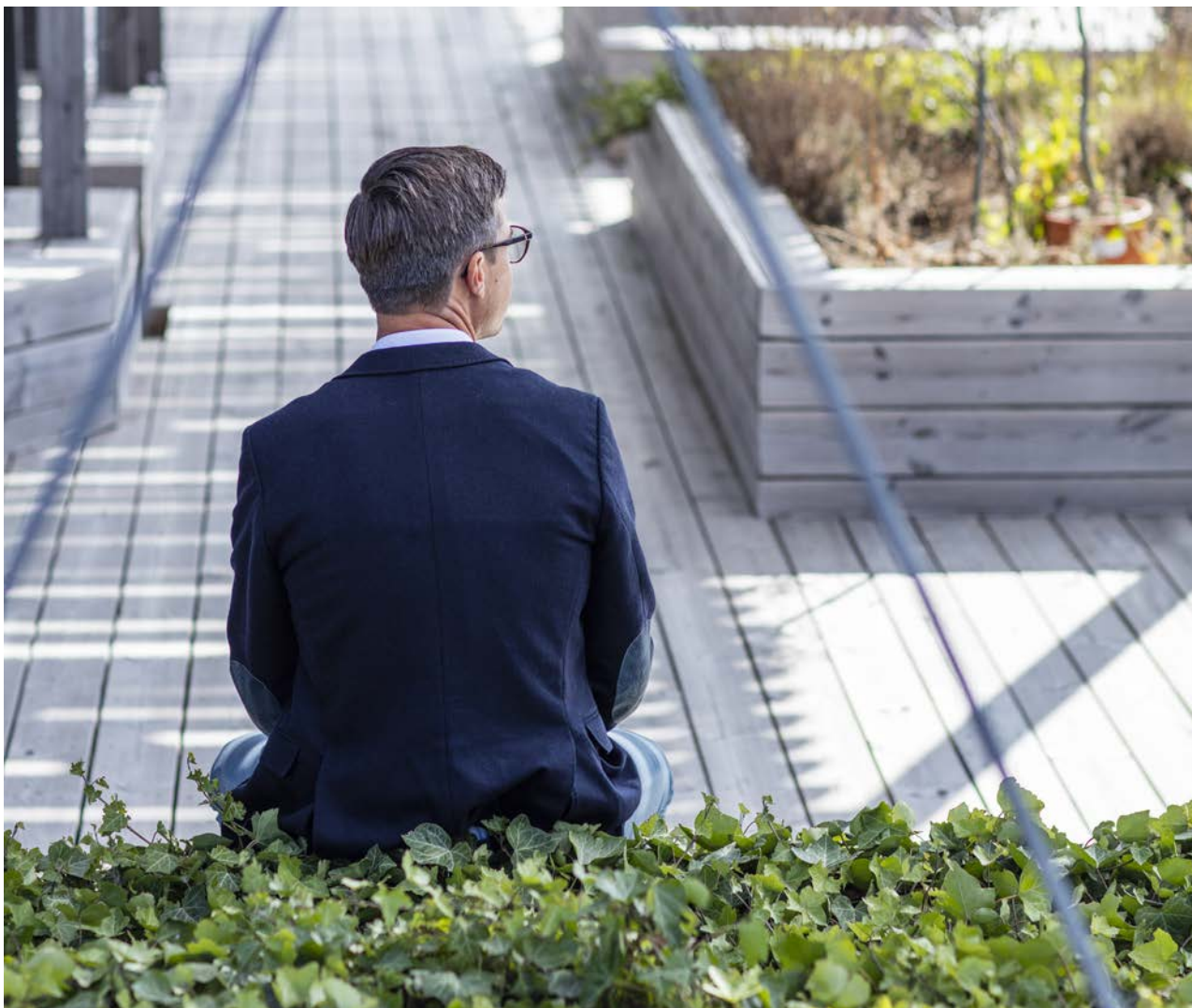
Business-focused, Committed and Courageous are the values we use at Castellum for guidance in various work situations. Our values help us understand what is expected of us, and what we can expect from our colleagues.

Attractive employer

The ability to attract qualified, gifted employees and to retain and nurture talent is crucial for Castellum’s development. In 2022, 21 per cent (24) of all new positions were filled by internal candidates. Total personnel turnover was 12 per cent, which is in line with previous years.

Castellum Experience

Castellum conducts the employee survey “Castellum Experience” on a quarterly basis. This survey consists of a number of questions that monitor employee commitment. The results are divided into three categories: Promoters, Passive and Detractors. The latest measurement showed that 47 per cent were Promoters, meaning employees who recommended Castellum as an employer. The response rate in the survey was 90 per cent.



competence development or training adapted to the work tasks of the respective employees, as well as training in the areas that the company is focused on. The aim is to create a motivating work situation facilitated by the decentralised nature of Castellum's organisation. Every employee has a clear area of responsibility with a high degree of authority, which leads to both professional and personal development.

Castellum is to be characterised by equal opportunity, diversity and equal rights for all. Employees will reflect the composition of society, and both gender distribution and remuneration will be equitable. Castellum has begun working on an anonymised recruitment process to increase diversity among new employees. The company is working on systematic guidelines and action plans to improve equality in the areas where there is still a prevalent imbalance.

Outcomes and progress, 2022

In 2022, the number of Castellum employees increased by approximately 25 per cent to 534. The increase is largely due to the acquisition of Kungsleden. At the same time, the proportion of employees with international backgrounds increased to 10 per cent (9).

At a general level, the distribution of women and men is 42/58 per cent (43/57), which is within the range for being regarded as gender equality. During the year, Castellum worked on anonymised recruitments, and in 2022 the proportion of anonymised recruitments was 74 per cent.

During the year, nano learning material were developed in order to boost the organisation's awareness of and involvement in sustainability issues. This will be implemented in early 2023.

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. A landlord you can trust.

Strategic areas of focus

Castellum's Code of Conduct regulates how employees are to behave towards one another, towards Castellum's tenants, suppliers, partners, and other stakeholders that they meet in daily operations. The Code of Conduct provides clarity on questions such as the company's zero-tolerance anti-corruption policy. All employees must undergo Castellum's mandatory sustainability training, which includes the Code of Conduct.

Castellum works with nearly 11,000 suppliers, and it is important that they also operate responsibly. The company therefore

has a separate Code of Conduct for suppliers, which all suppliers and contractors must read and endorse in conjunction with signing an agreement. This Code of Conduct describes how Castellum expects its suppliers to act.

Castellum intends to be an engaged part of society, and therefore contributes to urban development that promotes integration alongside offering healthy, productive urban environments where people experience a sense of wellness. For Castellum, facilitating the entry of more young people and people with varied cultural backgrounds into the labour market is important. The company has partnered with the Jobbsprånget internship programme, an initiative run by the Royal Swedish Academy of Engineering Sciences that matches companies with academics who have just arrived in Sweden and

**The
Castellum Spirit
Business-focused
Committed
Courageous**



Castellum's Code of Conduct

The Code of Conduct is based on Castellum's values (Business-focused, Committed, and Courageous); the ten principles of human rights, labour rights, the environment, and anti-corruption in the UN Global Compact; and the OECD Guidelines for Multi-national Enterprises. The Code of Conduct clarifies Castellum's position regarding human rights, working conditions, business ethics, equality, and information disclosure.

Whistleblowing

Castellum has an independent whistleblower function 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 in line with Castellum's values or Code of Conduct, or otherwise have a negative impact on the company or people's health and safety.

Support for local communities, and sponsorships

In 2022, Castellum sponsored organisations such as Bris, My Dream Now and Fryshuset, as well as local sports associations. At the start of the war in Ukraine, the company also donated SEK 1 M to UNHCR. In total, Castellum donated SEK 12.4 M in direct support during the year through sponsorships, charities and membership fees for industry organisations. Castellum also contributed SEK 0.8 M in volunteer work and SEK 0.8 M in overheads.

We will conduct business responsibly in relation to the community as well as to our stakeholders.

Ongoing targets

- All employees to undergo training in the Code of Conduct.
- 4 per cent of all employees to be apprentices.
- Create job opportunities in projects for young people and the long-term unemployed.

Outcome 2022

79 per cent
2 per cent
Achieved

have residence permits. Through Jobbsprånget, newly arrived immigrant academics are provided with internship opportunities at Castellum. The company also participates in joint projects with other property owners and players to create better living environments together. Castellum's ambition is for 4 per cent of all its employees to be apprentices, meaning people who are experiencing difficulties entering the labour market. The company also has a requirement that contractors are to employ apprentices, by definition young people, long-term unemployed and those who are struggling to enter the labour market, in all major projects.

Castellum develops social programmes in all the cities where the company operates. Castellum's engagement in these social programmes varies based on local needs and the specific properties. Often, these efforts concern how Castellum can positively impact the environment, and improve the local community as well as the environments in and around its properties. Castellum's sponsorship and support of local associations focuses primarily on promoting education and ending isolation among young people.

Outcomes and progress, 2022

A total of 91 (62) individuals worked at Castellum in 2022 as vacation replacements, interns, apprentices, trainees or with academic degree projects. 11 (19) of these were apprentices, corresponding to approximately 2 per cent of Castellum's employees. A contributing factor to the target of 4 per cent apprentices not being met is that the integration of Kungsleden and new employees took a great deal of time and focus, thereby reducing the opportunities to take apprentices on during the year. As a result of Castellum's efforts with initiatives like Jobbsprånget, the company offered 45 internships (20).

Selection of industry organisations in which Castellum is a member

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

In 2022, 79 per cent (93) of employees were trained in the Code of Conduct. The figure was lower than the preceding year due to the large number of new employees in conjunction with the acquisition of Kungsleden.

During the year, around 110 (120) different initiatives linked to social programmes – city networks, sustainability networks and business associations – were carried out in which the company partnered with various organisations to develop cities or neighbouring areas.

A total of 91 individuals worked at Castellum in 2022 as vacation replacements, interns, apprentices, trainees or with academic degree projects.

Castellum requires that contractors hire apprentices in all major projects.

Re-use in historic Kungsholmen



Ola Mortensen,
Project Manager, Castellum



Robert Carlsson,
Sustainability Manager, Castellum

The island and district of Kungsholmen in central Stockholm has undergone a major transformation over the last few decades. Old industry land has been remediated, and provided space for attractive residences and offices. Centrally located and with excellent communication for rail traffic, cars, and buses, and also well-constructed infrastructure for cyclists and pedestrians. The Hornsberg neighbourhood has become one of Stockholm's most expansive business districts. In recent years, many purpose-driven companies have established themselves in the neighbourhood, which utterly breathes the future.

Castellum has operations in Kungsholmen, and when the company decided to renovate the Hornsberg 10 property, the goal was to do so in as climate-smart a manner as possible. Con-

Castellum and re-use

- As of 2022: Re-use in all projects.
- 2030: Re-use and renewable materials must be a significant element in all projects.
- Castellum has signed framework agreements with suppliers that will provide assistance in the area of re-use.

struction companies are so used to tearing out everything instead of saving whatever is still in good condition, says Ola Mortensen, project manager at Castellum. During the reconstruction, Castellum chose to investigate what materials could be saved and re-used so as to build more sustainably.

New construction material should be re-usable

Re-use concerns extending the lifetime of a product, and the gains from this are numerous. Both new manufacture and consumption of new materials and products are avoided to a great extent, which is good for the climate, the environment, and the economy. At the Hornsberg property, it was possible to re-use everything from doors and windows to the porcelain in toilets and sinks. Things that normally would have been discarded have been saved. This reduced demolition costs, and also kept the investment requirements in the project down.

The Hornsberg property was converted from cell offices to an open plan solution. An additional sustainability aspect in the project is that Castellum installed sprinklers more closely together than the traditional approach, in order to avoid reconstruction and thereby reducing the climate impact when the premises are customised according to tenants' design needs.



Castellum is also part of a research project with IVL Svenska Miljöinstitutet in which construction data is analysed to determine the climate impact of the project. Guidance on how to reduce climate impact during renovation and reconstruction will be developed.

Windows from Kungsholmen get a new life in Estonia

Castellum partnered with the recycling broker Kompanjonen on the project. "Over the course

of the project, we also accumulated crucial know-how regarding re-use for future projects," says Robert Carlsson, sustainability manager at Castellum. A total of 170 doors, 300 windows and 200 glass partitions were dismantled and saved for re-use. The windows were given a new life at a construction project in Estonia. The total climate savings for the aforementioned projects was 34 tonnes of carbon dioxide, which corresponds to driving a car 136,000 kilometres – almost 3.5 times around the world at the equator. ■

At the Hornsberg 10 property, Castellum is developing Martin & Servera's new head office, which will house 400 employees and be ready for occupancy in August of 2023. Since the very start of the total renovation, Castellum has focused on re-use, where the material being removed is either re-used in the project or is given life in other buildings.

A high-angle photograph of a man and a woman walking on a modern, light-colored stone staircase. The man, on the left, is wearing a dark navy blazer, a white shirt, light blue trousers, and white sneakers with red and blue accents. He is looking down at the woman. The woman, on the right, is wearing a white short-sleeved blouse with a ruffled collar and a black skirt. She is looking up at the man. The staircase has a dark metal railing with vertical bars. The background shows a modern building interior with large stone panels and a door handle.

**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

Stable growth in value entailing a total return of 3,175 per cent since 1997.

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. Since the autumn of 2022, Castellum has been the first major property company in the Nordic region whose shares have been classified as green on Nasdaq Stockholm.

Local business

Castellum is present in attractive Swedish growth regions as well as Copenhagen and Helsinki, with its own local organisations. Local presence means that Castellum has a good

Well-diversified portfolio

The focus is on commercial properties with properties in various business categories that reflect Swedish, Danish and Finnish business life. Tenants include both private and public players and exposure to individual tenants is low. Public sector players are the largest customer category, comprising approximately one quarter of the customer base. In addition to our asset portfolio, we also have long-term ownership of the Norwegian property company Entra.

An innovative 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.

understanding of the market and can offer premises that are suited to its tenants' needs.

NET ASSET VALUE

	SEK M	SEK/share
Equity according to the balance sheet	78,983	240
Reversed		
Hybrid bonds	-10,169	-31
Declared, undistributed dividend	624	2
Derivatives according to the balance sheet	-2,747	-8
Goodwill attributable to deferred tax	-4,944	-15
Deferred tax according to the balance sheet	17,754	54
Net reinstatement value (EPRA NRV)	79,501	242
Deduction		
Goodwill due to acquisition of United Spaces	-25	-0
Estimated real liability, deferred tax 4% ¹⁾	-3,860	-12
Net tangible assets (EPRA NTA)	75,616	230
Deduction		
Derivatives according to above	2,747	8
Deferred tax	-13,870	-42
Net disposal value (EPRA NDV)	64,493	196

1. The net estimated real deferred tax liability is 4 per cent based on a discount rate of 4 per cent. Further, assessments have been made that tax loss carry forwards are realised with a nominal tax of 20.6 per cent, 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 per cent.

Sustainability awards and assessments

Castellum's owners and investors place a premium on the company's well-developed sustainability initiatives, as shown by the sustainability awards and external assessments Castellum received during the year.

Dow Jones Sustainability Indices

For the seventh consecutive year, Castellum has received top marks in the S&P Global Corporate Sustainability Assessment (S&P CSA) and is the only Nordic property company to be included in the Dow Jones Sustainability Indices (DJSI) and several other related sustainability indices. S&P CSA is an extremely prestigious sustainability survey, and is one of the world's most comprehensive databases covering the sustainability initiatives and performance of listed companies. Only twelve Swedish companies are on the list of the world's most sustainable companies. In 2022, over 7,500 listed companies took part in the evaluation, and only the best in the respective industries qualified for the index. The purpose of the index is to steer investors toward more sustainable investments.

MSCI ESG Ratings

Castellum has a ranking of AAA (on a scale of AAA to CCC) in the MSCI ESG Ratings assessment.

Industry leader according to GRESB

For the seventh consecutive year, Castellum has ranked as a sector leader in sustainability in the office/industrial category by the Global Estate Sustainability Benchmark (GRESB). GRESB is an international sustainability survey that measures and evaluates the sustainability initiatives of property companies and property funds. This year's study encompassed 1,820 property companies and funds in 74 countries – a large part of the global property market.

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 B on a scale of A to D-. 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 Region Top-Rated in the Sustainalytics sustainability benchmark, which covers over 15,000 companies across the globe.

The Sustainability Yearbook

Castellum is ranked first in Europe and fourth worldwide in the 2022 Sustainability Yearbook, and is the only property company in the Nordic region to be included. The Sustainability Yearbook is produced by S&P Global, a world leader in credit ratings, benchmarks and analyses in the global capital and raw materials markets. In total, over 7,800 companies in 61 industries were audited.

Climate targets approved by SBTi

Castellum was the first property company in the Nordic region to have its goals for climate-neutral operations approved by the Science Based Targets initiative (SBTi), back in 2018. The company's climate targets are scientifically rooted and in line with the goals of the Paris Agreement to reduce global warming, as well as Sweden's ambitions of becoming a fossil-free country.

Ratings

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

Castellum's rating:
82/100
(the only Nordic
property company
to be included)

MSCI
ESG RATINGS
AAA
1)
CCC B BB BBB A AA AAA

Castellum's rating:
AAA

GRESB
REAL ESTATE
sector leader 2022

Castellum's rating:
92/100
(global sector leader)



Castellum's rating:
Gold



Castellum's rating:
B



Castellum's rating:
Region Top-Rated

1. THE USE BY Castellum OF ANY MSCI ESG RESEARCH, LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF CASTELLUM BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.



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.

Castellum's market capitalisation (i.e. the value of all shares outstanding in Castellum) amounted to SEK 43.6 Bn (84.3) as of 31 December 2022.

The number of Castellum shares outstanding is 328,400,968 (340,544,001). In 2022, a total of 386 million (204) shares were traded, equivalent to an average of 1,526,000 shares (805,000) per trading day, corresponding on an annual basis to a turnover rate of 115 per cent (71). The share turnover is based on statistics from Nasdaq Stockholm, Cboe CXE EU, Turquoise and Cboe BXE EU.

Dividend

Castellum's Board of Directors sees a bond market that remains closed, with no sign of recovery in the near future. To safeguard the company's credit rating, the Board has therefore decided on a tightened financial policy and a savings programme with reduced scope for investments in 2023, for the purpose of strengthening the company's balance sheet. Nor will the Board propose a dividend to the next Annual General Meeting.

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. Since assets 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 242 per share (251).

Earnings

Income from property management per share amounted to SEK 13.63 (12.45). Based on the share price, this resulted in a yield of 10.8 per cent (5.1) corresponding to a multiple of 9.26 (19.58). Earnings per share after tax amounted to SEK 5.29 (41.81) in 2022. Based on the share price, this yields a return of 4.2 per cent (17.1).

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 126.25 (243.80), equivalent to a market capitalisation of SEK 43.6 Bn (83.0) calculated on the number of shares outstanding. The total return on the share in 2022, including dividend of SEK 7.60, was -45.1 per cent (20.7).

YIELD AND FINANCIAL RISK

	2022
Outcome	
Rental income, SEK/share	23.58
Income from property management, SEK/share	13.63
Net profit for the year after tax, SEK/share	5.29
Dividend SEK/share	—
Long-term EPRA NRV, SEK/share	242
Property portfolio, SEK/share	464
Yield	
Return on long-term net reinstatement value, %	2.2
Return on equity, %	2.2
Return on total capital, %	0.6
Total return per share (including dividend)	
Castellum, %	-45.1
Nasdaq Stockholm (SIX Return), %	-22.8
Real Estate Index Sweden (EPRA), %	-44.0
Real Estate Index Eurozone (EPRA), %	-36.6
Real Estate Index Great Britain (EPRA), %	-31.9
Financial risk	
Loan-to-value ratio, %	42
Interest coverage ratio, multiple	3.9

Nasdaq Green Equity Designation

Castellum is the first major property company in the Nordic region whose shares have been classified as green on Nasdaq. The purpose of Nasdaq's Green Equity Designation is to provide increased visibility for investors who are looking for sustainable investments. To meet the criteria for a green share, at least 50 per cent of sales and investments must be defined as green, and less than 5 per cent of assets can be linked to fossil fuels.

60 per cent of Castellum's sales and 62 per cent of investments have been defined as green, according to an analysis conducted by Cicero in 2022.



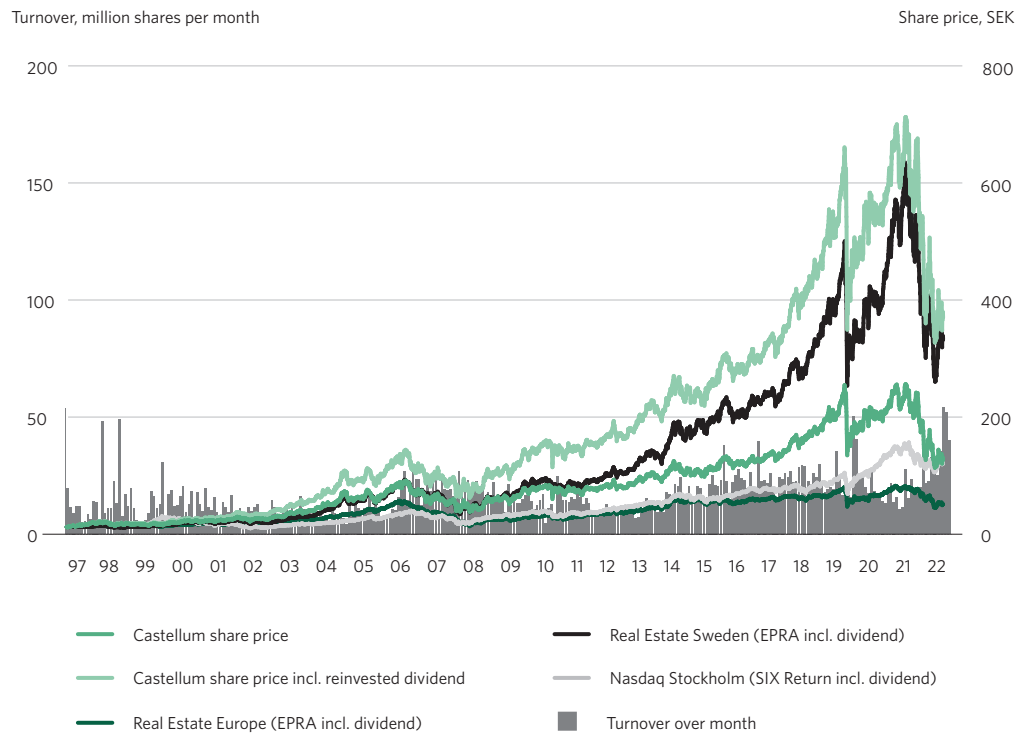
Net asset yield and earnings including long-term change in value

In property companies, the income from property management only reflects part – albeit a large part – of the overall result. The net asset value and comprehensive income include changes in value in accordance with IFRS. The income from property management must therefore be supplemented with a component of change in value as well as effective tax to produce an accurate view of income, yield and net asset value. Changes in value can vary greatly between years and quarters, thus leading to volatile results.

Shareholder value created

At the IPO in May 1997, Castellum’s asset portfolio amounted to approximately SEK 10 Bn, income from property management to approximately SEK 300 M and shareholders’ equity to approximately SEK 4 Bn. Since then, Castellum has created shareholder value by increasing shareholder’s equity to SEK 79 Bn and dividends of around SEK 18.3 Bn have also been distributed as of 31 December 2022. The asset portfolio grew over the same period to approximately SEK 154 Bn at the end of 2022, while income from property management increased to SEK 4,510 M. Castellum has achieved a total return averaging 8.8 per cent per year over the past ten years, of which dividend yield represents approximately 4.1 per cent and share price development around 4.7 per cent, with a risk level for the Swedish property market that is moderate.

THE CASTELLUM SHARE’S PRICE TREND FROM THE IPO ON 23 MAY 1997 UNTIL 31 DECEMBER 2022



Shareholders

Castellum had just over 106,000 shareholders (103,000) at year end, an increase of roughly 3 per cent compared with year-end 2021. The proportion of registered shares abroad amounted to 31 per cent (43) at the end of the year. The largest owner constellations confirmed as of 31 December 2022 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.

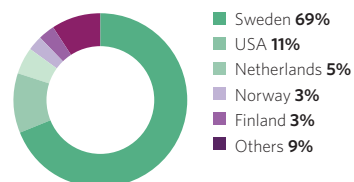
Acquisitions and transfers of own shares

The 2022 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 that corresponds at any time to roughly 10 per cent of the total number of shares outstanding. 12,143,033 shares were repurchased in 2022 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.

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



SHAREHOLDERS BY COUNTRY, 31 DECEMBER 2022



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
Other shareholders registered in Sweden	53,336	16.2
Shareholders registered abroad	106,274	32.4
Total shares outstanding	328,401	100.0
Repurchase of own shares	17,331	
Total shares registered	345,732	

1. Rutger Arnhult’s holdings are excluded under Board and Executive Management Castellum. There are no potential shares (convertibles, for example). Source: Holdings by Modular Finance AB. Data collected and analysed from Euroclear, Morningstar, Finansinspektionen, Nasdaq and Millistream.

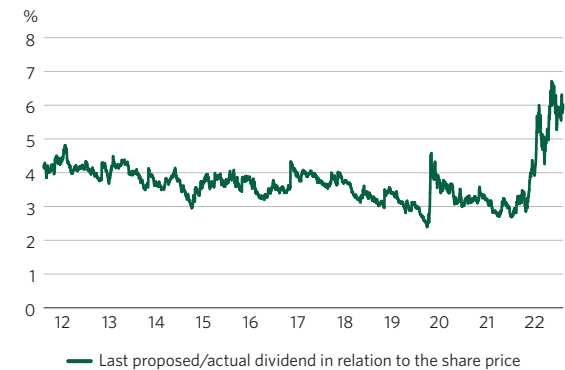
MULTI-YEAR SUMMARY

	2022	2021
Key metrics, SEK/share		
Income	27.19	22.46
Income from property management	13.63	12.45
Net income for the year	5.29	41.81
Dividend (for 2022, proposed)	—	7.60
Property value	468	450
Valuation		
Income from property management per share/ Share price	10.8	5.1
Income from property management after tax per share (EPRA EPS)/Share price, %	11.4	4.7
Dividend/Share price (dividend yield), %	0	3.1
Price/Net reinstatement value (EPRA NRV) per share, %	52	97
The share		
Market capitalisation, SEK M	43,649	83,025
Total return, Castellum share, %	-45.1	20.7
Nasdaq Stockholm (SIX Return), %	-22.8	39.3
Real Estate Index Sweden (EPRA), %	-44.0	45.1
Real Estate Index Eurozone (EPRA), %	-36.6	3.8
Real Estate Index Great Britain (EPRA), %	-31.9	28.9
Payout ratio, income from property management, %	—	61

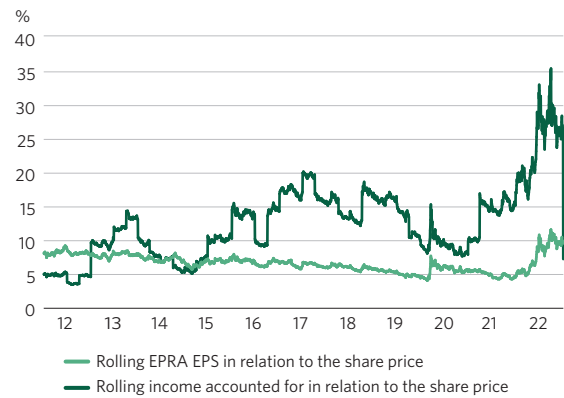
SHARE PRICE/NET ASSET VALUE



DIVIDEND YIELD



YIELD, EARNINGS PER SHARE



Operations



Market

Macroeconomic background

The Nordic economy weakened in 2022, in the wake of the Russian invasion of Ukraine. Inflation, already high, rose in pace with the increase in energy prices. Accordingly, the central banks raised interest rates sharply in order to stave off inflation. The prospects for economic growth gradually diminished during the year. The property industry has been impacted by the worsening economic situation, with rising costs of financing and a weaker bond market. Higher energy and materials costs, along with delivery problems, have also adversely impacted the industry. But higher inflation also promoted increases in income owing to contractual indexing in leases.

The transaction market, which reached record levels in 2021, entered a more tranquil phase in 2022. Transaction volumes decreased everywhere in Castellum's markets. In Sweden, transactions decreased to SEK 219.6 Bn in 2022 from SEK 399.3 Bn in 2021; in Denmark from DKK 104 Bn to DKK 76 Bn; and in Finland

from EUR 7.4 Bn to EUR 6.8 Bn. Investor sentiment was cautious, but according to analyses from analysis firms such as Jones Lang LaSalle (JLL), Newsec and Pangea the Nordic property market remained attractive to investors outside Sweden.

Castellum's market share

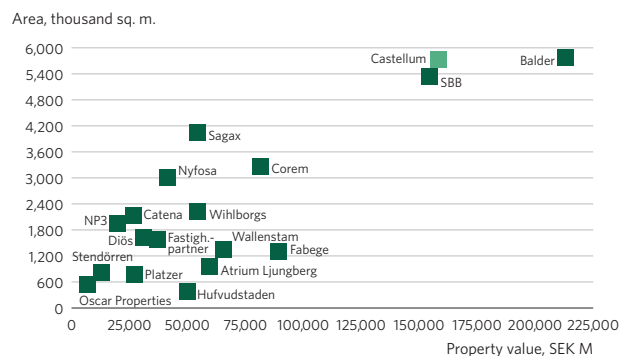
Castellum owns a total lettable area of approximately 5,696,000 square metres with an aggregate property value of approximately SEK 181 Bn, including its ownership share in the Norwegian company Entra. At year-end, Castellum's market capitalisation totalled SEK 44 Bn. Together, the 200 largest property owners in Sweden own a taxable area of around 102 million square metres of office, public sector properties, retail, warehouse, logistics and industrial properties. Castellum's market share amounts to approximately 5-6 per cent. 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, and private individuals.

Rental market - offices

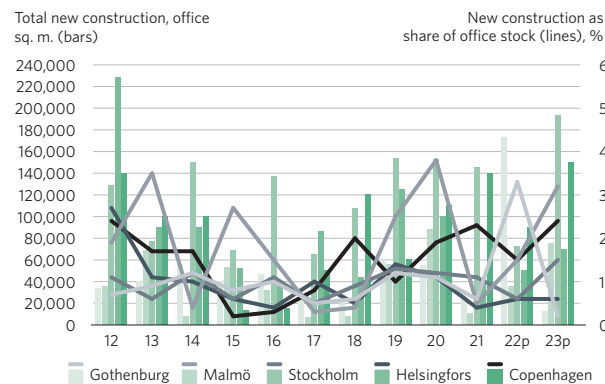
The trend in the rental market for offices in the Nordic region was positive in 2022 as a result of the recovery from the pandemic, with a positive trend in market rents and a high level of demand for offices in attractive locations where the vacancy rate has been low. JLL notes that sustainable offices remain an important theme throughout the Nordic region, both for tenants and investors. This is a positive development for Castellum, which has office properties primarily in attractive locations and a distinct focus on sustainability. As shown in the diagram below, the trend in the markets where Castellum operates was generally positive.

PROPERTY HOLDINGS, LISTED PROPERTY COMPANIES



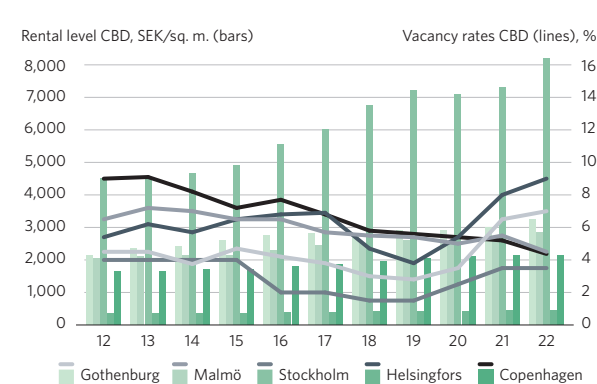
Source: The Q3 2022 reports of the respective companies. Pertain to companies with a property value of SEK >5 M.

NEW PRODUCTION, OFFICES



Source: Newsec

RENTAL LEVELS AND VACANCY RATES, MAJOR CITIES



Source: Newsec, JLL



Rental market - logistics

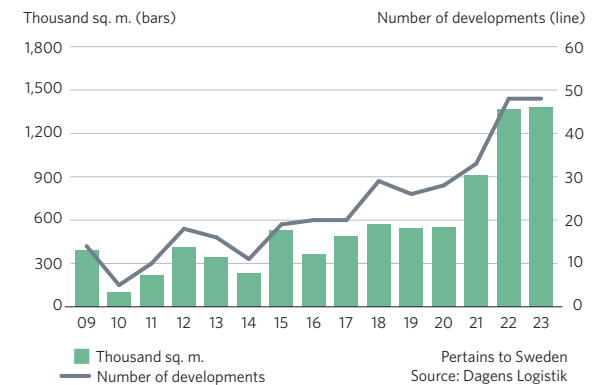
Performance in the market for logistics properties was robust. This was primarily an effect of ongoing digitalisation, which gained additional momentum during the pandemic. For 2022, the retail trade in stores and on the internet decreased in fixed prices relative to preceding years; however, the long-term development of e-commerce is felt to remain good. Despite record-high new production of logistics properties, logistics leases have performed positively in recent years.

As shown in the diagram to the right, new production of logistics properties reached record levels in 2022 – a trend that is continuing in 2023. Castellum, which has long been one of Sweden’s largest players in logistics properties, has a strong position with a firm logistics presence in all of its strategic cities.

Prospects

The business cycle is expected to weaken in 2023, but the prospects are surrounded by a great deal of uncertainty. In its autumn forecast, the industry periodical Byggindustrin predicts that high inflation and rising interest rates could cause construction investments to fall by 10 per cent next year. However, the organisation expects that the largest drop will be primarily in housing construction, which will impact Castellum – whose focus is on offices and logistics – to a lesser extent. In its autumn forecast, Newsec predicts that 2023 could be a difficult year for the property market through falling demand being paired with higher interest rates, which could draw recovery in the property industry out over time. However, Newsec notes that the sustainability trend remains intact, and JLL highlights the continuing trend in hybrid work.

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



Castellum's customers

Castellum has a large customer portfolio consisting of approximately 8,000 commercial leases. The spread of tenants, as well as types and geographic locations of premises, is broad. Exposure to individual tenants is low and the proportion of stable tenants such as players in the public sector – state and municipal entities – is increasing, as are customers who sign green leases.

Castellum's tenants are found in many industries, and the company is represented in several different segments. The large number of tenants and broad scope of its industry spread means that Castellum has strong risk diversification. The length and scope of the leases vary greatly. This makes Castellum less dependent on fluctuations in the business cycle.

Broad, stable customer base

One of Castellum's largest and growing customer groups is municipal operations. They make up roughly one quarter of our tenants. They provide a stable and secure income base, and on average have longer lease durations. In addition to state and municipal operations, the lease portfolio comprises tenants in many different industries and of varying customer sizes, which spreads the risk in the portfolio.

Exposure to individual tenants is low; the largest customer accounts for 1.9 per cent of the Group's total rental income. The office segment comprises the largest exposure by value – 58 per cent – followed by public sector properties and warehouse/light industry, 14 per cent each. All together, there is a breadth of property types in the existing property portfolio and a spread of tenants that promotes stability.

Castellum prioritises local presence

Castellum has local presence with its own employees in attractive growth regions in Sweden, Copenhagen and Helsinki. 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

A large, and growing, customer group is government agencies and departments. They make up roughly one quarter of our tenants.

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 the company conducts regular

customer surveys. A more comprehensive survey, the Customer Satisfaction Index (CSI), is conducted every year using outside expertise. In this year's survey, Castellum's CSI score was 75 (74) among the 2,000 tenants who responded.

Green leases

Castellum's tenants normally sign leases for three to five years with a nine-month notice period, and are paid quarterly, in advance. Castellum has introduced greater flexibility into its leases regarding aspects such as tenor and options for future lettings, in part as a result of the pandemic. 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 usually contains an addendum for the tenant's share of the property's total heating, cooling, property tax costs, and electricity. 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 for lease agreements, which has been produced by the Fastighetsägarna industry association, is added to the regular lease in order to put focus on reducing

At present, Castellum has 760 green leases covering 1,096,829 square metres.

the burden on the environment. This appendix contains information on, for example, energy use, selection of materials and waste management. At present, Castellum has 760 green leases (134) covering 1,096,829 square metres (294,099).

To increase the pace of tenants' climate transition and to become climate neutral by 2030 at the latest, a new type of lease appendix for climate neutrality has been developed that commits tenants and landlords to methodically measure joint greenhouse gas emissions from the premises and reduce them to net-zero. PE Teknik & Arkitektur, Castellum's tenant in Örebro, is the first tenant with whom Castellum has signed the supplementary agreement.

Castellum – a modern, attentive landlord

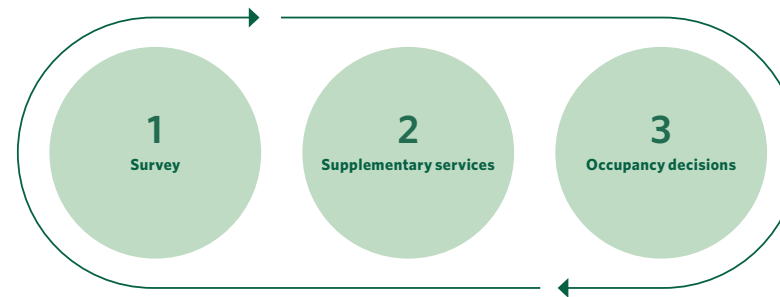
Castellum offers modern property management where digitalisation has had a tremendous effect, the offices are healthy, and the focus is on sustainability. Castellum adapts itself to its tenants' broadly diverse needs and desires. The customer journey at Castellum is a circular one, and is constantly developing. It is a matter of getting tenants to continue choosing Castellum, even when their needs change. Everywhere that Castellum has properties, there are customer-centric local teams of lessors, commercial administrators, technical administrators and property managers. The local teams follow their tenants as they conduct their daily operations, and engage in dialogue with them to satisfy their needs.

Castellum also has experts in, for example, fire prevention, energy efficiency, sustainability and digitalisation, and can help companies at the strategic level with finding the optimal workplace solution using the company's workplace strategists.

A premium on simplicity at Castellum

Being a Castellum tenant should be simple. Castellum intends to be an attentive property owner that offers its tenants a high level of service where the personal meeting is important. 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 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.

The customer journey, in three steps



1. Survey phase

When a need for new premises emerges, Castellum's lessors chart the potential 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 own 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.

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. Examples include 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 tenants in Castellum's premises. Everything from smart boxes for e-commerce deliveries to charging stations for electric and hybrid cars. Castellum also offers innovative solutions such as outdoor offices for a more active lifestyle.

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 leases via United Spaces have a length of three months.



This is done through business systems, customer surveys and ongoing dialogue with tenants.

Safeguarding 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. By joining the WELL at scale, Castellum has the opportunity to positively influence the health and wellness of over 18,000 of its tenants' employees.

Castellum grows with its tenants

The customer journey is a circular one, and Castellum aims to develop together with its tenants. Castellum's size - with an extensive, modern and sustainable property portfolio spread across different growth regions - means that tenants can stay with Castellum even when their operations change.

Regardless of whether the company is growing, shrinking, moving or expanding to another site, Castellum can help. 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 customer offerings develop in pace with the business environment

The pandemic enabled changes to behaviour and expectations, which greatly impacted how we view work, work methods and our workplaces. Castellum is on the leading edge, working continually on developing its customer offering using tools such as digitalisation to meet a changing business environment.

When new generations of employees make their entrance into the labour market, it raises the demands on employers and on the physical workplace. This can be clearly seen in the results of this year's Work Life of the Future survey that Castellum commissioned. The pandemic showed that it is possible to work both remotely and at the office, so now that employees have returned to their offices they still want flexibility. They want to continue to collaborate digitally with colleagues, and to be able to work from different locations. They are putting new demands on the workplace and on digital tools. Many employers want to see their employees come back to their offices, but if

they cannot offer good office environments there is a great risk that their employees may seek work elsewhere. The trend of rapidly increasing digitalisation over the last few years, accelerated by the pandemic, and greater demand for qualified labour has altered the relative strengths of employers and employees in favour of the latter.

The office as a vessel of culture

One conclusion in this year's survey is that the workplace needs to be more creative, social, and inviting. Employers must also demonstrate the advantages of the office and the gains that come from being together. The new workplace must facilitate flexibility and simplify the tasks of daily life while fulfilling employee's social



needs. Expectations of what a workplace should be and offer have quite simply changed.

With more people working remotely, the physical office is an even greater vessel of the company's culture – a place for social collaboration, cooperation, and community in addition to a place for individual work. There are thus good reasons to invest in and to create an office environment that generates added value for organizations and individuals by encouraging knowledge sharing, relationship building and networking, thereby attracting both existing and future employees.

Hybrid work is here to stay

Before the pandemic, when Castellum conducted its first survey of how employees viewed the work life of the future, half the respondents said that they wanted flexible work hours while only a small number wanted the opportunity to work remotely. Only two years ago, the idea of a workplace where employees have the opportunity to work where they like was on the margins of the discussion. 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 increasing numbers of people are working in networks instead of traditional organisations.

Castellum complied with the restrictions imposed during the pandemic that required remote working, and after these were lifted in

66 per cent
feel that the office
is important for
building culture.

the spring of 2022 we encouraged our employees to come back to the office for the majority of their working time, since we believe that the office is the heart and the basis for creating collaboration and a shared culture. Working remotely remains a natural complement that creates flexibility and reduces travel.

Offices are becoming increasingly sophisticated

Castellum's mission is to create workplaces where people and enterprises thrive. The key to creating attractive customer offerings lies in the combination of understanding the needs of the tenants and their employees, and how these are impacted by trends in our business environment. Castellum's customer offering is built on the insight that employee wellness and comfort are the foundation of successful operations, and is oriented on increasing the level of service through developing that makes daily life easier for people who work in Castellum's properties. One key area is the boundary between work and leisure, and the possibilities for achieving a healthy balance in daily life.

Work Life of the Future is a report that Castellum produces every year about expectations at the workplace. Read more (in Swedish) at: www.castellum.se/om-castellum/framtidens-arbetsliv.

Modern employers know that it is often here that the tug-of-war occurs over the most attractive talents, and that naturally also impacts employers' ability to retain and develop their employees.

As a property owner, Castellum is becoming more of an adviser that helps its tenants design their workplaces in accordance with their wishes. Workplace strategy is a strategy for how companies deliberately choose to use their physical environment to achieve goals and meet the challenges their operations face. Helping tenants develop their workplace strategy lays the foundation for how Castellum designs its tenants' offices.

Digitalisation drives demand for logistics properties

The ongoing digitalisation in society has also meant new purchasing behaviours, where

more people are shopping online, despite the fact that many returned to shopping in stores in 2022 once the pandemic restrictions were completely removed. The rate of growth in the field of logistics, where demand for centrally located logistics properties from which goods can be shipped over the last stage on the way to the end customer (last mile), remains high.

Coworking increases in importance

According to the Work Life of the Future report for 2022, 72 per cent of Swedish office workers could see themselves working either full- or part-time at a coworking office (a full 88 per cent of those are under the age of 25).

With a flexible approach, demand for coworking is growing and an increasing number of customers want to lease a traditional office while simultaneously having the opportunity

involving various types of services, such as training, breakfast bars, seminars and so on. Membership is flexible in terms of the number of workspaces and contract length. For example, the tenant could choose to have only one seating space or its own "private office" with space for others, but access to services and networks are the same.

Through United Spaces, Castellum is strengthening its customer offering and can meet businesses and government agencies of all sizes with a level of service and flexibility beyond the traditional office. The offering is simple, cost-efficient and climate-smart for member customers.

Castellum's offering to customers' employees

Research clearly demonstrates the numerous advantages of a healthy, well-planned physical work environment, which is why Castellum offers a range of health services in and adjacent to many of its properties, such as various types of physical fitness, yoga, the opportunity to use an outdoor gym and play padel. Moreover, many properties are equipped with bicycle rooms and changing rooms of a high standard.

Life@Work: the app that makes working life simpler

Another service is Life@Work - an app that Castellum developed to facilitate working life. The app can be used to open doors, book resource and meeting spaces, learn about

The key to creating attractive customer offerings lies in the combination of understanding the needs of the tenants and their employees.

services that make daily life easier, get support and keep an eye on what is happening both in the building and the immediate surroundings.

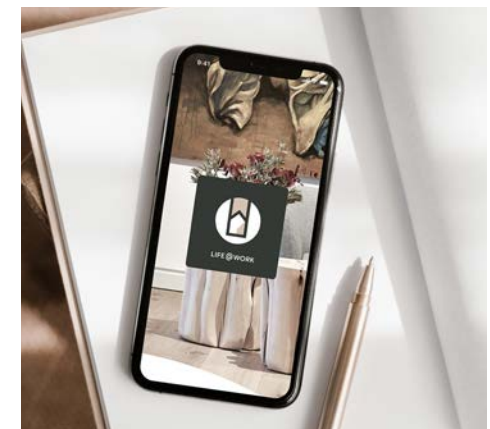
Accessy - the key in a mobile phone

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



for flex slots in a coworking environment, either adjacent to the premises, or in other cities for their smaller units or employees who travel. Since 2019, Castellum has owned one of Sweden's largest coworking players: United Spaces, which currently has 11 arenas in six cities.

Coworking is a concept that is focused on flexibility, a sense of community, networking, a high level of service and other added values



Symbiotic Concept

Castellum's proprietary concept, Symbiotic, is based not only on how people want to work, but how they want to live. With its four cornerstones – health and wellness, biophilia, intelligence and service – we intend to create city districts, buildings and workplaces that are based on what life looks like for people working to achieve a good work-life balance, who want to live sustainably and have a need to see and be seen. The way to get there is by creating locations that function in symbiosis with people, where we switch from workplace to living space. Castellum practices what it preaches, which is why the offices where we ourselves are located are built according to the Symbiotic Concept.



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 reconstruct. Matilda finds the facts about the indoor climate and how work desks and meeting spaces are actually used.

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.



A higher degree of utilisation of existing logistics properties enables more efficient use of natural resources and energy.

Casandra is already working with dynamic pricing of conference rooms at United Spaces, using 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 more efficient use of natural resources and energy consumption.

Local presence

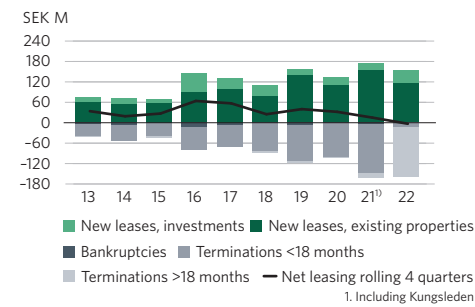
Castellum has a local presence in attractive growth regions in Sweden as well as Copenhagen and Helsinki, which creates close relationships with its tenants. Moreover, Castellum has gained exposure to the Norwegian market through its associated company Entra. Being on location means that Castellum has a good understanding of the market and can offer premises that are suited to its tenants' needs, provide excellent personal service and offer rapid responses.

REGION STOCKHOLM¹⁾

	2022	2021 ¹⁾
Proportion of the property value, %	32	35
Number of properties	137	140
Area, thousand sq. m.	1,221	1,178
Value of properties, SEK M	49,611	49,443
Rental value, SEK M	2,683	2,561
Net operating income, SEK M	1,859	1,871
Net investments, SEK M	-1,227	22,359
Net lettings, SEK M	-3	14
Employees	90	52

1. In 2022, Castellum's properties in Uppsala were broken out of the region and recognised in Region Mälardalen. Comparison figures have not been restated.

NET LETTINGS

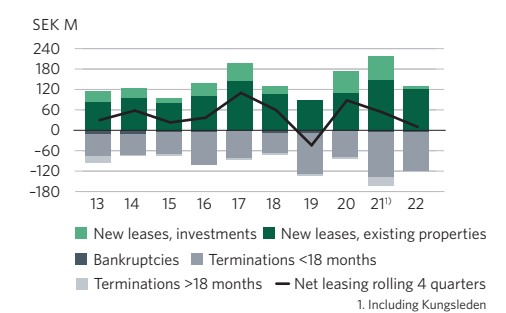


REGION CENTRAL¹⁾

	2022	2021 ¹⁾
Proportion of the property value, %	17	24
Number of properties	154	193
Area, thousand sq. m.	1,142	1,635
Value of properties, SEK M	25,293	33,855
Rental value, SEK M	1,831	2,415
Net operating income, SEK M	1,196	1,676
Net investments, SEK M	1,103	11,764
Net lettings, SEK M	10	53
Employees	98	96

1. In 2022, Castellum's properties in Västerås were broken out and recognised in Region Mälardalen. Comparison figures have not been restated.

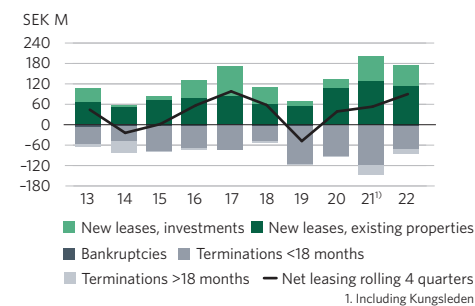
NET LETTINGS



REGION WEST

	2022	2021
Proportion of the property value, %	19	19
Number of properties	214	200
Area, thousand sq. m.	1,322	1,311
Value of properties, SEK M	28,421	27,052
Rental value, SEK M	1,832	1,671
Net operating income, SEK M	1,277	1,199
Net investments, SEK M	517	3,730
Net lettings, SEK M	90	53
Employees	77	71

NET LETTINGS

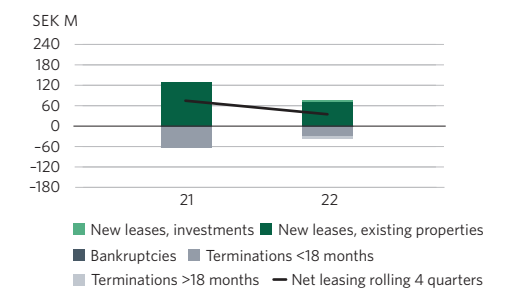


REGION MÄLARDALEN¹⁾

	2022
Proportion of the property value, %	11
Number of properties	85
Area, thousand sq. m.	835
Value of properties, SEK M	17,192
Rental value, SEK M	1,250
Net operating income, SEK M	809
Net investments, SEK M	740
Net lettings, SEK M	38
Employees	19

1. Mälardalen is a new region for 2022. Comparison figures have not been restated.

NET LETTINGS



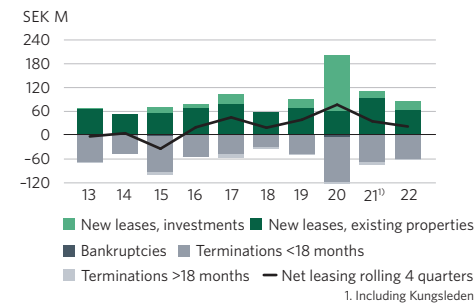
REGION ÖRESUND

	2022	2021
Proportion of the property value, %	17	14
Number of properties	139	115
Area, thousand sq. m.	956	772
Value of properties, SEK M	25,615	19,842
Rental value, SEK M	1,474	1,283
Net operating income, SEK M	991	890
Net investments, SEK M	1,488	441
Net lettings, SEK M	23	35
Employees	63	58

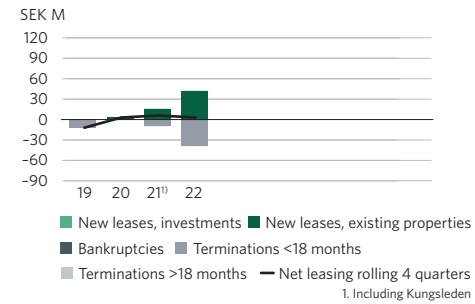
FINLAND

	2022	2021
Proportion of the property value, %	5	5
Number of properties	20	18
Area, thousand sq. m.	221	208
Value of properties, SEK M	7,432	7,006
Rental value, SEK M	687	529
Net operating income, SEK M	358	332
Net investments, SEK M	225	4,424
Net lettings, SEK M	3	6
Employees	10	10

NET LETTINGS



NET LETTINGS



Property portfolio 2022

Castellum is the Nordic region's leading commercial property company, and one of the companies that owns the most properties in the Nordic region. Our portfolio is focused on attractive growth regions in Sweden as well as Copenhagen and Helsinki. Through the associated company Entra, Castellum is also exposed to robust areas in Norway.

Castellum's geographical focus combined with stable tenants – often state and municipal operations – provides good conditions for stability and long-term growth. Our commercial portfolio consists largely of offices (58 per cent), followed by public sector properties (14 per cent), warehouse/light industry (14 per cent), and retail (6 per cent). What all these properties have in common is that they are located in or near city centre locations, have good means of communication and supplementary services. The remaining 8 per cent consists of developments and undeveloped land. Castellum's property portfolio at 31 December 2022 comprised 749 properties (762) with a total rental value of SEK 9,757 M (9,177) and a total lettable area of 5,696,000 square meters (5,853,000). Net operating income after property administration for properties owned at year end totalled SEK 5,967 M (5,899) on an annual basis.

Sustainable properties

In 2022, the entire property portfolio was analysed based on physical climate risk. The analysis, which was conducted by outside expertise, identified 7 per cent of the property value as being exposed to high physical climate risk. Using this knowledge, the company can plan and implement measures that will be required to adapt the properties concerned to a changed climate.

All properties in Castellum's portfolio will be subject to environmental inventory, and at year-end inventories had been conducted on 92 per cent of the like-for-like portfolio. The

purpose of the inventory is to identify, and subsequently mitigate, risks to health and the environment. The remaining 8 per cent of the portfolio is to be inventoried within the next few years. Every ten years, the inventory is updated so as to continue ensuring that properties are as sustainable as possible.

Castellum also certifies its property portfolio for sustainability, both new constructions and reconstructions of existing properties, for the purpose of reducing both climate impact and risks in the portfolio. The certification initiatives are also intended to create attractive premises with improved work environments that promote health and wellness for our tenants. The goal is for 50 per cent of the property portfolio to be certified by 2025. In 2022, 45 per cent of the total area qualified for certification, corresponding to 249 certified properties. The proportion of certified area fell slightly after the combination with Kungsleden.

In conjunction with an acquisition, the acquired properties are analysed based on energy consumption and environmental risks. In general, the environmental risks in Castellum's property portfolio are deemed to be small. During the year, no fines were paid for environmental offences.

Investments in 2022

Castellum invests in its asset portfolio through acquisitions of new properties as well as through new construction, expansion and reconstruction of properties. In 2022, the conditions for project operations changed and activities were dialled back during the second half of the year. During the year, investments totalling SEK 5,911 M (59,946) were made in properties, of which SEK 0 M (47,258) were business combinations, SEK 363 M (8,889) pertained to property acquisitions and SEK 5,548 M (3,799) to new construction, extensions and reconstructions. After sales and cash settlements of SEK 3,080 M (17,228), net investments amounted to SEK 2,831 M (42,718). During the year, the property portfolio changed according to the table on the right.

CHANGES IN THE PROPERTY PORTFOLIO

SEK M	Fair value, SEK M	Number
Property portfolio on 1 January 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	—
Property portfolio on 31 December 2022	153,563	749

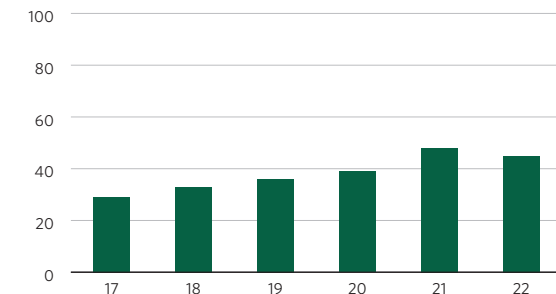
CASTELLUM'S SUSTAINABILITY-CERTIFIED PROPERTIES¹⁾

	Completed properties		Ongoing projects	
	Number	thousand sq. m.	Number	thousand sq. m.
EU GreenBuilding	37	268	0	0
Miljöbyggnad	59	497	6	31
BREEAM	105	1,027	13	73
LEED	46	799	1	5
WELL	1	0	4	0
NollCO ₂	1	0	0	0
Sustainability-certified properties	249	2,591	24	109

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

SHARE OF PROPERTIES CERTIFIED FOR SUSTAINABILITY

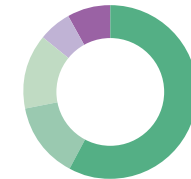
% of total area in sq. m.



PROPERTY PORTFOLIO ON 31 DECEMBER 2022

Category	31 Dec 2022				January–December 2022							
	Number	Area, thousand sq. m.	Property value, SEK M	NOI SEK/sq. m.	Lease value, SEK M	NOI SEK/sq. m.	Economic occupancy rate, %	Income, SEK M	Property costs, SEK M	NOI SEK/sq. m.	Net operating income, SEK M	
Offices												
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	1,413	329	
Total Office	304	2,650	89,974	33,950	5,781	2,181	92.4	5,240	1,424	537	3,815	
Public sector properties												
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	
Total Public sector properties	72	685	20,885	30,500	1,312	1,915	96.3	1,251	275	402	976	
Warehouse/light industry												
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	
Total Warehouse/Light industry	212	1,511	21,316	14,105	1,551	1,026	93.8	1,428	345	229	1,082	
Retail												
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	
Total Retail	87	449	9,413	20,949	669	1,488	96.0	625	135	301	490	
Total investment properties	675	5,296	141,588	26,737	9,312	1,758	93.4	8,544	2,181	412	6,363	
Lettings and property administration expenses									522	99	522	
Total after lettings and property administration expenses									2,703	511	5,841	
Developments	51	401	11,021	—	413	—	—	206	101	—	105	
Undeveloped land	23	—	953	—	32	—	—	31	10	—	21	
Total	749	5,696	153,563	—	9,757	—	—	8,781	2,814	—	5,967	

PROPERTY VALUE BY CATEGORY



- Offices **58%**
- Warehouse/light industry **14%**
- Public sector properties **14%**
- Retail **6%**
- Developments and land **8%**

PROPERTY VALUE BY REGION



- Stockholm **32%**
- West **19%**
- Central **16%**
- Öresund **13%**
- Mälardalen **11%**
- Finland **5%**
- Denmark **4%**

The net operating income of SEK 5,967 M reported above and the net operating income of SEK 5,838 M in profit or loss 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.

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 has three levels – Gold, Silver, and Bronze – 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. The certification is intended to reduce climate impact during the production phase by at least 30 per cent compared with traditional construction. Throughout its entire life cycle, the building will have a net-zero climate impact.



EU GreenBuilding

EU GreenBuilding focuses on improving the efficiency of energy usage. The requirement is to improve energy efficiency by 25 per cent, or to use 25 per cent 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 sustainability certification system in the world. The system evaluates and rates the overall environmental impact of buildings. The certification has four levels: Certified, Silver, Gold, and Platinum. Using LEED O+M, existing buildings can be certified and focus placed on operation and maintenance.



BREEAM

BREEAM, from the UK, is together with LEED the most commonly used sustainability certification 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 at scale and get a coherent grasp on health and wellness in a larger number of properties simultaneously.



Development portfolio

Castellum has an overall target of 10 per cent growth in income from property management. One of the strategies to achieve this goal is to invest in and development an in-house development portfolio by securing land allocation agreements and acquiring building rights for new constructions as well as expanding and reconstructing existing holdings. Historically, new construction, extensions and reconstructions have often resulted in higher yields than investments through acquisitions.

Drastically curtailed activities during the year

During the year, knock-on effects from the pandemic, the ongoing war in Ukraine, and the generally high rate of inflation as well as interest rate hikes have had a tremendous impact on the contractor market, with drastic price increases on materials, increased property developer costs and certain supply chain problems. This has impacted the market for new production of commercial properties, with tendencies towards lower volumes of new projects and flagging levels of activity even for Castellum. Castellum has a large project pipeline, but the level of activity in ongoing projects and new project starts has fallen drastically since mid-2022 while awaiting stability in the capital market and clarity as regards the cost structure. At year end, Castellum's portfolio of ongoing projects totalled SEK 8.1 Bn, of which SEK 2.8 Bn remains to be invested. The average economic occupancy rate for the larger ongoing projects totalled 83 per cent. Several projects were inaugurated during the year - for example, a new veterinary hospital for Blå Stjärnan in Mölndal (Tusenskönan 2) and a new police station in Gothenburg (Backa 20:5). Castellum is focusing heavily on risk management in ongoing projects and projects under start-up, in order to minimise the consequences of the prevailing market situation.

Major projects delivered

A number of major projects were completed in 2022, including the GreenHaus office project (Jeppe 1) in Helsingborg and a new office for the Swedish Police (Korsningen 1) in Örebro. A recon-

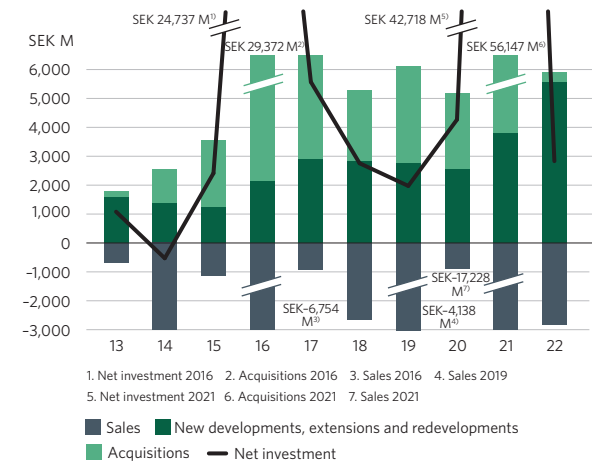
struction for Migrationsverket in Gothenburg (Sesamfröt 2) has also been finished, as has a reconstruction for the Swedish Defence Conscription and Assessment Agency in Gothenburg (Annedal 21:10). Other projects that were delivered include a new construction of a warehouse/logistics building in Brunna outside Stockholm (Örnäs 1:17), the Lockarp logistics facility (Bolaget 1) in Malmö, and the Hissmontören 4 office building in Örebro.

Sustainability in all development projects

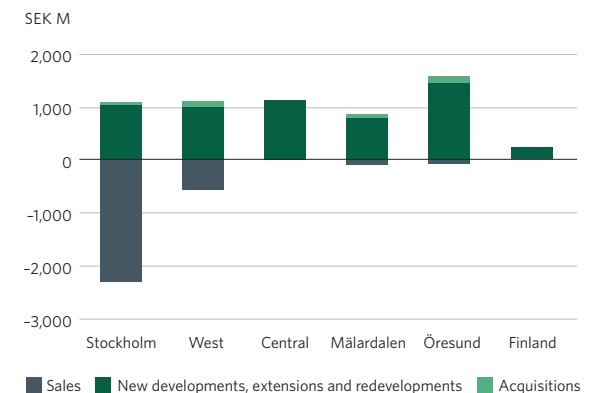
Proactive sustainability initiatives in connection with new construction is one of the key priorities for Castellum in achieving its sustainability goals. To reach the target of net-zero carbon emissions by 2030, for example, emissions for Castellum's new office constructions must be 15 per cent lower than the corresponding reference project. Castellum certifies all new constructions and larger reconstructions for sustainability. There are several certifications in the property industry. The most common certification in Sweden is Miljöbyggnad, where Castellum's new office construction projects are to achieve the highest category - Gold level. Logistics and warehouses are to achieve Silver level. Together with LEED, BREEAM is the most common certification for buildings in the world. Castellum's SjuStjärnan office property in Malmö has been certified under BREEAM at its highest level, Outstanding. The GreenHaus project, completed during the year, was certified under Miljöbyggnad level Gold and WELL, an international certification for social sustainability with a focus on tenant health and wellness. The NollCO₂ certification is a supplementary certification for a number of existing certifications, and is intended to achieve net-zero climate impact from new construction. The completed Korsningen 1 project in Örebro was Castellum's first climate-neutral project that was also certified under this standard. Korsningen 1 is an office building for the Swedish Police in Örebro, with both framework and joists made entirely of wood. By constructing a frame of wood, emissions are around 40 per cent lower compared with a conventional construction. Sustainability certifications are integrated

into the project from the start, and create added value for both Castellum and its tenants. For Castellum, sustainability value is created, and tenants can work in premises with a lower environmental and climate impact.

INVESTMENTS AND SALES PER YEAR



INVESTMENTS AND SALES BY REGION



Larger completed projects



KORSNINGEN 1, ÖREBRO

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

Castellum has constructed an office building in central Örebro with the Swedish Police as the tenant. The building was completed in the summer of 2022. The building is made entirely of wood and is certified under the Sweden Green Building Council's (SGBC) new NollCO₂ certification. The objective is that the building will have net-zero carbon emissions during its lifetime.



JEPPE 1 (GREENHAUS), HELSINGBORG

Location:	Helsingborg	Occupancy	Q2 2022
Area:	around 7,000 sq. m.	Investment	SEK 320 M

Late in the autumn of 2019, Castellum began the construction of GreenHaus, a modern office building of approximately 7,000 square metres, in the new Oceanhamnen district of central Helsingborg. The building was completed in the spring of 2022 and will be certified under WELL, the only construction standard that takes the wellness of people in their work life into consideration. The tenants include AFRY, Helsingborg Municipality, and Grant Thornton, and the building also contains coworking operations through United Spaces, the coworking company owned by Castellum.



DREVET 1 (LÅNGBERGA), HELSINGBORG

Location:	Långeberga, Helsingborg	Occupancy	Q4 2022
Area:	around 22,000 sq. m.	Investment	SEK 261 M

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. Långeberga 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 modern buildings for logistics, warehouses and light industry – 9,000 and 11,500 square meters respectively – have been built on the Drevet 1 lot.

Larger ongoing projects



GODSFINKAN 1, COURT BUILDING, MALMÖ

	Nyhamnen district,		
Location:	Malmö	Occupancy	Q1 2023
Area:	around 26,500 sq. m.	Investment	SEK 1,270 M

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 around 40 courtrooms and will thus be one of northern Europe's largest court buildings.



TUSENSKÖNAN 2, (BLÅ STJÄRNAN), GOTHENBURG

Location:	Möndal, Gothenburg	Occupancy	Q3 2024
Area:	around 10,600 sq. m.	Investment	SEK 453 M

Together, Castellum and the foundation-owned Blå Stjärnan Animal Hospital are developing a new specialist animal hospital in Möndal. The hospital will be Sweden's largest small-animal clinic, and its 7,000 square metres will house an advanced medical practice. The central inner courtyard will be a green oasis, providing opportunities for dog-walking as well as rest and recovery for employees. The bottom storey of the building will be a parking garage with an additional 4,500 square metres. The property is being developed with great ambitions concerning sustainability and will be classified as Miljöbyggnad, level Silver.



SJUSTJÄRNAN 1 (E.ON), MALMÖ

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

Castellum is constructing a new Nordic head office for around 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 sustainability 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.

LARGER ONGOING PROJECTS, 2022

Property	Category	Investment type	Location	Completed	Area, sq. m.	Rental value, SEK M	Occupancy 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	Möndal	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 ¹⁾	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
Götaland 5	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
Total larger ongoing projects					212,100	487	83	6,296	4,159	2,137

1. Sold but not vacated

Developments completed or fully/partly occupied

Jeppe 1	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	Möndal	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
Total projects >SEK 100 M					323,800	707	84	8,388	6,134	2,254
Smaller ongoing projects, SEK 10-100 M								1,812	1,118	694

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

Building rights and planned developments

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 good progress

in detailed development plans. Out of this volume, approximately 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

Developments	Location	Type	Category	Detailed development plan	Lettable area, sq. m.
Säve Stage 1	Gothenburg	N	Lo	Ongoing	51,500
Halvors äng Stage III ¹⁾	Gothenburg	N	Lo	In effect	50,500
Läkaren 10	Stockholm	R	O	In effect	38,000
Part of Västerås 3:69 ²⁾	Västerås	N	Lo	Ongoing	32,000
Halvors äng Stage II ¹⁾	Gothenburg	N	Lo	In effect	32,000
Finnslätten 1	Västerås	N	Oth	In effect	28,700
Halvors äng Stage I ¹⁾	Gothenburg	N	Lo	In effect	28,000
Charkuterierna 1-8	Stockholm	R	O	Ongoing	25,000
North of Nordstaden ²⁾	Gothenburg	N	O	Ongoing	25,000
Infinity	Stockholm	N	O	In effect	19,800
Flabohult	Jönköping	N	Lo	In effect	15,000
Smärgelskivan	Helsingborg	N	Lo	In effect	15,000
Halvors äng Stage V ¹⁾	Gothenburg	N	Lo	In effect	14,000
Halvors äng Stage IV* ¹⁾	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
Total					456,000

1. The projects are being run in the form of a joint venture in which Castellum's share is 50 per cent.
2. Land allocation agreement.

FUTURE POTENTIAL DEVELOPMENT PROJECTS BY LOCATION AND CATEGORY

Location	Category	Lettable area, sq. m.	
		Detailed dev. plan exists	Amended detailed dev. plan required
Gothenburg	Lo ¹⁾	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
Total		412,400	233,900

1. 137,000 square metres pertain to projects being run in the form of a joint venture in which Castellum's share is 50 per cent.

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

Transactions

Castellum creates growth by refining and developing its property portfolio through investments in new construction, extensions and reconstructions, as well as making acquisitions. During the first months of the year, the high level of activity in the transaction market continued at record levels. Rising inflation and raised interest rates in the following months, however, had a strong dampening effect on the market. For Castellum, this meant scaling back activity during the year, with severe limitations on new acquisitions. Instead, a number of sales were decided – both portfolios and individual properties. This applies to office properties as well as public sector properties, retail and warehouse/light industry properties. Through planned sales, Castellum creates margins in the balance sheet that permit scope for addressing a poorly functioning capital market over the longer term.

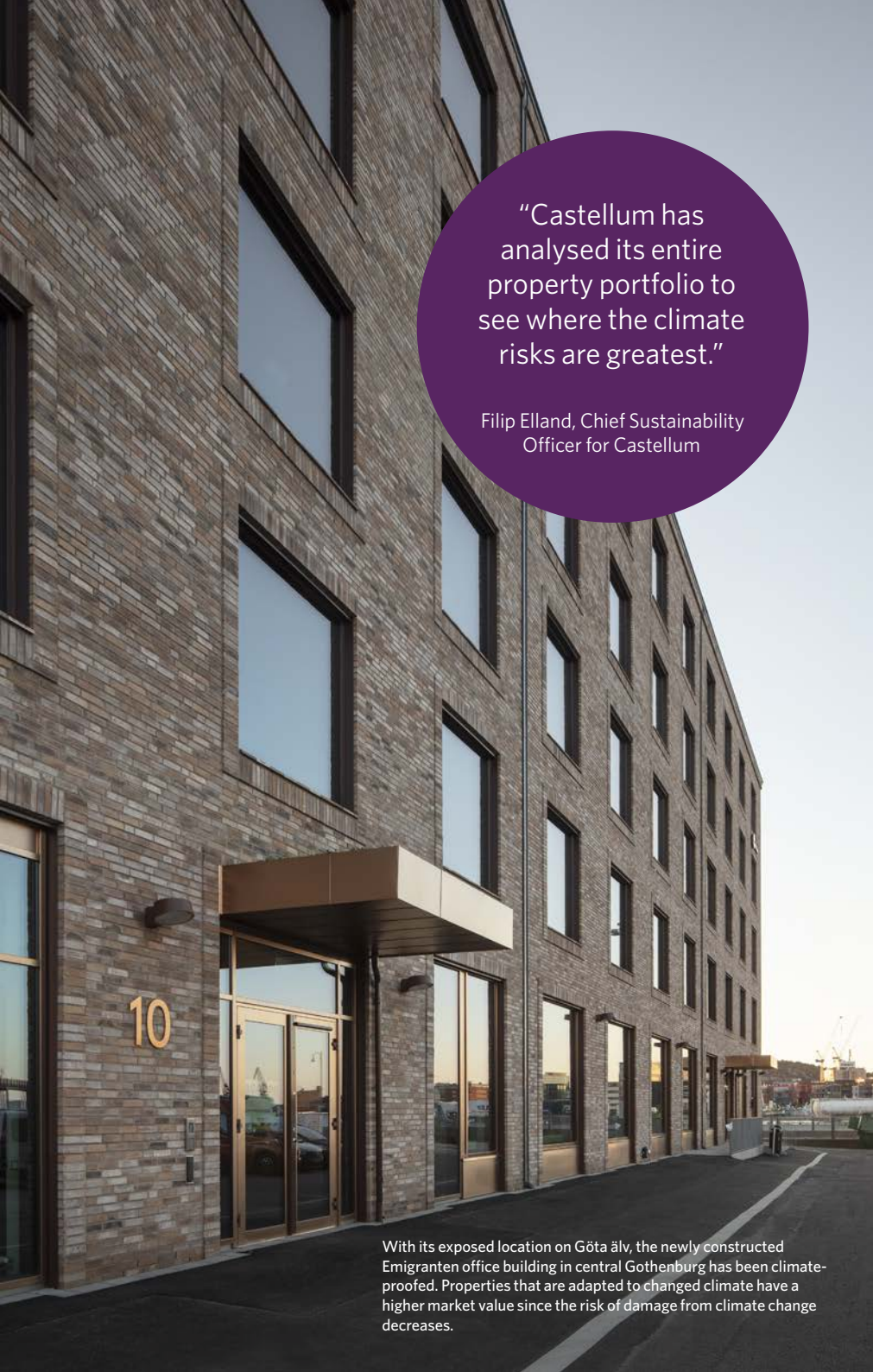
In 2022, the last shares outstanding in Kungsleden were acquired. Kungsleden and Castellum became a fully integrated company during the year.

In the first quarter, Castellum sold 12 properties in Gävle. The sale price totalled SEK 2.3 Bn less overheads and tax.

In the autumn of 2022, sales at an underlying property value of around SEK 2.2 Bn were completed in 11 transactions. The largest transactions pertained to the sales of the Marievik 27 and 30 properties to AMF for an underlying property value of SEK 962 M, of which SEK 80 M will fall due when a new detailed development plan gains legal force, and the sale of Götaland 9 in Jönköping – a soon-to-be completed project that the Göta Court of Appeal will occupy in Q1 2023. Additionally, there were sales of retail properties totalling SEK 219 M and the Bulten 1 property in Alingsås for SEK 275 M. We are therefore following our strategy established in conjunction with the acquisition of Kungsleden involving the sales of properties, thereby enabling increased concentration of the portfolio, and leaving Alingsås and Halmstad entirely.

A number of minor acquisitions were made during the year at a total investment of SEK 363 M (56,147). This includes the Bjurö 9 and Boländerna 10:11 properties.





“Castellum has analysed its entire property portfolio to see where the climate risks are greatest.”

Filip Elland, Chief Sustainability Officer for Castellum

With its exposed location on Göta älv, the newly constructed Emigranten office building in central Gothenburg has been climate-proofed. Properties that are adapted to changed climate have a higher market value since the risk of damage from climate change decreases.

Castellum climate adapts properties



Filip Elland,
Chief Sustainability Officer
for Castellum

All of society is affected by the climate crisis. The property industry faces particularly severe challenges brought about by climate change in the future, for example, torrential rains could lead to flooding that can destroy buildings. Heat waves can also cause fires, and ground settling could lead to landslips and landslides that could damage buildings. The risk of damage can be reduced, however. Castellum shows us the way.

In the autumn of 2022, Castellum conducted a climate risk analysis of its entire property portfolio in Sweden, Denmark, and Finland to identify which properties run the greatest risk of being impacted by climate change. The analysis showed that 7 per cent of the portfolio's value is more exposed. The next step in the process is to conduct more detailed analyses of the properties concerned, and take the steps required to make them climate-proof.

Castellum prepares for the worst

Castellum regards its climate adaptation efforts as absolutely necessary for its future profitability. You could say that Castellum is hoping for the best but preparing for the worst. Classic risk control, in other words. At any rate, this is what Filip Elland, Chief Sustainability Officer at Castellum, argues. He says that

success will require all of society to join the journey of climate adaptation – and that there is a long way to go. Even if there has been much positive progress by government authorities, including initiatives at the EU level, Filip Elland demands more specific action.

One example of how Castellum is climate-proofing its properties is the newly constructed Emigranten office building in central Gothenburg. It is only a stone's throw from the Masthuggskajen district and the Göta river, at a location that was an area in the harbour for storing mast lumber for the navy in the early 1600s. A highly attractive location, but one that is exposed to weather and wind. By installing water alarms connected to the distribution board on the property, the building has been made more climate-proof. The hope is that defences will be built on the river to prevent future flooding.

Finances and sustainability go hand in hand

By climate-proofing the property portfolio, as Castellum is doing, the properties can also become more energy-efficient and be classified as green under the EU Taxonomy Regulation. This could result in lower costs of borrowing. Properties that are better adapted to a changed climate also have a higher market value since the risk of damage from climate change decreases. Climate-proofing of properties is an excellent example of where finances and sustainability are both pulling in the same direction. If it is good for finances, it is good for the environment and the climate as well. ■



Sustainability Reports

Sustainability

Castellum is a long-term community developer. Together with our tenants, we are creating the communities of the future.

Castellum takes a long-term approach to sustainability. This is a condition for success in driving the transition to a sustainable society. By 2030, the company will have net-zero carbon emissions. We are proud of the progress that has been made to date, but we can and must do more. There are many people who need to do a great deal in order to reach these goals. For this to work, Castellum must be clear about where we are going, how we are doing our job and what we are achieving.

In its Sustainability Reports, Castellum describes the priorities it sets, enabling the company to pursue sustainability initiatives that result in goals being met. The company describes its material sustainability topics, and how systematic sustainability initiatives are pursued and governed. Challenges, opportunities, activities and progress are presented both in overview and in detail.

Sustainability contents

- About the Sustainability Report
- Castellum's priorities
- Sustainability governance
- Sustainability notes
- EU Taxonomy Regulation
- Reporting under TCFD
- GRI and EPRA index
- Auditors' report



About the Sustainability Report

The 2022 Annual Report and Sustainability Report contains Castellum's sustainability report for 2022, 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 from 2021 and covers the period from 1 January to 31 December 2022. 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 for its sustainability initiatives to be integrated into all its operations, which is why the description of these initiatives is found as part of the regular structure of the annual report.

The sustainability report has the same scope as the financial annual report, and includes all wholly owned Group companies. Sustainability data from Kungsleden is fully consolidated for the first time in 2022. There have been no changes to historical sustainability data since the preceding year. Castellum's Sustainability Report follows the financial year (1 January to 31 December) and is published annually. The 2022 Annual Report and Sustainability Report was published on 28 February 2023. With the exception of the consolidation of Kungsleden, no material changes regarding the organisation or supply chain occurred in 2022. Accounting policies and limitations in Castellum's reporting of various sustainability disclosures are shown in the Sustainability notes section and in all relevant cases. Deloitte has conducted a limited assurance engagement with the Sustainability Report.

Castellum has been committed to the UN Global Compact since 2014. Starting in 2022, the company reports its Communication on Progress (CoP) using the standardised questionnaire via the Global Compact's digital platform.

Castellum's sustainability agenda

The objective of Castellum's sustainability strategy 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. The strategy has been developed through analysis, dialogue and discussion. This strategy is primarily constructed upon:

- The UN Sustainable Development Goals for 2030.
- The Paris Agreement.
- Sweden's road map to Fossil-Free Sweden.
- Local and global challenges and opportunities.
- Identified climate risks and opportunities.
- Priorities voiced by tenants, employees and other stakeholders.
- Castellum's ability to create shareholder value.
- Our opportunities to make a real difference.



Castellum has joined 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.



Contact person: Filip Elland,
Chief Sustainability Officer;
filip.elland@castellum.se

Castellum's priorities

Castellum's vision for its sustainability initiatives is to be the most sustainable property company in Europe and to promote sustainable development. To achieve this vision, Castellum has a sustainability strategy – The Sustainable City 2030 – with

several commitments and goals. This strategy consists of four areas: The Planet, Future-proofing, Well-being and Social Responsibility. For an overview of The Sustainable City 2030, refer to page 16.

The Planet

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



Ongoing targets

- 1 per cent water conservation per year.¹⁾
- 2.5 per cent energy efficiency enhancements per year.¹⁾
- 100 per cent non-fossil fuel powered vehicles.

Outcome 2022

(+) 1 per cent
4 per cent
96 per cent

Target 2025

- 11 per cent reduction in energy consumption compared with 2021.
- 70 per cent of Castellum's properties must have an energy performance lower than 100 kWh/sq. m. per year.
- 100 solar PV systems in the "100 on Solar" programme.

2 per cent
63 per cent
76 systems

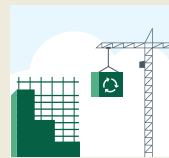
Target 2030

- Net-zero carbon emissions, approved by the Science Based Targets initiative. Achieved using the following road maps:
 - Net-zero in Property management (Scope 1&2)
 - Net-zero in Project development (Scope 3).
- 100 per cent non-fossil fuel energy.
- Over the long term, 100 per cent of Castellum's properties must have an energy performance lower than 50 kWh/sq. m. per year ²⁾.

2.3 kg/sq. m.
29 per cent
95 per cent
28 per cent

Future-proofing

Our sustainable asset portfolio addresses a changing world.



Ongoing targets

- All new production and major reconstructions to be sustainability certified.
- Net positive increase of ecosystem services in major developments.
- Re-use in all projects.

Outcome 2022

100 per cent
Met
Being met³⁾

Target 2025

- 50 per cent of the portfolio is to be sustainability certified.

45 per cent

Target 2030

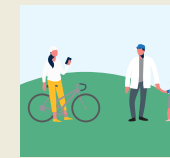
- Re-use and renewable materials must be a significant element in all projects.

—⁴⁾

3. The implementation was completed in late 2022. Since then, re-use has been implemented in all projects. Monitoring of the target will begin in 2023.
4. The target has a long-term perspective. Reporting will be developed over the coming years.

Well-being

We promote health, wellness, and increased productivity.



Ongoing targets

- <2 per cent short-term sick leave.
- <3 per cent long-term sick leave.
- Zero workplace injuries and work-related illness among employees and suppliers.
- Increased share of anonymised recruitments.

Outcome 2022

1.3 per cent
1.6 per cent
41 injuries
74 per cent

Target 2025

- 40–60 per cent equality in all occupational categories.
- 20 per cent of Castellum's employees will have international backgrounds.

Women 42 per cent
Men 58 per cent
10 per cent

Social responsibility

We will conduct business responsibly in relation to the community as well as to our stakeholders.



Ongoing targets

- All employees undergo training in the Code of Conduct.
- 4 per cent of all employees to be apprentices.
- Create job opportunities in projects for young people and the long-term unemployed

Outcome 2022

79 per cent
2 per cent
100 per cent

1. In the like-for-like portfolio.
2. The target has not been set specifically for 2030, but is a long-term target.

Sustainability governance

Castellum's sustainability governance is to ensure efficient sustainability initiatives that will allow the company to deliver on its sustainability strategy and achieve its sustainability goals. It is also designed to meet the requirements from legislation and frameworks with suitable governance that promotes sustainability.

Routine stakeholder dialogues

To facilitate surveying and adapting key sustainability issues to requirements and expectations in its business environment, Castellum is routinely in dialogue with the company's stakeholders. Stakeholder involvement allows Castellum to better understand both which sustainability issues the stakeholder groups regard as material in relation to Castellum, and the significant impact that various sustainability issues have or could have on the business environment.

Dialogue is held in various situations and through various channels. The general methods include questionnaires, e-mails, meetings and consultations. 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 tenants, employees, partners, suppliers and various societal stakeholders. To ensure that the dialogues are meaningful and that all stakeholder groups are included, the company works with social programmes. These social programmes, with more than 110 different initiatives, are built largely on dialogues with and analysis of the needs of various stakeholder groups. Neighbours and tenants play a key role here.

In addition to the routine dialogue, interviews are held on a regular basis with selected stakeholders who are experts in

sustainability in the property industry or are considered as having a major impact on – or are impacted by – Castellum's operations.

Materiality analyses

Castellum routinely conducts materiality analyses to identify, prioritise and establish the company's material sustainability issues. The latest materiality analysis was conducted in 2021. The analysis is based on Castellum's various sustainability issues, business intelligence, and industry analyses, and is intended to assess what significant impact the different issues have on the business environment from the perspective of the economy, the environment, and social and human rights. The analysis also takes the impact of changes in the business environment on the company and its various sustainability issues into consideration, and also looks at how these in turn impact Castellum financially over both the short and long term. The financial analyses of Castellum's properties, in the form of developed TCFD analyses and climate risk analyses, have been included in order to adapt the materiality analysis to the requirements for double materiality in the reporting standards and impending regulations. Key additions to the materiality analysis are also taken from the routine dialogues with various stakeholder groups, and from discussions with external and internal experts.

The understanding of the stakeholder groups as regards which sustainability issues are relevant to them in their relationship with Castellum is reflected on the y-axis of the materiality matrix on the following page. The analysis of the impact that various sustainability issue have on the business environment is reflected on the x-axis of the materiality analysis. The impact is analysed by Castellum and routinely validated with various groups of external experts. All sustainability issues that are

Castellum's key stakeholders

Castellum has an impact on, and is impacted by, various stakeholder groups. The stakeholders who have been identified as the most central to Castellum's operations are:

- Tenants
- Board of Directors
- Suppliers
- Employees

presented in this analysis are important for Castellum. The priorities are based on the perspective of a scale of relevance from "low" to "moderate" to "high" as regards impact. The final materiality analysis is approved by management and the Board of Directors in conjunction with the annual strategy initiative.

Many of Castellum's sustainability issues have a major impact throughout the company's value chain; for example, on our tenants, suppliers, and in the communities in which the company operates. The materiality analysis has been limited to Castellum's own operations and the areas where Castellum (direct impact) or the company's business relationships (indirect impact) have a major impact, or to areas where the business environment has a major impact on Castellum's operations (direct impact).

A more detailed materiality analysis with a focus on double materiality will be conducted going forward in accordance with future legislation and reporting requirements. In relation to previous materiality analyses, some of the issues in the 2021 analysis were 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 was deemed to be somewhat less material. Reducing Castellum's climate impact and increasing the degree of circularity have been added as material sustainability issues in the 2021 analysis. No changes were made in 2022. The material issues identified are considered to still be relevant.

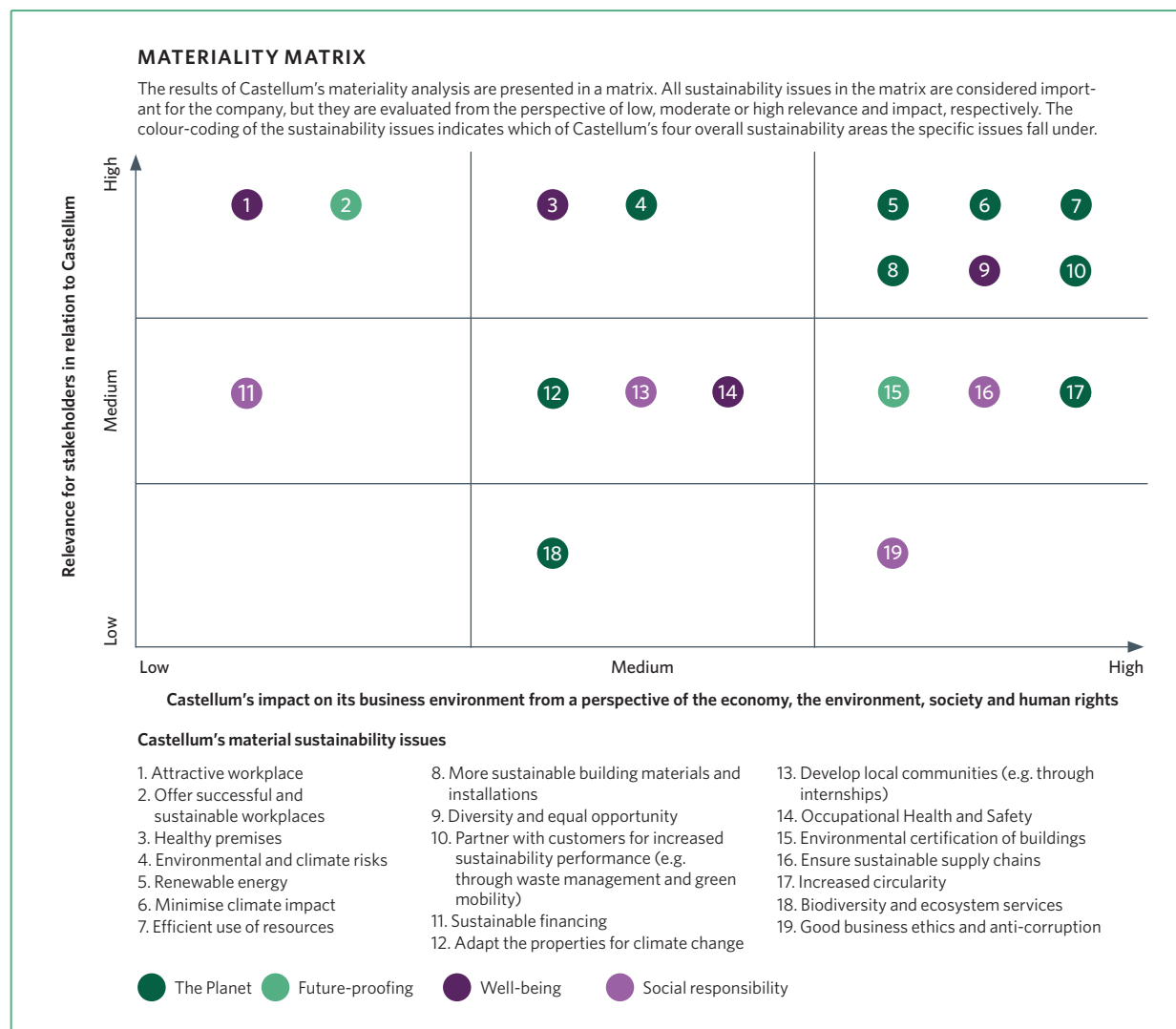
The materiality analysis forms the basis of the company's sustainability strategy and sustainability goals. It also forms the basis of Castellum's analysis of sustainability-related risks and business opportunities.

Overall governance of sustainability initiatives

Key starting points for the overall governance of Castellum's sustainability initiatives are the Sustainability Policy, the sustainability strategy, and the ambition of achieving the company's own long-term sustainability goals that run up through 2030 and of promoting the UN Sustainable Development Goals and the Paris Agreement. Other starting points are the requirements that are set on the company in legislation as well as frameworks and standards for reporting.

The work of the Board on sustainability issues

Castellum's Board of Directors is ultimately responsible for the company's sustainability initiatives. Together with Executive Management, the Board adopts the annual sustainability strategy with the appurtenant goals, and when the materiality analysis is updated, this is covered as well. The Board adopts the Sustainability Policy and Codes of Conduct, and discusses and follows up on the sustainability initiatives. 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. The Board has not appointed either a sustainability or a climate committee. To ensure that the Board has the relevant know-how as regards sustainability for these tasks, it is routinely kept up to date about relevant sustainability issues for Castellum.

Significant complaints, deviations and actions linked to Castellum's sustainability initiatives and Code of Conduct are reported to the Board of Directors if such incidents occur.

The work of Executive Management on sustainability issues

The Chief Executive Officer of Castellum bears strategic responsibility for the company's sustainability initiatives. This responsibility also encompasses identifying climate-related risks and opportunities. The Chief Sustainability Officer pursues and

Basis for sustainability initiatives

As a responsible community developer, Castellum is to promote sustainable development. Castellum regards the precautionary principle, as well as statutory and regulatory requirements, as a minimum standard. Effective sustainability initiatives require Castellum to:

- Act in accordance with the UN Global Compact.
- Promote the realisation of the UN Sustainable Development Goals and the Paris Agreement.
- Comply with 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.

develops sustainability and climate initiatives for the Group, and reports directly to the Chief Operating Officer in Executive Management. The Chief Sustainability Officer 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 team in the organisation pursues climate initiatives in an integrated manner across the operation. The Chief Sustainability Officer and the other employees in the Sustainability function are responsible for supervising climate-related risks and opportunities, monitoring compliance with the company's Sustainability Policy, realising the sustainability strategy, and achieving the sustainability goals.

Sustainability initiatives

All operations in Castellum are covered by the sustainability initiatives, which are 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 and that ensures compliance with legislation. Employees who have questions regarding the company's policies and codes of conduct can contact Castellum's Chief Sustainability Officer. 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 environmental initiatives, the Swedish and Danish operations are certified under ISO 14001. Through recurring internal and external ISO audits, the company can learn lessons that result in updated policies and procedures for the purpose of addressing the problem. The aim

Policies for sustainability initiatives

The regulations that control Castellum's sustainability initiatives are listed below. All policies are externally available on Castellum's web site.

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

- Sustainability certifications
 - EU GreenBuilding
 - Miljöbyggnad
 - BREEAM
 - LEED
 - WELL
 - NollCO₂
- Local sustainability programmes and climate adaptation plans
- EPRA sBPR

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
- Office framework programme
- Logistics and Warehouse framework programme

of the sustainability initiatives is to act, monitor, document, evaluate, and improve.

Castellum's sustainability initiatives are built on committed and skilled employees, as well as routine training in sustainability issues. Efforts to identify and manage the impact of the operations from a financial, environmental, social and human rights perspective are delegated to Castellum's sustainability team. All of the company's employees undergo mandatory online training in sustainability. The training, which is part of the

introduction for all new employees, includes such aspects as diversity, the company's sustainability goals and the Code of Conduct.

The sustainable city 2030

Castellum’s sustainability strategy, “The sustainable city 2030”, is updated annually and consists of four areas of focus: The Planet, Future-proofing, Well-being and Social Responsibility.

The Planet

Castellum supports the scientific evidence that human activity is accelerating climate change, and that exceeding the planet’s limitations entails tremendous risk. The company’s climate-related goals are grounded in the available science and have been approved by the Science Based Targets initiative (SBTi). Operations are carried out in line with the 17 UN Sustainable Development Goals, the Paris Agreement, national ambitions for a fossil-free Sweden by 2045 and a climate-neutral EU by 2050.

Castellum’s asset portfolio is to promote the limiting of global climate change. This can be accomplished by enhancing the energy efficiency of buildings and increasing the proportion of renewable energy, using natural resources efficiently, promoting the circular flow of materials, taking responsibility for biodiversity, and integrating a life-cycle perspective into investments. Moreover, Castellum will be involved in the climate plans and policies of its tenants and of government agencies, it will display leadership and to the greatest extent possible will inspire the industry to reduce its climate impact.

Effective sustainability initiatives require Castellum to:

- Reduce its direct and indirect carbon emissions in Scope 1, 2 and 3 that promote global warming.
- Use energy and natural resources responsibly and efficiently so as not to jeopardise the planet’s limits, the climate, and the opportunities for future generations in a finite world.
- Build and manage from a life-cycle perspective that promotes circular models.

- Limit the use and spread of environmentally hazardous products.
 - Create conditions for responsible management, minimise waste, and prevent pollution.
- Read more about Castellum’s goals and strategies on page 12.

Energy conservation and energy efficiency

Castellum routinely monitors and analyses the company’s energy consumption. Measures are taken and given priority based on the greatest potential for efficiency improvements. During the year, SEK 124 M (86) was invested in energy conservation projects.

95 per cent of Castellum’s energy consumption is renewable. Installing solar PV systems on properties contributes further to this. During the year, 21 new systems were installed. The target is to install 100 solar PV systems by 2025; a total of 76 systems have been installed.

Castellum is engaged in expanding the company’s portal for monitoring properties online, 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,

339 (361) properties representing 44 per cent of the area are connected to the portal. The decrease in the number of connected properties during the year is due to sales of properties.

Financial impact on operating costs from higher energy prices

The situation in the business environment changed rapidly during the year. This has had major consequences on factors such as energy prices. Electricity prices have increased markedly, and the price for other forms of energy have also been impacted. A sensitivity analysis shows how the company will be impacted financially if energy prices increase by 10 per cent in all of Castellum’s properties. An increase of this kind would have resulted in SEK 89 M in increased operating costs, without taking into account that some of these costs would be passed on to tenants. Castellum is managing the situation through various measures. Solar PV systems are installed on new constructions and in accordance with the 100 on Solar project, and major energy-saving projects are being implemented. Additionally, daily efforts are being conducted with operations in order to obtain an efficient and optimised energy supply throughout the company’s portfolio.

SENSITIVITY ANALYSIS: INCREASED ENERGY PRICES

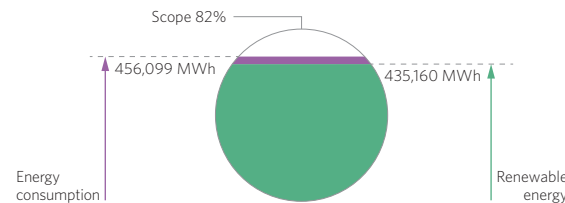
Castellum	Increased operating costs (SEK M)
If energy prices increase by 10 per cent	89

Carbon emissions

According to the SBTi, Castellum’s carbon emissions must be net-zero by 2030. This means that the company must reduce its emissions by 90 per cent. The company will have to climate compensate for any remaining emissions.

Of Castellum’s carbon emissions, 11 per cent (6) are direct (Scope 1) and indirect (Scope 2) emissions in the form of the use

ENERGY OVERVIEW



of oil and natural gas, fuel for the operation's vehicles, refrigerant leakage, and the use of electricity and heating that Castellum itself is responsible for. The company is engaged in phasing out the use of fossil fuels, including through reducing the use of oil furnaces. There were 4 (3) furnaces still in use at the end of 2022. 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 engages 43 (32) district heating suppliers, which represent 95 per cent (94) of the Group's total emissions under Scope 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 35 per cent (47) of Castellum's district heating suppliers. The decrease in the share is due to the acquisition of Kungsleden and the agreements with energy suppliers that accompanied the transaction.

The remaining 89 per cent (94) of Castellum's emissions is other indirect emissions (Scope 3) that originate from the consumption of materials, construction processes, business travel, work commutes, transportation, waste, tenants' electricity consumption and other energy-related emissions not covered under Scope 1 and Scope 2. Producing specific measures to reduce these emissions is a major challenge throughout the construction and property industry, but is crucial for Castellum in achieving its goal of net-zero carbon emissions.

In 2022, Castellum developed and began implementing a new type of lease appendix. Its purpose is to reduce the shared emissions of Castellum and the tenant to net zero over time. Castellum is reviewing the possibilities going forward of offering our tenants more tools and forms of collaboration in order to reduce emissions in Scope 3.

Waste

Castellum works systematically to reduce the amount of waste that goes to landfill and incineration and to increase the proportion of recycled waste. Castellum generates waste in its own operations, through tenants' activities and in conjunction with new construction, extensions and reconstructions. The majority of all properties that are managed by Castellum offer waste sorting, and waste management requirements are imposed on all contractors in conjunction with projects. Castellum also sorts the waste in its own offices.

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.

Castellum is actively engaged in increasing the amount of available data on waste. Castellum has signed framework agreements with two waste contractors who can deliver comprehensive waste data. This data is recorded in Castellum's energy management system, thereby providing better access to waste statistics and facilitating better monitoring of waste flows.

As regards waste from new construction, Castellum sets requirements for preparing waste management plans. Project-specific targets for waste, such as the maximum proportion of waste that can comprise hazardous waste, are also set in the respective projects. Opportunities for sorting in every project and requirements for the use of re-used and circular material are other requirements that Castellum sets and monitors in the respective projects.

Water consumption

Castellum's properties are connected to the public water systems. Discharges into water are handled by the municipal water treatment plants, and wastewater purification is handled in

Castellum sets requirements that all new production must have a net positive impact on the property's ecosystem services.

accordance with environmental requirements established by the Swedish Environmental Protection Agency.

According to environmental reviews and materiality analyses, Castellum's water consumption is limited. The properties are not located in areas that are currently marked by high water stress. However, reducing water use and managing wastewater correctly is important for minimising climate impact.

To reduce water consumption, Castellum is engaged in monitoring and implementing measures such as installing low-flow toilets, leak detectors, and tap aerators to reduce water consumption in conjunction with property management as well as new construction, extensions and reconstructions. Another measure being implemented on a smaller scale is the collection of rainwater for flushing toilets.

Future-proofing

Castellum will be part of driving sustainable development forward. The company aims to create safe and healthy work environments for tenants and employees. Castellum works with acknowledged sustainability certification systems and environmental inventories to create a sustainable asset portfolio in a changing world.

Achieving effective sustainability initiatives require Castellum to:

- Identify the property portfolio’s exposure to physical climate risks, and prepare action plans for increased resilience.
- Offer safe, healthy environments for people in and around our properties.
- Conduct environmental inventories for all properties that have been held for more than one year. Updates must take place at least every ten years.
- Certify all new production, and 50 per cent of existing properties, for sustainability by 2025.
- Promote circular flows of materials.

Read more about Castellum’s goals and strategies on page 12.

Climate risks and adaptation

Castellum regards a changed climate as a significant risk that, over the long term, constitutes a threat to operations and our properties. Potential consequences include physical damage or direct disruptions to properties, as well as financial risks in the form of necessary measures, increased maintenance expenses and, in the worst case, obsolete properties – and thereby a loss of rental income. Castellum takes a proactive approach to climate risks and climate adaptation on several levels.

Every investment decision involves a process in which climate risks are examined and analysed. Taking climate risk into consideration in investment matters lessens the likelihood of unprofitable actions.

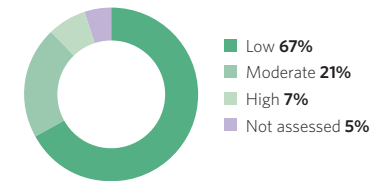
In 2019, a climate scenario analysis was conducted to evaluate climate risks, transition risks and opportunities based on two emissions scenarios linked to how the world might look in the year 2050. The analysis covered the impact of climate risks and opportunities on Castellum’s strategies, operations, and finances – meaning the entire company. The results of the climate scenario analysis are described in more detail on page 117.

In 2022, independent experts conducted a climate risk analysis on all 742 properties in Castellum’s property portfolio. The analysis evaluated physical climate risks at the respective properties. A current scenario, and one for the year 2100, were used in the review. The physical climate risks that were identified as relevant to the company and the geographical location of the properties were:

- Flooding from oceans
- Flooding from lakes and watercourses
- Flooding from torrential rains
- Heat stress
- Ground stability (landslides and erosion)
- Snowfall

The purpose of the analysis was to obtain a greater understanding of which physical climate risks the asset portfolio is vulnerable to, and to identify which properties are exposed to a greater physical climate risk than others. An evaluation of all the climate risks in all properties verified that torrential rains were the most common climate risk in Castellum’s portfolio, both today and in 2100. To identify which properties are most exposed to physical climate risks, the risks were weighted and summed up. The climate risks that have been prioritised are those that have the greatest likelihood of occurring in the near future in combination with the most severe consequences for the property. These risks are the risk of flooding from torrential rains and the risk of flooding from high seas and watercourses. 7 per cent of the property

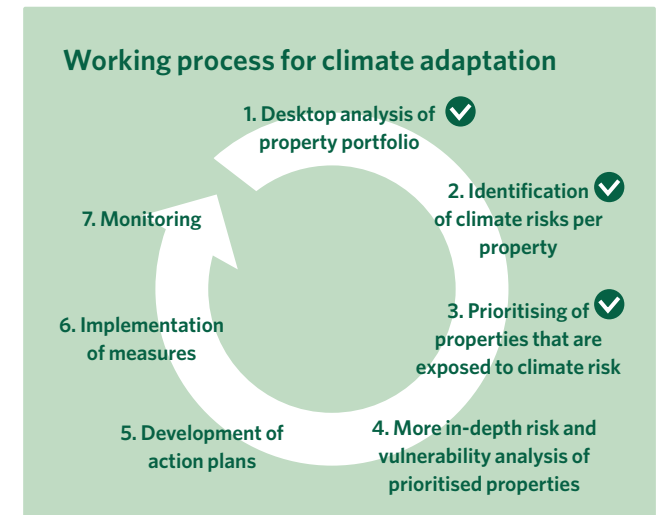
DISTRIBUTION OF THE PORTFOLIO’S EXPOSURE TO PHYSICAL CLIMATE RISKS¹⁾



1. Measured in property value.

value was considered exposed to high risk according to the risk scale, which is defined by the levels low, moderate, and high.

In 2023, Castellum will conduct a more in-depth analysis of the properties that were identified with high climate risk. The analysis will assess which adaptation measures will be required for the properties to become more resilient to ongoing climate



change. Once the measures have been implemented, their effects on the estimated risk level of the properties will be monitored.

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

The analysis of physical climate risks that was conducted in 2022 showed that 7 per cent of the property value is exposed to higher risk and will likely be affected in future if no climate adaptation measures are taken for them. A sensitivity analysis shows how the company is impacted financially if 10 per cent 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.

SENSITIVITY ANALYSIS: 10 PER CENT OBSOLETE PROPERTIES

Castellum	Reduced rental income (SEK M)	Reduced total property value (SEK M)
If 10 per cent of the property value becomes obsolete	867	15,356

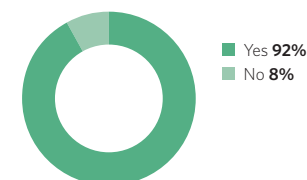
Sustainable properties and healthy environments

All new construction and major reconstructions will be certified for sustainability under the Miljöbyggnad standard in Sweden or BREEAM in Denmark and Finland. Moreover, with new construction the possibility of certifying the property under WELL is always investigated. Materials with a negative impact on the environment or health are to be avoided. To ensure that the materials meet a given standard, the Byggvarubedömningen industry association assessment will be applied, and a logbook kept in every project. All properties will be subject to an environmental inventory in order to gain awareness of and address materials that are potential hazards to health or the environment.

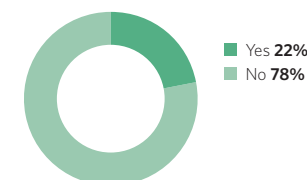
Re-use

Castellum will promote circular flows of materials. In 2022, the goal of integrating re-use into all projects was implemented. Re-use must be prioritised where possible. During the year, Castellum signed framework agreements with suppliers who are experts in re-use, for the purpose of increasing the company's circular flow of materials and thereby reducing its carbon emissions.

PROPORTION OF PROPERTIES THAT ARE ENVIRONMENTALLY CERTIFIED



SHARE OF PROJECTS WITH RE-USE



Definition of re-use: when materials or components are used in the same manner as the one for which they were produced. Re-use is considered equal to recycling. The goal for re-use was implemented in late 2022, and monitoring will be developed over the coming years.

Sustainability programme in connection with new construction and reconstruction¹⁾

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 Byggvarubedömningen.

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. These requirements were reviewed and developed in 2022. Updated requirements will be implemented in 2023 to accelerate the transition.

Comprehensive sustainability programme for new construction and reconstruction

Applied in addition to the mandatory requirements in all major projects

- Miljöbyggnad level Gold.¹⁾
- Choosing renewable energy sources.
- 15 per cent reduced climate impact per square metre in A1-A5.²⁾
- Healthy indoor climate and carefully prepared moisture prevention work.
- Sustainable construction materials
- Near zero-energy buildings.¹⁾
- Investigate WELL health certification.³⁾
- Create a more attractive building through aesthetic decoration.
- Engage local artists in projects.²⁾

1. For new production of offices, Miljöbyggnad level Gold applies in Sweden while BREEAM Excellent applies in Denmark and Finland. Logistics buildings are certified under Miljöbyggnad Silver.
 2. Applies to new production of offices over SEK 50 M.
 3. Applies only to construction of office premises.

- Install solar PV systems.³⁾
- Investigate the possibilities of outdoor offices according to Castellum's WorkOUT® concept.³⁾
- Create inviting stairwells.³⁾
- 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.

Biodiversity

Castellum works with ecosystem services in order to promote biodiversity. Measures include installing sedum and biotope roofs and placing beehives on its properties. All new constructions must ensure a net positive impact on the ecosystem services at their locations. To ensure this, a tool that has been specially produced and adapted to Castellum’s project development operations is used.

There are several advantages to providing ecosystem services. Greenery helps with factors such as regulating the temperature, dampening noise, binding carbon dioxide and slowing the flow of rainwater. Pollinating insects such as bees pollinate plants and crops, which is a condition for processes such as food production.

Castellum’s operations are governed by detailed development plans, laws, and regulations. The protection of species is incorporated into Swedish law, and the site is surveyed from an environmental perspective before detailed development plans are adopted and construction permits are received. In combination with legal requirements and regulations, Castellum’s internal requirements and working tools reduce the risk of the adverse impact of its operation on the environment.

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.

New technology

Castellum is part of driving development forward. The company sets requirements for and offers solar PV systems and charging stations at its properties to promote sustainable development through the use of new technology. In larger office projects, at least 25 per cent of all parking spots must feature charging stations for electric or hybrid vehicles, and they should be ready so that the percentage of charging stations can be rapidly increased to 50 to 75 per cent.

Castellum is planning for the installation of a 400 kW battery energy storage system at a property in Helsingborg in 2023. The purpose of the battery is primarily to support the power grid by stabilising the frequency during disruptions. The battery storage system also opens up the possibility of cutting off power peaks in

the overburdened power grid and scheduling portions of the energy consumption to hours when the price of electricity is lowest.

Requirements for suppliers

All of Castellum’s suppliers must comply with the company’s Code of Conduct for suppliers. This applies to all of Castellum’s suppliers and their sub-suppliers. The Code of Conduct is divided into the same four areas as the UN Global Compact and includes human rights, working conditions, the environment and anti-corruption.

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. 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.

Sustainability is always an assessment criteria and is weighted into the evaluation in the selection of new suppliers. 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.

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.

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

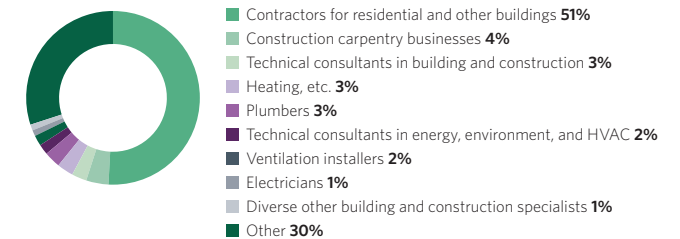
In 2022, Castellum purchased services or products for a total of SEK 8,750 M (5,593) from a total of 10,823 (5,396) suppliers,

Human rights in the supply chain

Castellum exercises zero tolerance as regards violations of human rights and children’s rights. Using 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 or forced labour – 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 2022 (SHARE OF TOTAL PURCHASE VOLUME)



of which the largest suppliers with a purchase volume of more than SEK 10 M accounted for 68 per cent (62) of the total purchase volume. The acquisition of Kungsleden meant that Castellum’s supplier chain has increased by around 5,400 suppliers.

Well-being

Castellum is actively engaged in promoting health and wellness and increasing productivity. Crucial conditions for achieving this include equality and diversity.

Achieving effective sustainability initiatives require Castellum to:

- Offer comfortable, healthy environments for the well-being of its employees.
- 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 that recruits 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.

Read more about Castellum's goals and strategies on page 12.

Occupational health and safety

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. Continual training is provided 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 who work in its operations.

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 preventing risks at 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 their 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.

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, if necessary, 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 manager—as well as the employee—will jointly investigate the causes so that the risk of ill health and accidents can be prevented moving forward. Routines and working methods will be changed as needed in order to minimise risks.

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. The Regional Managing Directors of the operation concerned, or alternately the manager concerned, must report serious incidents, accidents, and/or ill-health to the Swedish Work Environment Authority without delay. The Regional Managing Director of the operation concerned is 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 halt 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. Castellum's employees have tremendous opportunities to influence the company's work environment and health initiatives, including through participation in risk assessments, occupational health and safety committees, and the health and wellness group. The safety officers have an important role in these efforts. At Castellum, there are local safety committees that both employer and employee representatives take part in; the meetings are held once every three months.

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 learn from what took place in order to apply actions in conjunction with planning and designing projects.

Castellum partners with its suppliers to prevent risk. This partnership is built on such factors as requirements and expectations, as well as dialogue and monitoring. By imposing clear requirements in areas such as work environment, Castellum can enable and promote sustainable development for the entire construction and property industry. Through Castellum's Code of Conduct for suppliers, clear requirements in procurement documentation and instructions for suppliers, Castellum ensures that suppliers are also working in accordance with the company's work environment requirements.

Examples of workplace injuries among employees:

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

Examples of workplace injuries among suppliers and contractors:

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

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 engages external occupational health services on the basis of 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 conducting various risk analyses. 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 were offered to all employees in 2022, and more time was booked as 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 regular intervals.

To inspire our employees, Castellum continually invites them to various health-promoting activities, and these are conducted throughout the company. Every employee also has access to a physical fitness subsidy of SEK 5,000 per year.

Employee survey and performance and career development reviews

Castellum Experience, the quarterly employee survey, monitors employee commitment. The purpose of the survey is to identify needs for corrective efforts and to monitor trends linked to employee engagement. The average outcome in 2022 was just under the average among comparable companies.

Psychosocial work environment issues are routinely monitored via questions in the survey. The targets for psychosocial issues are set yearly.

Performance and career development reviews are conducted on a quarterly basis to set and monitor goals, establish the need for competence development and, as needed, to conduct dialogue around creating a motivating work situation, engagement, and well-being.

Diversity and equal opportunity

Equal opportunity, diversity and equal rights for all are to characterise Castellum's operations. All people are of equal worth and must be treated equally regardless of gender, gender identity or expression, ethnicity, religion or other expression of faith, physical abilities, sexual orientation and age. Being a more equitable company requires Castellum to work systematically with guidelines and concrete action plans.

Another key component in equality initiatives is ensuring equitable salaries. Castellum routinely monitors salaries, and immediate measures are taken if discrepancies due to gender are identified. The aim is for equal work tasks to generate equal remuneration.

Castellum's remuneration is market-based and competitive. Remuneration is based on collective bargaining, work tasks and the performance of the individual employee. Employees are continually assessed with regard to performance in relation to clearly set individual goals, which are an important tool in the efforts for equitable and competitive salaries.

Castellum is to make it easier for parents to balance their work lives with parenthood. Apart from the statutory parental leave rights and parents' allowance in Sweden, Castellum offers employees a pay supplement over a maximum of 180 days of parental leave that pays approximately 90 per cent of the regular salary. Since 2021, Castellum's employees outside Sweden have been offered the same advantageous terms for parental leave as those in Sweden.

Castellum's diversity and equality initiatives 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 solely on responsibility and performance.
- Competence will be evaluated from a perspective of diversity.
- Equality must promote the development of an organisation in which the value of women and men is equal.
- Our worksites 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.

Important focus areas in Well-being:

- Offer comfortable, healthy environments for our employees' well-being.
- Support the organisation's managers by developing the organisation and its employees.
- Ensure the right competence now and for the future.
- Evaluate the leadership and the culture.
- Work to make Castellum a modern and attractive employer.

Social responsibility

Castellum will pursue its operations in a responsible manner in relation to society and its stakeholders. Effective sustainability initiatives require Castellum to:

- Maintain long-term, sustainable financial growth in cash flows.
 - Create business models for collaboration regarding sustainable investments.
 - Maintain low financial and operational risks for a robust increase in value in the company while offering shareholders a competitive dividend when possible.
 - Use financial, human and natural capital efficiently.
 - Maintain zero tolerance regarding corruption and bribery.
 - Ensure that no violations of human rights occur at the company or in the operations of the company's suppliers, or in projects where suppliers perform work on Castellum's behalf.
 - Maintain a zero-tolerance approach as regards child labour and forced labour in own operations as well as in projects being carried out by the company's suppliers.
 - Contribute to employment and young people's opportunities to enter the labour market.
 - Engage in issues that are significant for societal development.
- Read more about Castellum's goals and strategies on page 12.

Code of Conduct and Code of Conduct for suppliers

Conducting Castellum's operations responsibly is crucial for the Group's long-term success. Castellum's Code of Conduct is based on the ten principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. The Code of Conduct clarifies Castellum's values and governs how all employees are to act, in various situations and in relation to the people they encounter in their daily work. All of Castellum's employees must understand and comply with the Code of Conduct and the principles that the company is committed to following. To ensure an understanding of the Code, all new employees undergo Castellum's mandatory training concerning the content of the Code of Conduct. If departures from the Code of Conduct occur, they must be reported and discussed with an immediate

supervisor or, in the event this is not possible, with another representative of the company.

Castellum also sets stringent requirements for both suppliers and partners. Castellum's Code of Conduct for suppliers applies in all business relations, and its application is monitored in the annual risk assessment. It governs how Castellum's suppliers are to act in the work they perform for Castellum. Actual and potential risks and consequences regarding human rights are always assessed for the operations, for the operations of business partners and as part of the due diligence process before new business relationships are initiated. The assessment encompasses, but is not limited to, own employees, women, children, indigenous populations, migrant workers, outside contract labour force and local communities.

The starting point is that Castellum's operations will always comply with the laws and regulations of the respective countries concerning, for example, working conditions, working environment, business ethics, anti-corruption, and freedom of association. In the event Castellum's Code of Conduct sets stricter requirements than legislation does, the Code of Conduct will be followed. Castellum's HR manual addresses issues such as working environment, equal opportunities, salaries, pensions and company cars.

The construction and property industry involves major purchases, and therefore a risk of corruption is always prevalent. 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.

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:

- Not to cause or promote a 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. All work will be voluntary. No form of forced labour or labour connected with any form of threat or punishment is permitted.
- Not to 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.
- To ensure all employees have freedom of association.
- To ensure all employees have the right to collective bargaining. The employees' right to freely bargain with employers is a key element of the freedom of association.
- To apply the principle of equal remuneration to male and female employees for work of equal value.
- To apply the principle of non-discrimination, which 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.
- To exercise 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.

Discrimination and harassment

At Castellum, there is zero tolerance towards discrimination, 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. The procedure includes the following:

- Assess the risks of discrimination, including harassment and sexual harassment, and survey the disciplinary measures taken.
- Analyse causes of risks and obstacles.
- Correct, and implement measures to prevent discrimination and promote equal rights and opportunities.
- Monitor and analyse incidents in accordance with Castellum's guidelines.

Selection of industry organisations in which Castellum is a member

- Almega
- Centrum för cirkulärt byggande (CC Build)
- Chamber of Commerce (Handelskammaren)
- Center for Management in the Construction Sector (CMB), part of Chalmers University of Technology
- Citysamverkan
- BELOK (the Swedish Energy Agency's group for efficient energy use in premises)
- European Think Tank
- Fastighetsägarna
- Fossil Free Sweden
- Green Building Council Denmark (DK-GBC)
- Green Building Council Finland
- Lokal Färdplan Malmö 2030 (LFM30)
- The Trade and Industry group
- SNS (Center for Business and Policy Studies)
- Sweden Green Building Council (SGBC)
- The European Real Estate Association (EPRA)

The above includes but is not limited to working conditions, salaries, recruitment and promotion, training and competence development, harassment and sexual harassment, and the possibility of combining work and parenthood.

Whistleblower function

Castellum's whistleblower function can be reached via the Group's website and intranet. The function is intended for both employees and external parties to report potential improprieties. The cases are handled confidentially and in accordance with established procedures. The individual making the report will receive a response within seven days, and the aim is to maintain a dialogue with that individual.

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.

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. The company has set a target of 4 per cent of all employees to be apprentices, meaning people who are experiencing difficulties entering the labour market. In addition, contractors in all major projects are to employ individuals who are struggling to enter the labour market. In 2022, a total of 91 young people worked at Castellum as vacation replacements, interns, trainees or with academic degree projects. Of these, 2 per cent were apprentices. The fact that the target of 4 per cent was not met in 2022 is due to the focus on the integration of Kungsleden during the year.

Castellum holds stakeholder dialogues and participates in joint projects with other property owners and players to create better living environments together. For example, Castellum partners with the Jobbsprånget initiative, which provides academic workers who have recently arrived in Sweden with the opportunity to apprentice at companies. During the year, Castellum offered internships to 45 individuals.

Developing local communities

Castellum develops social programmes in all the cities where the company operates, and at present 100 per cent of the properties are covered by such programmes. 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 comprise, for example, 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 internships 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, UNHCR, Fryshuset, My Dream Now and local sports associations. In total, Castellum donated SEK 12.4 M (7.3) in direct support during 2022 through sponsorships and other initiatives, of which SEK 8.4 M (4.7) pertained to membership fees for industry organisations and SEK 4.0 M to charities. Moreover, Castellum also contributed around SEK 0.8 M (0.5) in overheads and SEK 0.8 M (0.5) in volunteer work.

MANAGEMENT OF MATERIAL TOPICS (GRI 3-3)

	The Planet	Future-proofing	Well-being	Social responsibility
Material 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 Partnerships with tenants 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 successful and sustainable workplaces Sustainability certification of buildings 	<ul style="list-style-type: none"> Attractive workplace Diversity and equal opportunity Occupational Health and Safety Healthy premises 	<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 internships)
What Castellum wants to achieve	Climate-neutral operations by 2030.	Long-term sustainability in the property portfolio.	A healthy, risk-free and inspiring workplace where people feel committed and motivated. This will be done with a high degree of business ethics and assumption of responsibility.	Workplaces that create value for the company and its tenants.
Targets	<ul style="list-style-type: none"> Climate neutrality 2030 Energy efficiency Water conservation Proportion of certified buildings 100 per cent renewable energy Non-fossil fuel powered vehicles 	<ul style="list-style-type: none"> Long-term sustainability in the property portfolio High employee satisfaction index Proportion of certified buildings 	<ul style="list-style-type: none"> Low sick leave and few workplace injuries Diversity and gender equality 	<ul style="list-style-type: none"> Growth in income from property management Net investments Low financial risk Customer satisfaction index (CSI)
GRI Standards that Castellum reports on	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
Castellum's actual or potential positive or negative impact from a perspective of the economy, the environment, society and human rights	Castellum has a negative climate and environmental impact through the use of natural resources and carbon emissions. By using natural resources efficiently and applying the precautionary principle, Castellum can reduce its negative impact. 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 (e.g. child labour and forced labour). A clear focus on healthy premises and certified properties means we have a positive impact on our tenants' environment.	The wellness and development of employees, and offering them a safe work environment is key to the company continuing to develop in a positive direction.	Castellum 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 positive or negative impact	Making efficient use of resources in our operation while putting demands on suppliers and collaborating with tenants is our responsibility. In the respective areas, we contribute together with our suppliers and tenants 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"> Formal responsibility towards employees, and Castellum endeavours to have a goal-oriented organisation where everyone feels involved Direct impact on employees' workday in conjunction with construction, property management and purchasing By working on diversity and equality, the company has a positive impact on employees' work lives 	Meeting tenants' needs is the company's responsibility. Castellum primarily develops properties together with its tenants, but other stakeholder groups are also included in these procedures. Together with tenants, Castellum contributes 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. Castellum does not report information about its tenants and users. Any limitations are indicated in the respective tables.	Reporting occurs primarily for employees with supplementary disclosures from suppliers where available. The company does not report information about its tenants 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.
Governance of the 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.	Castellum develops its properties, taking into account current and future needs in dialogue with tenants and other stakeholders.
Monitoring the efficiency of commitments				
Relevant policy commitments	<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 laws and guidelines	<ul style="list-style-type: none"> Climate targets approved by the SBTi Reporting in accordance with TCFD and the EU Taxonomy Regulation Affiliated with Fossil Free Sweden Committed to the UN Global Compact 	<ul style="list-style-type: none"> Certification of buildings Committed to the UN Global Compact 	<ul style="list-style-type: none"> Committed to the UN Global Compact 	<ul style="list-style-type: none"> Committed to the UN Global Compact Affiliated with WELL at scale
Our 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
Monitoring of efficiency in the actions taken	<ul style="list-style-type: none"> Monitoring of resource use and greenhouse gas emissions Monitoring resource use, environmental management systems and product responsibility as part of Executive Management's annual review Policies are evaluated annually and adopted by the Board Annual Report and Sustainability Report 	<ul style="list-style-type: none"> Monitoring of cases in the whistleblower function on the Audit Committee Monitoring of local communities Evaluation of suppliers on the basis of social criteria, annually at Executive Management review Annual Report and Sustainability Report 	<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 Annual Report and Sustainability Report 	<ul style="list-style-type: none"> Analysis of Customer Satisfaction Index (CSI) Policies are evaluated annually and adopted by the Board Annual Report and Sustainability Report

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.

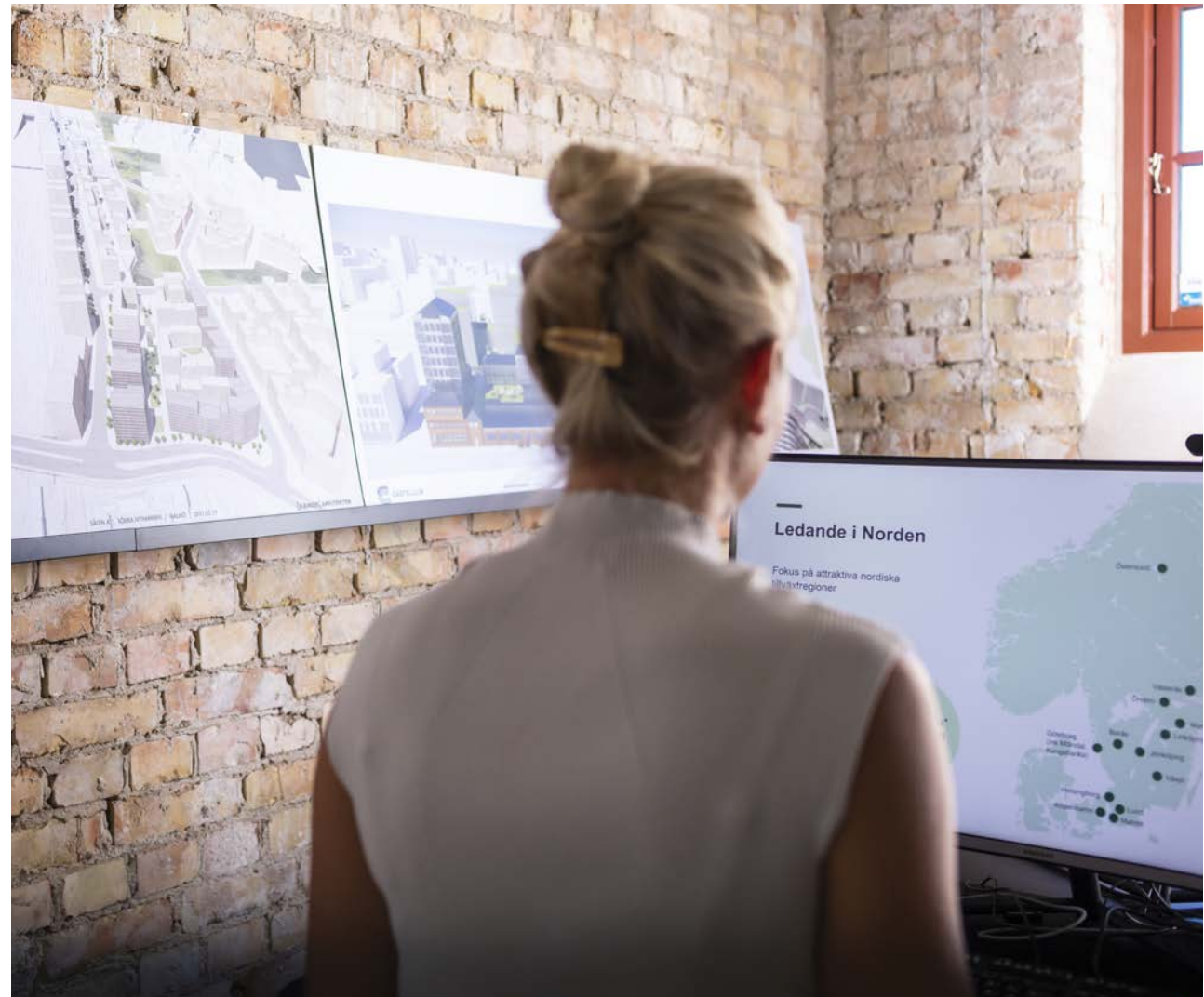
To future-proof Castellum's asset portfolio and promote the sustainable development goals established by the UN and prioritised by the company, several challenging goals have been set. For example, buildings must be more energy-efficient, natural resources must be more efficiently utilised, biodiversity 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, 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 per cent climate neutrality 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 (Scope 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 policies

Castellum submits sustainability disclosures for all material sustainability issues based on the GRI Standards 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 **energy**

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 is actively engaged in improving access to the relevant statistics. Having access to measurement data is important for Castellum, as it creates conditions for proper, efficient property 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 complete measurement data for all its properties. Measurement data of waste is primarily lacking due to the fact that 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. In cases where the tenant is responsible for the subscription, Castellum does not own the measurement data and thus cannot report it.

In total, Castellum owned 749 (554) properties at the end of 2022. Kungsleden, which was acquired in late 2021, is included in Castellum's sustainability reporting and sustainability key metrics.

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 the property industry 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. 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. Castellum's own offices are reported separately on page 79.

Like-for-like

Castellum reports not only absolute consumption data for its entire portfolio, but also disclosure in the like-for-like portfolio. The properties that have been included in the portfolio for at least 24 months, excluding development properties, are included in the like-for-like portfolio under EPRA's definition. With like-for-like, changes in the size and composition of the asset portfolio are taken into account.

Energy consumption

Castellum's reporting includes the energy we purchase for the properties, as well as for that portion of tenants' own electricity consumption that Castellum purchases. Reporting of the energy purchased by Castellum is based on actual metered consumption. The same applies for tenants' electricity consumption. Castellum also reports on own energy produced from solar PV systems.

Absolute energy consumption is indicated in metric tonnes of CO₂eq, and intensity in kilogrammes per square metre. To convert from kWh to gigajoules (GJ), use a conversion factor of 3.6.

Energy efficiency

In 2022, Castellum invested SEK 124 M (86) in energy savings projects. Efficiency in the operation of the properties is enhanced on a daily basis. These initiatives have resulted in a 28 per cent reduction in energy for heating, cooling, and electricity since 2007.

Energy source

The company is engaged in phasing out the use of fossil fuels, including through reducing the use of oil furnaces. There were 4 (3) furnaces still in use at the end of 2022. 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 engages 43 (32) district heating suppliers, which represent 95 per cent (94) of the Group's total emissions under Scope 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 35 per cent (47) of the district heating suppliers.

The Planet energy, cont.

Electricity produced

21 large solar PV systems (15) were built in 2022. A total of 11,939 kW (7,310) of solar PV capacity have been installed on Castellum's properties, equivalent to a total area of approximately 83,500 square metres (51,170), an increase of 63 per cent (18) compared with 2021. Castellum's solar PV systems generated 7,339 MWh (4,637) in 2022, corresponding to roughly 7 per cent (7) of Castellum's total annual electricity needs for 2022.

Energy produced (GRI 302-1, Elec-Abs)

	Absolute energy (MWh)			
	2022	Change 2021-2022, %	2021	2020
Electricity produced from own solar PV systems	7,339	58	4,637	1,580
Production of own solar electricity, used on-site	4,306	55	1,946	1,512
Production of own solar electricity, sold	3,033	11	2,691	68
Scope of the disclosures on own solar electricity produced	64/64	—	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, %		
	2022	2021	2020	2022	2021	2020
Building electricity	106,489	61,587	70,357	100	100	100
Electricity, geothermal and cooling	4,562	1,532	1,586	100	100	100
Electricity, direct	1,090	1,485	1,155	100	100	100
1. Total electricity consumption (Elec-Abs)	112,141	64,604	73,098	100	100	100
Biogas	1,569	1,735	1,723	100	100	100
<i>Total consumption of renewable fuels</i>	<i>1,569</i>	<i>1,735</i>	<i>1,723</i>	<i>100</i>	<i>100</i>	<i>100</i>
Natural gas	186	219	312	0	0	0
Oil	481	252	1	0	0	0
<i>Total consumption of non-renewable fuels</i>	<i>667</i>	<i>471</i>	<i>313</i>	<i>0</i>	<i>0</i>	<i>0</i>
2. Total fuels purchased by landlord (Fuels-Abs)	2,236	2,206	2,036	70	79	85
District heating	307,984	208,499	189,382	93	93	94
District cooling	33,738	16,022	14,903	100	100	95
3. Total consumption of district heating and cooling (DH&C-Abs)	341,722	224,521	204,285	94	93	94
Total energy consumption (1+2+3)	456,099	291,331	279,419	95	95	95
Total energy consumption (normalised)	472,129	294,111	326,287	—	—	—
Energy intensity, buildings (Energy-Int)	96	91	75	—	—	—
Energy intensity, buildings (normalised)	99	92	87	—	—	—

Scope of the reporting	2022	2021	2020
Properties covered by disclosures on electricity consumption	527/749	395/554	482/642
Properties covered by disclosures on district heating and district cooling	547/560	401/414	486/501
Properties covered by disclosures on fuels	13/13	13/13	16/16

Energy consumption outside the organisation (GRI 302-2)

	2022	2021	Change, %
Electricity (MWh)	114,046	38,130	199
Scope of the disclosures on tenants' energy	233/749	150/554	

The consumption pertains to electricity for tenant operations.

The scope is limited by the fact that Castellum does not own the measurement data in cases where the tenants themselves have contracts for electricity for their operations.

The Planet energy, cont.

Energy consumption (delivered by property owner) divided by property type, comparison, like-for-like (Elec-Lfl, DH&C-Lfl, Fuels-Lfl, Energy-Int)

	Measurement unit	Offices			Logistics			Retail		
		2022	2021	change, %	2022	2021	Change, %	2022	2021	Change, %
Total electricity consumption (Elec-Lfl)	MWh	64,939	65,277	-1	8,985	9,337	-4	6,791	6,987	-3
<i>Scope of the disclosures on electricity consumption</i>	sq. m.	251/284	251/284	—	88/128	88/128	—	48/85	48/85	—
Total district heating and cooling (DH&C-Lfl)	MWh	175,997	196,835	-11	33,002	38,575	-14	17,628	19,180	-8
<i>Scope of the disclosures on district heating and district cooling</i>	sq. m.	254/256	254/256	—	96/98	96/98	—	52/54	52/54	—
Total fuels (Fuels-Lfl)	MWh	700	628	11	996	841	18	0	0	—
<i>Scope of the disclosures on fuel</i>	sq. m.	3/3	3/3	—	5/5	5/5	—	0/0	0/0	—
Total energy consumption	MWh	241,636	262,740	-8	42,983	48,753	-12	24,420	26,167	-7
Energy consumption (degree-day corrected)	MWh	249,363	257,930	-3	45,161	47,398	-5	25,254	25,557	-1
Energy intensity, buildings (Energy-Int)	kWh/sq. m. per year	108	117	-8	55	62	-11	86	92	-7
Energy intensity, buildings (degree-day corrected)	kWh/sq. m. per year	111	115	-3	58	61	61	89	90	-1

> cont.	Measurement unit	Public sector properties			Light industry			Castellum total		
		2022	2021	Change, %	2022	2021	Change, %	2022	2021	Change, %
Total electricity consumption (Elec-Lfl)	MWh	17,427	19,087	-9	6,286	7,016	-10	104,428	107,704	-4
<i>Scope of the disclosures on electricity consumption</i>	sq. m.	54/63	54/63	—	41/63	41/63	—	482/623	482/623	—
Total district heating and cooling (DH&C-Lfl)	MWh	39,026	43,444	-10	45,837	52,712	-13	311,490	350,746	-11
<i>Scope of the disclosures on district heating and district cooling</i>	sq. m.	52/53	52/53	—	51/51	51/51	—	505/512	505/512	—
Total fuels (Fuels-Lfl)	MWh	0	0	—	112	116	-3	1,808	1,585	14
<i>Scope of the disclosures on fuel</i>	sq. m.	0/0	0/0	—	1/1	1/1	—	9/9	9/9	—
Total energy consumption	MWh	56,453	62,531	-10	52,235	59,844	-13	417,727	460,035	-9
Energy consumption (degree-day corrected)	MWh	58,113	61,099	-5	54,439	58,437	-7	432,330	450,421	-4
Energy intensity, buildings (Energy-Int)	kWh/sq. m. per year	94	105	-10	116	133	-13	96	106	-9
Energy intensity, buildings (degree-day corrected)	kWh/sq. m. per year	97	102	-5	121	130	-7	100	104	-4

The Planet **emissions**

Emissions

Castellum reports and 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 Scope 1 and 2, and for business travel, there is comparable data back to 2007.

The Conversion Factors table on page 78 reports on the activities, assumptions and conversion factors forming the basis for reporting Castellum's energy use and greenhouse gas emissions during 2022.

In 2021, the database with emissions factors for the emissions under Scope 3 that are calculated based on the spend for the current period was replaced with a newer database, Exiobase 3. This database is considered to be the most reliable for these types of calculations, has updated emissions factors that take better account of economic activities, and has improved sectoral granularity. As of 2022, inflation adjustments are also applied in the calculation of cost-based emissions estimates. Previous years have not been updated.

In 2022, direct and indirect energy-related carbon emissions in Scope 1 and 2 increased by 53 per cent (54) per square metre; since 2007 they have decreased by 63 per cent (77) per square metre. The increase of this year and the preceding year are due primarily to the acquisitions of Kungsleden and in Finland. If we exclude Finland and Kungsleden, emissions are on par with the target for 2022. The company has made plans to purchase more renewable energy in Finland and in the properties acquired from Kungsleden.

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 [location-based])

	2022		2021		2020		2019		2018		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⁾	550	0.1	322	0.1	284	0.1	458	0.1	675	0.2	Fuel-based
Biogenic emissions (GHG-Dir-Abs)	309	0.1	342	0.1	339	0.1	535	0.1	664	0.2	Fuel-based
Scope 2											
Market-based method (GHG-Indir-Abs)	12,756	2.2	5,403	1.4	3,991	0.9	5,764	1.4	4,362	1.00	Fuel-based
Location-based method (GHG-Indir-Abs)	31,091	5.5	16,418	4.3	18,128	4.1	37,222	8.8	47,818	11.3	Fuel-based
Scope 1+2 (market-based method)	13,306	2.3	5,725	1.5	4,275	1.0	6,222	1.5	5,037	1.2	
Scope 1+2 (location-based method)	31,641	5.6	16,740	4.4	18,412	4.2	37,680	8.9	48,493	11.5	
Scope 3³⁾											
1. Purchased goods and services	77,773	13.7	71,130	18.5	274,307	61.8	266,860	62.8	273,279	64.6	Spend-based
3. Fuel- and energy-related activities ⁴⁾	3,596	0.6	3,452	0.9	—	—	—	—	—	—	Fuel-based
4. Upstream transportation and distribution	525	0.1	465	0.1	227	0.1	172	0.1	166	0.1	Spend-based
5. Waste generated in operations	2,090	0.4	2,043	0.5	2,717	0.6	2,161	0.5	2,038	0.5	Spend-based
6. Business travel	64	0.0	35	0.0	49	0	127	0.0	151	0.0	Distance
7. Employee commuting	203	0.0	169	0.0	160	0	166	0.0	158	0.0	Average-data
8. Upstream leased assets	0	0.0	20	0.0	88	0	68	0.0	59	0.0	Spend-based
13. Downstream leased assets ⁵⁾	22,104	3.9	8,860	2.3	12,627	2.9	54	0.0	54	0.0	Average-data
Biogenic emissions	—	—	—	—	—	—	—	—	—	—	
Scope 3	106,355	18.7	86,174	22.4	290,175	65.4	269,608	63.4	275,905	65.2	
Scope 1+2+3 (market-based method)	119,661	21.0	91,899	23.9	294,450	66.4	275,830	64.9	280,942	66.4	
Scope 1+2+3 (location-based method)	137,996	24.3	102,914	26.8	308,587	69.6	307,288	72.3	324,398	76.7	

Absolute emissions are indicated in metric tons of CO₂e, and intensity in kg CO₂e per square metre. No material emissions of greenhouse gases have been excluded.

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. Castellum's total greenhouse emissions during base year 2017 totalled 332,061 tonnes of CO₂e, of which 1,122 tonnes in Scope 1, 6,133 tonnes in Scope 2, and 324,806 tonnes in Scope 3. Measurements of emissions from Scope 1 and 2 from 2007 onward are available. In 2007, the emissions in Scope 1 and Scope 2 totalled 6.4 kg CO₂e per sq. m.

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 2022 compared with 23 metric tonnes of CO₂e in 2021. No trading in greenhouse gases took place in 2022.

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-of-life treatment of sold products, 14. Franchises, 15. Investments.

4. Castellum began calculating emissions for fuel and energy-related activities in 2021.

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 per cent - which is why we have not updated either previous years or the base year.

The Planet emissions, cont.

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: 0.07663 tonnes CO ₂ e/MWh Denmark 0.52932 tonnes CO ₂ e/MWh Finland 0.28532 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.	0.000140 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.	0.000000039 tonnes CO ₂ e/km Source: SJ
Scope 3	Business travel, private vehicles.	Internal monitoring of kilometres driven on business with private vehicles.	0.000140 tonnes CO ₂ e/km Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 3	Employee commuting.	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	Downstream leased assets.	Calculated from a template of tenants' energy use.	Residual mix: Sweden: 0.07663 tonnes CO ₂ e/MWh Denmark 0.52932 tonnes CO ₂ e/MWh Finland 0.28532 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 (2022) was only calculated in 2023, the conversion factor for 2021 is used for emissions linked to traditional district heating.

The Planet emissions, cont.

Total greenhouse gas emissions by property type, like-for-like (GHG-Dir-LfL, GHG-Indir-LfL, GHG-Int; GRI 305-1, GRI 305-2, GRI 305-4)

	Measurement unit	Like-for-like (Lfl) comparison								
		Offices			Logistics			Retail		
		2022	2021	Change, %	2022	2021	Change, %	2022	2021	Change, %
Scope 1, Direct emissions (GHG-Dir-LfL)	Tonnes CO ₂ e	318	341	-7	11	60	-82	10	2	400
Scope 2, Indirect emissions (market-based method, GHG-Indir-LfL)	Tonnes CO ₂ e	5,897	6,841	-14	934	979	-5	465	539	-14
Scope 2, Indirect emissions (location-based method, GHG-Indir-LfL)	Tonnes CO ₂ e	16,028	13,861	16	2,760	2,322	19	1,612	1,243	30
Scope 1, Direct emissions + Scope 2, Indirect emissions (location-based method, GHG-Int)	Kg CO ₂ e/m ² /yr	6.8	5.8	17	3.0	2.6	15	3.7	2.9	28

cont.	Measurement unit	Like-for-like (Lfl) comparison								
		Public sector properties			Light industry			Castellum total		
		2022	2021	Change, %	2022	2021	Change, %	2022	2021	Change, %
Scope 1, Direct emissions (GHG-Dir-LfL)	Tonnes CO ₂ e	68	52	31	39	0	—	446	455	-2
Scope 2, Indirect emissions (market-based method, GHG-Indir-LfL)	Tonnes CO ₂ e	1,202	1,397	-14	2,036	2,141	-5	10,534	11,897	-11
Scope 2, Indirect emissions (location-based method, GHG-Indir-LfL)	Tonnes CO ₂ e	3,693	2,971	24	3,058	2,741	12	27,151	23,138	17
Scope 1, Direct emissions + Scope 2, Indirect emissions (location-based method, GHG-Int)	Kg CO ₂ e/m ² /yr	6.0	4.7	28	6.1	5.4	13	5.7	4.8	17

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 77.

Energy consumption and emissions for Castellum's own operations (GRI 305-1, GRI 305-2, GRI 305-4)

	Measurement unit	Indicator	Outcome (Abs, Int)		
			2022	2021	2020
Total consumption, electricity	MWh		3,359	2,930	561
Portion of electricity from renewable sources	%		100	100	100
Total consumption, district heating and cooling	MWh		3,882	3,829	646
Portion of district heating and cooling from renewable sources	%		95	100	96
Total consumption, fuels	MWh		0	0	0
Proportion of fuel from renewable sources	%		—	—	—
Energy intensity (normalised)	kWh/m ² /yr		148	134	133
Scope of disclosures on emissions from own offices	No. of buildings included		35/35	32/32	20/20
Share of energy use and GHG estimated in the portfolio	%		0	0	0
Scope 1	Tonnes CO ₂ e	Direct	23	23	14
Scope 2 (market-based)	Tonnes CO ₂ e	Indirect	53	139	16
Scope 2 (location-based)	Tonnes CO ₂ e	Indirect	60	212	57
Scope 1 & 2 emissions (market-based)	Kg CO ₂ e/m ² /yr	GHG	1.6	3.5	3.0
Scope 1 & 2 emissions (location-based)	Kg CO ₂ e/m ² /yr	GHG	1.7	5.1	7.0

The total area of Castellum's own offices was measured at 48,938 square metres in 2022. This includes United Space's offices.

The Planet **water**

Water consumption

Only municipal water is used in Castellum's operations. Castellum does not report water consumption where the tenant is the subscriber, or water consumption at our construction sites for new construction.

Total water consumption (Water-Abs, Water-Int)

	Measurement unit	Castellum outcome, total		
		2022	2021	2020
Municipal water (Water-Abs)	cu. m.	1,205,264	683,540	874,785
Water intensity, buildings (Water-Int)	cu. m./sq. m., year	0.26	0.23	0.25
Scope of the disclosures on water		592/749	454/554	522/642

Total water use by property type (Water-LfL, Water-Int)

Measurement unit	Like-for-like (LfL) comparison									
	Offices			Logistics			Retail			
	2022	2021	Change, %	2022	2021	Change, %	2022	2021	Change, %	
Municipal water (Water-LfL)	cu. m.	645,316	604,487	7	148,475	155,856	-5	60,795	57,291	6
Water intensity, buildings (Water-Int)	cu. m./sq. m., year	0.31	0.29	7	0.19	0.20	-5	0.23	0.21	10
Scope of the disclosures on water		248/284	248/284		108/128	108/128		50/85	50/85	

cont. Measurement unit	Like-for-like (LfL) comparison									
	Public sector properties			Light industry			Castellum total			
	2022	2021	Change, %	2022	2021	Change, %	2022	2021	Change, %	
Municipal water (Water-LfL)	cu. m.	151,608	143,929	5	114,402	147,759	-23	1,120,596	1,109,322	1
Water intensity, buildings (Water-Int)	cu. m./cu. m, year	0.25	0.23	9	0.24	0.32	-25	0.27	0.26	4
Scope of the disclosures on water		59/63	59/63		54/63	54/63		519/623	519/623	

Multi-year outlook: energy, carbon emissions and water

	2022		2021		2020		2019		2018		2017	
	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity
Total energy consumption	456,099	96	291,331	91	279,419	75	316,239	88	349,014	97	343,140	94
Total energy consumption, normalised	472,129	99	294,111	92	326,287	87	340,645	95	371,220	103	365,927	100
1. of which actual heating	312,767	63	213,722	65	193,718	50	223,576	60	238,494	64	244,060	64
2. of which normalised heating	328,797	66	216,502	66	240,586	62	247,983	67	260,700	70	266,847	70
3. of which electricity and cooling	143,332	33	77,609	26	85,701	25	92,662	28	110,520	33	99,080	30
Total CO₂e emissions for property management¹⁾	13,306	2.3	5,725	1.5	4,275	1.0	6,222	1.5	5037	1.2	7,255	1.7
of which Scope 1	550	0.1	322	0.1	285	0.1	458	0.1	675	0.2	1,122	0.3
of which Scope 2 (market-based)	12,756	2.2	5,403	1.4	3,990	0.9	5,764	1.4	4,362	1.00	6,133	1.4
Total water consumption	1,205,264	0.26	683,540	0.23	874,785	0.25	995,345	0.29	969,783	0.3	1,008,457	0.3

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 cubic metres, and water intensity is indicated in cubic metres per square metre and year.

Total energy consumption is the sum of 1 and 3. Total normalised energy use is the sum of 2 and 3.

1. This list includes all CO₂ emissions from property management (i.e. Scope 1 and 2).

The Planet **waste**

Waste

Castellum reports the waste that the company's tenants generate. Waste monitoring has been developed over the past year. Waste data is now obtained on 370 properties (254), corresponding to 54 per cent (54) of total area. The increased amount of waste is due to the acquisition of Kungsleden and a significantly larger portfolio.

Castellum does not own or report on waste data in cases where the tenant is the subscriber. Nor is waste from construction currently reported.

Total waste (GRI 306-3, 306-4, 306-5; Waste-Abs)

	Total (abs) in metric tons		
	2022	2021	2020
Hazardous waste (Waste-Abs)	61	34	65
Landfill (Waste-Abs)	0	0	—
Recycling (Waste-Abs)	47	26	—
Incineration (Waste-Abs)	14	8	—
Non-hazardous waste (Waste-Abs)	4,985	2,925	1,228
Landfill (Waste-Abs)	11	21	—
Recycling (Waste-Abs)	2,025	1,228	—
Incineration (Waste-Abs)	2,949	1,676	—
Total	5,046	2,959	2,384
Scope of the disclosures on waste	370/749	254/554	233/642

Castellum began reporting on the fractions landfill, recycling and incineration under the categories of hazardous and non-hazardous waste in 2021. This means that the figures pertaining to absolute tonnes of waste lack corresponding disclosures in a number of rows in 2020.

Total waste by property type (Waste-LfL)

Measurement unit	Like-for-like (LfL) comparison								
	Offices			Logistics			Retail		
	2022	2021	Change, %	2022	2021	Change, %	2022	2021	Change, %
Hazardous waste (Waste-LfL)	50	36	39	1	1	0	0	0	—
Landfill (Waste-LfL)	0	0	—	0	0	—	0	0	—
Recycling (Waste-LfL)	36	31	16	1	1	0	0	0	—
Incineration (Waste-LfL)	14	5	180	0	0	—	0	0	—
Non-hazardous waste (Waste-LfL)	3,235	1,028	87	346	86	302	206	133	55
Landfill (Waste-LfL)	4	8	-50	0	0	—	0	0	—
Recycling (Waste-LfL)	1,244	917	36	52	18	189	135	70	93
Incineration (Waste-LfL)	1,987	803	147	294	68	332	71	63	13
Total	3,285	1,764	86	347	87	299	206	133	55
Scope of the disclosures on waste	205/284	205/284		44/128	44/128		22/85	22/85	

Measurement unit	Like-for-like (LfL) comparison								
	Public sector properties			Light industry			Castellum total		
	2022	2021	Change, %	2022	2021	Change, %	2022	2021	Change, %
Hazardous waste (Waste-LfL)	2	29	-93	1	3	-67	54	69	-22
Landfill (Waste-LfL)	0	0	—	0	0	—	0	0	—
Recycling (Waste-LfL)	2	29	-93	1	1	0	40	62	-35
Incineration (Waste-LfL)	0	0	—	0	2	-100	14	7	100
Non-hazardous waste (Waste-LfL)	585	273	114	65	98	-34	4,437	2,318	91
Landfill (Waste-LfL)	0	0	—	0	0	—	4	8	-50
Recycling (Waste-LfL)	295	185	59	17	39	-56	1,743	1,229	42
Incineration (Waste-LfL)	290	88	230	48	59	-19	2,690	1,081	149
Total	587	302	94	66	101	-35	4,491	2,387	88
Scope of the disclosures on waste	43/63	43/63		22/63	22/63		336/623	336/623	

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.

Future-proofing

Supplier partnerships

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.

In 2022, 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. Castellum has a total of 353 framework agreements for goods and services in property management. The majority of Castellum's suppliers are located in Sweden, Denmark and Finland.

Sustainability-certified properties (excluding land)

	Offices	Logistics	Retail	Public sector properties	Light industry	Developments	Castellum total	Proportion of portfolio, %
Sales (Turnover), SEK M	3,261	434	217	718	86	103	4,820	56
Operating expenses (OpEx), SEK M	-278	-36	-18	-44	-9	-10	-396	49
Capital expenditure (CapEx), SEK M	-1,056	-711	-27	-299	-16	-864	-2,974	52
Property value, SEK M	59,856	8,508	3,555	13,378	1,070	4,700	91,066	60
Lettable area, sq. m.	1,403,827	451,719	132,331	363,327	90,854	119,521	2,561,579	45
Number of properties	120	47	20	34	9	9	239	33

Sales (Turnover), operational expenditure and capital expenditure, which are reported on pages 91–95, follow the same definitions as Castellum's reporting under the EU Taxonomy Regulation.

Number of sustainability certifications (GRI C1, Cert-Tot)¹⁾

	Castellum														
	Miljöbyggnad		EU GreenBuilding		LEED		BREEAM		WELL		NollCO ₂		Total number of certifications		
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	Change, %
Number of certified buildings (Cert-Tot)	59	48	37	36	46	8	105	113	1	1	1	0	249	206	21
Certified area (in thousands sq. m., Cert-Tot)	497	398	268	279	799	96	1,027	1,080	0	0	0	0	2,591	1,854	40
Certified area, share of total (% , Cert-Tot)	9	10	4	7	14	2	18	28	0	0	0	0	45	48	-6

1. Certifications pertain to property or part of property.

Direct economic value generated and distributed (GRI 201-1)

	2022	2021	2020	2019
Direct economic value generated	8,996	6,353	6,004	5,821
Income	8,996	6,353	6,004	5,821
Economic value distributed	7,147	5,410	4,955	4,512
Operating costs	3,158	2,007	1,669	1,466
Owners	1,872	1,888	1,776	1,667
Employees	560	490	470	427
Financiers	1,531	845	786	782
Taxes	15	173	247	165
Wider society	12	7	7	5
Economic value retained	1,849	943	1,049	1,309

Tax - report by country, GRI 207-4-a

	2022			2021		
	Sweden	Finland	Denmark	Sweden	Finland	Denmark
Number of employees	512	10	12	423	8	12
Assets excluding cash and cash equivalents	153,249	18,940	6,683	157,626	14,027	5,979
Income	8,030	616	350	5,646	336	371
Of which income from sales to third parties	8,030	616	350	5,646	336	371
Of which income from intra-Group transactions with other tax jurisdictions	0	0	0	0	0	0
Income before tax	3,035	-760	-38	12,008	30	-169
Tax paid	15	0	0	162	10	1
Deferred tax	562	-90	0	-153	-23	44
Net income for the year	2,458	-670	-38	11,999	43	-214

Well-being

Castellum's employees

All employee data is based on actual data. The information has been compiled and assured by Castellum's HR department. Castellum reports data concerning all its employees in the areas of employment, training, equality, diversity, personnel turnover, and more. The company reports the number of employees in full-time equivalents (FTE) as of 31 December. The data is not broken down by geography since the number of employees in Castellum's operations in Finland and Denmark, respectively, is limited. These employees are included in the statistics for Sweden.

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. For more detailed information on how Castellum works on diversity and equality, refer to pages 23-24 and 69.

Examples of projects and initiatives that were carried out in 2022 include anonymised recruitment procedures, partnerships with the Jobbsprånget initiative, and internships for people who are struggling to enter the job market.

Education, number of people

	2022		2021	
	Women	Men	Women	Men
University	164	191	126	133
Upper secondary school	59	116	54	108
Compulsory school	0	4	2	4

Training and education (GRI 404-1, Emp-Training)

Training, hours	Women	Men	Total
Average number of employees during the year	233	301	534
Average number of training hours during the year	6,656	10,141	16,797
Under 30	746	935	1,681
30-50	4,385	5,352	9,737
Over 50	1,525	3,854	5,379
Average hours per employee/year	29	34	31

Leadership development, hours	Women	Men	Total
Number of participating employees	41	53	94
Number of hours	412	480	892

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. 15,000

Division of labour, % (GRI 2-7)

	2022		2021	
	Women	Men	Women	Men
Customer relations/property management	35	65	38	62
Project and business development	34	66	28	72
Support functions	63	37	65	35
Executives	42	58	45	55
Regional management groups	44	56	46	54
Executive Management	48	52	50	50

Type of employment, number of people (GRI 2-7)

	2022		2021	
	Women	Men	Women	Men
Full-time employees	214	307	174	242
Part-time employees	9	4	8	3

Forms of employment, number of people (GRI 2-7)

	2022		2021	
	Women	Men	Women	Men
Permanent employees	219	308	179	242
Temporary employees ¹⁾	4	3	3	3

1. Including hourly employees.

Well-being, cont.

Equality (GRI 405-1, Diversity-Emp)

Demographic structure personnel	2022		2021		2020		2019	
	Number of people	Proportion of women, %	Number of people	Proportion of women, %	Number of people	Proportion of women, %	Number of people	Proportion of women, %
Board of Directors	5	20	7	44	8	50	7	57
Under 30	0	—	0	—	—	—	—	—
30-50	0	—	0	—	1	100	1	100
Over 50	5	20	7	44	7	43	6	50
Executive management	12	54	8	50	8	50	—	—
Under 30	0	—	0	—	—	—	—	—
30-50	7	62	6	47	6	50	5	40
Over 50	5	42	2	58	2	50	2	50
Other employees, including management	534	42	427	43	413	40	—	—
Under 30	45	46	37	50	29	48	48	47
30-50	302	46	237	49	202	47	218	45
Over 50	187	33	153	31	182	30	154	28

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	223	311	534
Under 30	21	24	45
30-50	140	162	302
Over 50	63	124	187

Employee turnover (GRI 401-1, Emp-Turnover)

Employee turnover ¹⁾	2022		2021		2020	
	Number of people	Proportion of women, %	Number of people	Proportion of women, %	Number of people	Proportion of women, %
New employees during the year²⁾						
Under 30	17	53	6	39	4	47
30-50	34	53	16	50	20	68
Over 50	12	41	4	47	7	20
Total new employees	63	51	25	47	31	54
Proportion of new employees, %	12	6	6	3	7	—
Employees who left during the year						
Under 30	5	31	7	33	0	—
30-50	38	72	21	44	14	33
Over 50	20	51	17	24	11	25
Total number of leavers	63	62	45	35	25	30
Proportion of leavers, %	12	7	11	4	6	—
Proportion of leavers on own initiative ³⁾ , %	79	66	56	20	—	—

The average cost for external new recruitment in 2022 totalled SEK 100,394 per recruit.

- 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 per cent up through 31 December is counted as 0.35 FTE (employed for 50 per cent of the year at 70 per cent employment).
- Of the new hires during the year, 30 per cent had an international background.
- New measurement as of 2021.

Composition of the Board (Gov-Board)

	2022	2021
Number of Board members	5	8
Number of independent Board members	5	7
Average mandate period, years	4.6	4

Refer to page 122 for ESG competence on the Board.

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.

In 2022, salaries were within the limits of what is considered equitable.

Gender pay ratio, average (GRI 2-21, 405-2; Diversity-Pay)

%	2022				2021			
	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)	80	126	79	127	96	104	79	126
Managers (Diversity-Pay)	97	103	96	105	99	101	98	102
Employees (Diversity-Pay)	99	101	98	102	101	99	102	98

Gender pay ratio, median (GRI 2-21, Diversity-Pay)

%	2022				2021			
	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	78	128	78	128	96	104	73	136
Executives	96	104	98	102	97	104	102	98
Employees	99	101	101	99	108	93	108	93

Pay ratio, highest paid relative to median (GRI 2-21, Diversity-Pay)

	2022	2021
Total remuneration to CEO (highest paid), SEK M	4.8	8.2
Median annual total remuneration for all employees (excl. highest annual remuneration), SEK M	0.6	0.6
Relation between highest paid and median (excl. highest annual remuneration)	5	13.7
Median salary increase, all employees (excl. highest annual remuneration), %	2.7	2.9
Salary increase, CEO, 2021-2022, %	2.6	-1.7

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 names are 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.

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.

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 preventing risks at 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.

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		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
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.

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 learn 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.

Collective bargaining agreements (GRI 2-30)

The proportion of employees with collective bargaining agreements in 2022 was 96 per cent. 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.

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 2022, 82 per cent (91) of all employees took part in performance and career development reviews, of which 78 per cent (93) of all women and 85 per cent (89) of all men. The reason that not all employees had performance and career development reviews is that many new employees, in conjunction with the integration of Kungsleden, have not had their first such review yet. 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.

Performance and career development review, % (GRI 404-3, Emp-Dev)

	2022			2021		
	Women	Men	Total	Women	Men	Total
Performance and career development reviews conducted (Emp-Dev)	78	85	82	93	89	91

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.

Well-being, cont.

Work-related injuries and ill health (GRI 403-9, 403-10)

During the year, 31 work-related accidents (18) were reported, 5 (7) of which involved Castellum employees. The most common accidents were crushing injuries, falls and injuries owing to sub-operations. LTI 200,000

Sick leave in the company remains low and continues to hold steady at 2.9 per cent (2.9). 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, 10 em-

ployees (13) 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 per cent.
- Long-term sick leave must be under 3 per cent.
- 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 are followed up annually via questions in the employee survey. The targets for psychosocial issues are set yearly.

Work-related injuries and ill health (GRI 403-9, 403-10; H&S-Emp, H&S-Comp)

	2022		2021		2020	
	Employees	Suppliers	Employees	Suppliers	Employees	Suppliers
Number of work-related fatalities (H&S-Emp) ¹⁾	0	0	0	0	0	0
Number of workplace injuries leading to absence (LTI)	1	8	2	5	2	4
<i>Injury frequency rate per 200,000 hours (LTIFR)</i>	0.2	0.2	0.5	0.2	0.5	0.2
Number of workplace injuries with serious consequences ²⁾	0	3	0	0	0	0
<i>Injury frequency rate per 200,000 hours</i>	0	0.1	0	0	0	0
Total number of recorded workplace injuries	5	26	7	11	5	6
<i>Injury frequency rate per 200,000 hours (TRIFR, H&S-Emp)</i>	0.9	0.5	1.7	0.3	1.2	0.3
Number of recorded workplace injuries ³⁾ (H&S-Comp)	10	not measured	13	not measured	5	not measured
Short-term sick leave in relation to total hours worked (H&S-Emp), %	1.3	not measured	1.1	not measured	0.9	not measured
Long-term sick leave in relation to total hours worked (work days lost, employees; H&S-Emp), %	1.6	not measured	1.8	not measured	1.1	not measured
Total sick leave in relation to total hours worked (absence, employees; H&S-Emp), %	2.9	not measured	2.9	not measured	2.0	not measured
Total number of hours worked	1,090,318	10,500,714⁴⁾	840,212	6,712,089⁴⁾	828,613	4,194,183⁴⁾

Terms: LTI = Lost Time Injury, LTIFR = Lost Time Injury Frequency Rate, TRIFR = Total Recordable Injury Frequency Rate.

1. 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.

2. Serious injuries with more than 6 months of recovery, excluding fatalities.

3. Castellum's interpretation of GRI's "Work-related ill health".

4. The number of hours worked for suppliers is based on an assumption that 60 per cent comprises labour costs at an hourly price of SEK 500.

Sick leave, employees, %

	2022			2021		
	Women	Men	Total	Women	Men	Total
Absenteeism, Castellum	3.8	2.2	2.9	3.3	2.6	2.9
Of which short-term sick leave	1.5	1.1	1.3	1.1	1.1	1.1
Of which long-term sick leave (counted after day 15)	2.3	1.1	1.6	2.2	1.5	1.8

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, 8 workplace injuries (5) resulting in absence were reported during the year. 0.2 200,000 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.

Social responsibility

Apprentices

In 2022, a total of 91 (62) individuals worked at Castellum as vacation replacements, interns, apprentices, trainees or with academic degree projects. Of these, 11 (19) were apprentices (in Castellum's definition, people who are struggling to enter the job market), which is equivalent to roughly 2 per cent (4) of Castellum's employees. Castellum has also adopted a requirement for 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.

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.

Derogation management, compliance with laws, incidents of corruption, and limitations of competition (GRI 2-27, 205-3, 206-1, 416-2)

Critical issues, material derogations 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 derogations linked to sustainability initiatives and the Code of Conduct were identified or reported to the Board.

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. In 2022, Castellum received some ten cases via the whistleblower function. Some of the cases led to a change in routines or to targeted communication initiatives.

In 2022 Castellum, the Board, 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, incidents of corruption, operations that inhibit competition or violations of anti-trust legislation. Nor was the company ordered to pay damages or any fines, linked to either violations of environmental legislation or other legislation, in 2022. 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.

Castellum's agenda for The sustainable city 2030

Key metrics – sustainability	2022	2021	2020	2019	2018	Targets
Resource efficiency						
Total energy use, kWh/sq. m., year	96 ¹⁾	91	75	88	97	
Total energy use, degree-day corrected, kWh/sq. m., year	99 ²⁾	92	87	95	103	Max 98 kWh/sq. m. in 2022, and 91 kWh/sq. m. in 2025 (11% reduction 2025 cf. with 2021)
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 per year in the like-for-like portfolio, rolling 12 months, % (degree-day corrected)	-4	0	-12	-8	3	-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)	-9	+13	-11	-9	3	
Total water consumption, cu. m./sq. m., year	0.3	0.2	0.3	0.3	0.3	
Water savings per year in the like-for-like portfolio, rolling 12 months, %	(+1)	-6	-13	-3	-1	1% water conservation/year in the like-for-like portfolio
Fossil-free						
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
No. of charging posts for electric vehicles	922	674	—	—	—	(New measurement point, 2021)
Number of solar PV systems installed	76	46	39	26	22	100 solar PV systems installed by 2025
Road map to climate neutrality by 2030						
Property management – CO ₂ emissions in kg/sq. m., year (market-based) ³⁾	2.3	1.5	1.0	1.5	1.2	1.9 kg/sq. m. 2022 and 0 kg/sq. m. 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	1.0	
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 as of 2021. At least 15% reduction in CO ₂ emissions per square metre in new production of offices. Net-zero emissions in all projects by 2030.
Sustainability certification						
Sustainability certification, % of sq. m.	45	48	39	36	33	50% certified area by 2025
Sustainability certification, number of properties	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	
ESG benchmarks						
GRESB points (0-100)	92	95	91	92	92	Global Sector Leader 2022, GRESB, received 18 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	
Social key metrics						
Sick leave, % (long-term and short-term)	2.9	2.9	2.2	2.9	3.8	Max 2% short-term and 3% long-term sick leave
Equality, % women and men	42/58	43/57	40/60	39/61	42/58	Between 40–60%
Diversity, international background, %	10	9	8	6	6	20% 2025
Apprentices, % of employees	2	4	2	5	6	4% per year

Castellum will be one of the most sustainable property companies in Europe. Castellum's sustainability agenda, "The sustainable city 2030," 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, is included in the company's sustainability reporting and sustainability key metrics starting in 2022.

1. The increase in total energy consumption compared with 2021 is due primarily to the acquisition of Kungsleden and acquisitions in Finland that took place in 2021, and to some extent a colder year.
2. The slight increase in degree day-corrected energy consumption compared with 2020 and 2021 is due primarily to the portfolio shift, including the acquisition of Kungsleden and properties in Finland during 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 per cent savings per square metre, rolling 12 months.
3. This list includes all CO₂ emissions from property management (i.e. Scope 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.

Reporting under the EU Taxonomy Regulation

Reporting under Article 8 in the Taxonomy Regulation

The fact that Castellum is covered by the EU Taxonomy Regulation results in requirements for disclosures on the extent to which the operation is both eligible under and aligned with the Taxonomy Regulation and is thereby environmentally sustainable in relation to the EU's six environmental objectives.

Assessment of conformity with the regulation

In 2021, a requirement was set for disclosures on how large a share of the operation is eligible under the EU Taxonomy Regulation. As of 2022, the company is obligated to report alignment with the regulation. Technical screening criteria for the first two environmental objectives – Climate change mitigation and Climate change adaptation – have been established. These technical screening criteria define which sectors and appurtenant economic activities are taxonomy-eligible. As a company in the construction and real estate industry, Castellum's entire operation is eligible under the first two environmental objectives.

The following economic activities touch on Castellum's entire operation:

1. 7.1 Construction of new buildings
2. 7.2 Renovation of existing buildings
3. 7.3 Installation, maintenance and repair of energy efficiency equipment
4. 7.7 Acquisition and ownership of buildings

To be taxonomy-aligned, the economic activity must make a significant contribution to an environmental objective and must meet the minimum social safeguards. Moreover, the activity must do no significant harm (DSNH) to any of the other environmental objectives.

Castellum reports the company's alignment with the first environmental objective, Climate change mitigation. Castellum's assessment of alignment, meaning how the company complies with the technical screening criteria and does no significant harm to the other environmental objectives, is presented in the tables on pages 93-95. In addition, Castellum's management of meeting the minimum social safeguards is described.

Castellum's multi-year focus on sustainability, energy optimisation of buildings, and efficient operation has a positive impact on the portion of Castellum's existing properties that meet the threshold value of the first environmental objective and are thereby aligned with the taxonomy.

Reporting policies

The proportion of the operation that is environmentally sustainable under the EU Taxonomy Regulation must be reported as three financial key

metrics: Turnover, capital expenditure (CapEx) and operational expenditure (OpEx). The operation must identify how large a share of these key metrics are taxonomy-aligned through substantial contribution to one of the environmental objectives and confirm that they meet the minimum social safeguards of the Taxonomy Regulation while at the same time doing no significant harm to any of the other environmental objectives.

For the economic activity to be classified as new construction and renovation, respectively, the investment must exceed SEK 50 M, which is Castellum's definition of a major project.

Nothing has been double-counted. The risk of double-counting decreases because the company only reports on alignment with the first environmental objective.

Turnover

Reporting of total turnover 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 expenditure

Reporting of total capital expenditure 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 11 New construction, extensions and reconstructions and Acquisitions. In addition, equipment that constitutes a capital expenditure is also covered; refer to Note 12 and Leasing; refer to Note 13.

Operating expenditure

Reporting of operating expenditure 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 expenditure, 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

Castellum reports only on the first environmental objective – Climate change mitigation – and on the economic activity under Point 4: 7.7 Acquisition and ownership of buildings.

The economic activities under Points 1 and 4 are the primary economic activities in Castellum's operations, as well as the ones that generate the

most turnover, operational expenditure and capital expenditure. In relation to points 1 and 4, points 2 and 3 do not generate any large volumes of turnover, operational expenditure and capital expenditure. Under the first environmental objective – Climate change mitigation – Castellum is thus of the opinion that the economic activities 7.1 New production of buildings and 7.7 Acquisition and ownership of buildings are of greatest significance. The company believes that 7.7 Acquisition and ownership of new buildings is the economic activity that is significant, and that there is sufficient external documentation to assess whether the technical screening criteria have been met. The assessment of Castellum's alignment with the taxonomy may expand going forward, in pace with the development of relevant and reliable documentation.

Castellum focuses on sustainability in all new production. However, the company chooses not to report that proportion of new production that is aligned with the EU Taxonomy Regulation since interpretations of the DNSH criteria are absent. The company therefore feels that the possibilities for assessing alignment with the EU Taxonomy Regulation are insufficient. Once these interpretations are in place and the company can include new production in the assessment, the company's alignment with the Taxonomy is expected to increase.

Castellum was actively engaged in pursuing efforts to produce national guidelines and threshold values, 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 and the EPRA Sustainability Committee. In December 2021, the Fastighetsägarna industry association's Task Force presented threshold values for the economic activity 7.7 Acquisitions and ownership of buildings to be considered aligned with the EU Taxonomy Regulation through the first environmental objective. These threshold values were revised in 2022, and if the economic activity is to be aligned with the Taxonomy Regulation, the property must be among the top 15 per cent of the most energy-efficient property portfolio, or alternately hold an energy performance certificate with a rating of A for Castellum's building types. The revised threshold values are the reason that a lower proportion of Castellum's portfolio is aligned with the Regulation in 2022 compared to 2021.

Top 15% limit for most energy-efficient buildings constructed prior to 31 December 2020¹⁾

Building category	kWh/m ² under BBR 29, primary energy performance
Premises categories	
Offices and administration	80
Store and warehouse premises for other retail	75

1. Threshold value according to Fastighetsägarna report, 2022.

Reporting under the EU Taxonomy Regulation, cont.

Economic activity: 7.7 Acquisition and ownership of buildings

Environmental objective 1. Climate change mitigation

Technical screening criteria

- For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED)
- For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1.
- Where the building is a large non-residential building it is efficiently operated through energy performance monitoring and assessment.

Assessment of Castellum's alignment

- Those properties of Castellum's that fall within the limits for the top 15 per cent of properties in primary energy demand (PED), according to the interpretation and threshold values of the Fastighetsägarna industry association, are considered as fulfilling the technical screening criteria.
- Those properties of Castellum's that obtained construction permits after 31 December 2020 must comply with the technical screening criteria in Section 7.1 Construction of new buildings and 7.7 Acquisition and ownership of buildings.
- Castellum has a well-functioning energy management system, and is systematically engaged with energy consumption in its properties. Energy consumption, including performance, is routinely monitored and assessed.

DNSH criteria

Environmental objective 2. Climate change adaptation

The operation fulfils the criteria stated in Appendix A to the Commission's delegated act (EU) 2021/2139 of 4 June 2021, Generic criteria for DNSH to Climate change adaptation.

Assessment of Castellum's alignment

In 2022, Castellum had independent experts conduct a climate risk assessment of the entire portfolio at the property level for the purpose of assessing and identifying which properties were exposed to physical climate-related risks. The analysis was conducted in accordance with Appendix A and Table II, Classification of climate-related hazards. The vulnerability of the properties was assessed based on a changed climate. The physical climate risks that are material to the operation have been identified using a robust climate risk and vulnerability analysis. The latest scientific discoveries and methods were taken into account. The analysis identified the following risks as the most relevant for assessment:

- Flooding from oceans
- Flooding from lakes and watercourses
- Flooding from torrential rains
- Heat stress
- Ground stability (landslides and erosion)
- Snowfall

By assessing the properties according to risk level, the company can determine which of them should be prioritised. The results showed that 7 per cent of the property value is exposed to high¹⁾ risk.

For those more exposed properties, there is an action plan: the properties will be analysed more thoroughly and relevant investments and initiatives that will be implemented to adapt the properties to a changed climate and increase their resilience will be defined.

Environmental objective 3. The sustainable use and protection of water and marine resources

Not applicable.

Not applicable

Environmental objective 4. The transition to a circular economy

Not applicable.

Not applicable

Environmental objective 5. Pollution prevention and control

Not applicable.

Not applicable

Environmental objective 6. The protection and restoration of biodiversity and ecosystems

Not applicable.

Not applicable

Minimum social safeguards

The minimum safeguards shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Assessment of Castellum's alignment

Castellum is a responsible community developer that intends to be part of promoting sustainable development. The operations will be pursued in a responsible manner in relation to society and its stakeholders. Castellum regards the precautionary principle, as well as society's laws and ordinances, as a minimum standard. The company has signed the Global Compact and complies with the UN Guiding Principles on Business and Human Rights as well as the OECD Guidelines for Multinational Enterprises, including the International Labor Organization (ILO) declaration on fundamental principles and rights at work, the ILO eight fundamental conventions and the International Convention on Human Rights.

Using well-established and governing documents and procedures, the company will ensure that no violations of human rights and children's rights occur in its operations. Castellum's Code of Conduct is based on Castellum's values, 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 applies to all employees and clarifies Castellum's position on human rights, working conditions, business ethics and anti-corruption.

The risk of a negative impact in the supplier chain is reduced and prevented by setting the same stringent ethical requirements on suppliers and partners as on all employees in the Group. Castellum's Code of Conduct for suppliers is applied in all business relationships. Castellum assesses the actual and potential consequences for and risks to human rights in the operations of our business partners and as part of the due diligence process before we initiate new business relationships.

1. The property portfolio has been assessed according to the Low-Moderate-High climate risk scale.

Reporting under the EU Taxonomy Regulation, cont.

TURNOVER¹⁾

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards	Taxonomy-aligned proportion of turnover, year 2022	Taxonomy-aligned proportion of turnover, year 2021	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
		SEK m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
7.1 Construction of new buildings	7.1	0	0	0																
7.2 Renovation of existing buildings	7.2	0	0	0																T
7.7 Acquisition and ownership of buildings	7.7	2,927	33	100						—	Y	N/A	N/A	N/A	N/A	Y	33	—		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2,927	33	100													33	—		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
7.1 Construction of new buildings	7.1	137	2																	
7.2 Renovation of existing buildings	7.2	358	4																	
7.7 Acquisition and ownership of buildings	7.7	5,574	62																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6,069	67																	
Total (A.1 + A.2)		8,996	100																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		0	0																	
Total (A+B)		8,996	100																	

1. Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022.

Reporting under the EU Taxonomy Regulation, cont.

CAPEX²⁾

Economic activities	Code(s)	Absolute CapEx SEK m	Proportion of CapEx %	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2022 %	Taxonomy-aligned proportion of CapEx, year 2021 %	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
7.1 Construction of new buildings	7.1	0	0																	
7.2 Renovation of existing buildings	7.2	0	0																T	
7.7 Acquisition and ownership of buildings	7.7	683	11	100						—	Y	N/A	N/A	N/A	N/A	Y	11	—		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		683	11	100													11	—		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
7.1 Construction of new buildings	7.1	2,317	39																	
7.2 Renovation of existing buildings	7.2	691	12																	
7.7 Acquisition and ownership of buildings	7.7	2,304	38																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5,312	89																	
Total (A.1 + A.2)		5,995	100																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-Non-eligible activities (B)		0	0																	
Total (A+B)		5,995	100																	

2. Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022.

Reporting under the EU Taxonomy Regulation, cont.

OPEX³⁾

Economic activities	Code(s)	Absolute OpEx SEK m	Proportion of OpEx %	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards	Taxonomy-aligned proportion of OpEx, year 2022 %	Taxonomy-aligned proportion of OpEx, year 2021 %	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
7.1 Construction of new buildings	7.1	0																		
7.2 Renovation of existing buildings	7.2	0																	T	
7.7 Acquisition and ownership of buildings	7.7	238	28	100						—	Y	N/A	N/A	N/A	N/A	Y	28	—		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		238	28	100													28	—		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
7.1 Construction of new buildings	7.1	9	1																	
7.2 Renovation of existing buildings	7.2	37	4																	
7.7 Acquisition and ownership of buildings	7.7	571	67																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		617	72																	
Total (A.1 + A.2)		855	100																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-Non-eligible activities (B)		0	0																	
Total (A+B)		855	100																	

3. Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022.

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. In 2021, TCFD published industry-specific recommendations. Castellum began implementing these in this year's report. The table below describes the scope of the reporting and page references are made for the respective areas. Castellum has worked further on scenario analyses linked to climate change, which is reported on pages 65-66 and 116-118.

GOVERNANCE Recommended disclosures	STRATEGY Recommended disclosures	RISK MANAGEMENT Recommended disclosures	INDICATORS & GOALS Recommended disclosures
A. The Board's monitoring of climate-related risks and opportunities. Pages 18, 59, 111-119, 122-124	A. Climate-related risks and opportunities the organisation has identified. Pages 117-118	A. The organisation's processes for identifying climate-related risks. Pages 111-119	A. The organization's indicators for evaluating climate-related risks and opportunities. Pages 12-22
B. Management's role regarding assessing and managing climate-related risks and opportunities. Pages 16-20, 111-119, 62-72	B. Impact from risks and opportunities on the organization's operations, strategy and financial planning Pages 6, 9-20, 62-72	B. The organisation's processes for managing climate-related risks. Pages 62-72, 77, 91-95	B. Emissions of Scope 1, 2 and 3 under the Greenhouse Gas Protocol. Pages 77-79, 90
	C. Preparation of the organization's strategy in consideration of various climate-related scenarios. Pages 16-20, 116-118	C. Integration of the above processes in the organisation's general risk management. Pages 111-118	C. Goals for managing climate-related risks and opportunities. Pages 10-18

GRI- and EPRA content index

Statement of use: Castellum has reported in accordance with the GRI Standards for the period 1 of January until 31 of December.

GRI 1 used: GRI 1: Foundation 2021

GRI Standard 2021 och EPRA Best Practice Recommendations on Sustainability Reporting

GRI Standard Title	Disclosure	Reference to EPRA disclosure	Location	Omission		
				Requirements omitted	Reason	Explanation
GENERAL DISCLOSURES						
The organization and its reporting practices						
	2-1	Organizational details	44-45, 120			
	2-2	Entities included in the organization's sustainability reporting	57, 72			
	2-3	Reporting period, frequency and contact point	57			
	2-4	Restatements of information	57			
	2-5	External assurance	57, 101			
Activities and workers						
	2-6	Activities, value chain, and other business relationships	2, 11, 26, 36-38, 40, 44-47, 57, 67, 72			
	2-7	Employees	24, 83-84, 161			
	2-8	Workers who are not employees		Omission 2-8	Not applicable	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						
	2-9	Governance structure and composition	Gov-Board (Composition of the highest governance body)	60-61, 120, 122-123, 127, 134-137, 161		
	2-10	Nomination and selection of the highest governance body	Gov-Select (Nomination and selection of the highest governance body)	122-123, 134-135		
	2-11	Chair of the highest governance body		134, 136		
	2-12	Role of the highest governance body in overseeing the management of impacts		60-61, 72, 122		
	2-13	Delegation of responsibility for managing impacts		60-61		
	2-14	Role of the highest governance body in sustainability reporting		60		
	2-15	Conflicts of interest	Gov-Col (Process for managing conflicts of interest)	120-122, 134-135		
	2-16	Communication of critical concerns		60-61		
	2-17	Collective knowledge of the highest governance body		60		
	2-18	Evaluation of the performance of the highest governance body		123		
	2-19	Remuneration policies		127, 132-133, 160-162, Remuneration report		
	2-20	Process to determine remuneration		132, Minutes from the annual general meeting 2022		
	2-21	Annual total compensation ratio	Diversity-Pay (Gender pay ratio)	85		

GRI Standard 2021 och EPRA Best Practice Recommendations on Sustainability Reporting

GRI Standard Title	Disclosure	Reference to EPRA disclosure	Location	Omission		
				Requirements omitted	Reason	Explanation
Strategy, policies and practices						
	2-22	Statement on sustainable development strategy	6-7			
	2-23	Policy commitments	25, 60-62, 67, 70-72, 120 Sustainability Policy, Code of conduct for employees, Code of conduct for suppliers			
	2-24	Embedding policy commitments	25, 60-62, 67, 70			
	2-25	Processes to remediate negative impacts	60-61, 63-67, 72			
	2-26	Mechanisms for seeking advice and raising concerns	25, 62			
	2-27	Compliance with laws and regulations	46, 89			
	2-28	Membership associations	26, 71			
Stakeholder engagement						
	2-29	Approach to stakeholder engagement	59			
	2-30	Collective bargaining agreements	87			
MATERIAL TOPICS						
	3-1	Process to determine material topics	59-60			
	3-2	List of material topics	59-60			
	3-3	Management of material topics				Economic: Economic performance, Anti-corruption, Anti-competitive behavior, tax: 11, 21-22, 25-26, 62, 65-67, 70-72, 82, 106 Environmental: Energy, Water and Effluents, Biodiversity, Waste, Supplier environmental assessment: 11, 19-22, 62-67, 72 Social: Employment, Occupational Health and Safety, Training and education, Diversity and equal opportunity, Local communities, Supplier Social Assessment, Customer Health and Safety: 11, 23-26, 68-72
SPECIFIC DISCLOSURES - GRI 200: Economic						
GRI 201: Economic performance 2016						
	201-1	Direct economic value generated and distributed	82			
	201-2	Financial implications and other risks and opportunities due to climate change	116-118	Omission 201-2 a.v	Information unavailable	Castellum do not report costs of actions taken to manage climate adaption. Systems for calculating the data is currently missing but will be implemented in the coming years
GRI 205: Anti-corruption 2016						
	205-1	Operations assessed for risks related to corruption	67, 70-71, 89, 113, 116			
	205-3	Confirmed incidents of corruption and actions taken	89			
GRI 206: Anti-competitive Behavior 2016						
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	89			
GRI 207: Tax 2019						
	207-1	Approach to tax	105-106, 159-160			
	207-2	Tax governance, control, and risk management	105-106, 159-160			
	207-3	Stakeholder engagement and management of concerns related to tax	82, 105-106, 159-160			
	207-4	Country-by-country reporting	82			

GRI Standard 2021 och EPRA Best Practice Recommendations on Sustainability Reporting

GRI Standard Title	Disclosure	Reference to EPRA disclosure	Location	Omission		
				Requirements omitted	Reason	Explanation
SPECIFIC DISCLOSURES - 300: ENVIRONMENTAL						
GRI 302: Energy 2016						
	302-1	Energy consumption within the organization	Elec-Abs (Total electricity consumption) DH&C-Abs (Total district heating & cooling consumption) Fuels-Abs (Total fuel consumption)	74-76, 78, 90		
	302-2	Energy consumption outside of the organization	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)	74-76, 78		
	302-3	Energy intensity	Energy-Int (Building energy intensity)	74-76		
	302-4	Reduction of energy consumption		20		
GRI 303: Water and Effluents 2018						
	303-1	Interactions with water as a shared resource	Water-Abs (Total water consumption) Water-LfL (Like-for-like total water consumption)	20, 64, 80		
	303-2	Management of water discharge-related impacts		64		
	303-5	Water consumption	Water-Abs (Total water consumption) Water-LfL (Like-for-like total water consumption) Water-Int (Building water intensity)	64, 80		
GRI 304: Biodiversity 2016						
	304-2	Significant impacts of activities, products, and services on biodiversity		67		
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)	57, 74, 77-79		
	305-2	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)	57, 77-79		
	305-3	Other indirect (Scope 3) GHG emissions		57, 77-79		
	305-4	GHG emissions intensity	GHG-Int (Greenhouse gas (GHG) emissions intensity from building energy consumption)	78-79		
	305-5	Reduction of GHG emissions		77-79		
GRI 306: Waste 2020						
	306-1	Waste generation and significant waste-related impacts		20, 64		
	306-2	Management of significant waste-related impacts		20, 64		
	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)	81		
	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)	81		
	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)	77, 81		
GRI 308: Supplier environmental assessment 2016						
	308-1	New suppliers that were screened using environmental criteria		67		

GRI Standard 2021 och EPRA Best Practice Recommendations on Sustainability Reporting

GRI Standard Title	Disclosure	Reference to EPRA disclosure	Location	Omission		
				Requirements omitted	Reason	Explanation
SPECIFIC DISCLOSURES - 400: Social						
GRI 401: Employment 2016						
	401-1	New employee hires and employee turnover	Emp-Turnover (Employee turnover and retention)	84		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		69, 162		
GRI 403: Occupational Health and Safety 2018						
	403-1	Occupational health and safety management system		60-62, 68		
	403-2	Hazard identification, risk assessment, and incident investigation	H&S-Emp (Employee health and safety)	68-69		
	403-3	Occupational health services		68		
	403-4	Worker participation, consultation, and communication on occupational health and safety		68		
	403-5	Worker training on occupational health and safety		68		
	403-6	Promotion of worker health		69		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		68-69		
	403-8	Workers covered by an occupational health and safety management system		68		
	403-9	Work-related injuries	H&S-Emp (Employee health and safety)	68, 88		
	403-10	Work-related ill health	H&S-Emp (Employee health and safety)	68, 88		
GRI 404: Training and education 2016						
	404-1	Average hours of training per year per employee	Emp-Training (Training and development)	83		
	404-2	Programs for upgrading employee skills and transition assistance programs		25, 69, 71		
	404-3	Percentage of employees receiving regular performance and career development reviews	Emp-Dev (Employee performance appraisals)	87		
GRI 405: Diversity and equal opportunity 2016						
	405-1	Diversity of governance bodies and employees	Diversity-Emp (Employee gender diversity)	84		
	405-2	Ratio of basic salary and remuneration of women to men	Diversity-Pay (Gender pay ratio)	85		
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)	26, 59, 71		
	413-2	Operations with significant actual and potential negative impacts on local communities		71-72		
GRI 414: Supplier Social Assessment 2016						
	414-1	New suppliers that were screened using social criteria		67		
	414-2	Negative social impacts in the supply chain and actions taken		67, 72, 89		
GRI 416: Customer Health and Safety 2016						
	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)	89		
Company-specific disclosures						
	GRI C1	Product responsibility	Cert-Tot (Type and number of sustainably certified assets)	11, 21, 82		

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 2022. The Sustainability Report is included in this report on pages 6–26, 30, 48, 55–100, 111–118, 120, 122–123, 132 and 134–136, 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 57 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.

Deloitte AB

Signature on Swedish original

Harald Jagner

Authorised Public Accountant

A photograph of two men in light blue shirts leaning on a modern, dark-colored railing. They are in a room with light wood-paneled walls and two circular pendant lights hanging from the ceiling. The man on the left is smiling and looking towards the right. The man on the right is wearing glasses and looking down at something in his hands. The overall atmosphere is professional and collaborative.

Financial statements

Directors' Report

Operation and earnings

The operation in brief

The Board of Directors and the CEO of Castellum AB (publ) ("Castellum") Corporate ID No. 556475-5550, hereby submit the Annual Report and consolidated financial statements for financial year 2022. The company has its registered office in Gothenburg, but with two head offices located at Östra Hamngatan 16 in Gothenburg and at Hangövägen 20 in Stockholm. The Annual Report and consolidated financial statements will be proposed for adoption at the Annual General Meeting on 23 March 2023.

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 totalled approximately SEK 181 Bn, including the ownership share in our holdings in the Norwegian company Entra.

We are active in attractive Nordic growth regions, and our business model is built on investing in and developing commercial premises managed by a decentralised and customer-centric organisation. Castellum works continually to develop its offering so that it can meet the rapid changes in its business environment. The business strategy takes its starting point in a rapidly changing business environment, where the objective is to consistently meet tenants' needs while being an urban developer with a long-term perspective. This is how we at Castellum create the sustainable cities of the future.

The Castellum share is listed on Nasdaq Stockholm Large Cap.

Important events during the year

2022 was a turbulent year, with the war in Ukraine, record-high inflation and an economic slowdown. Activities carried out during the year were a part of the long-term ambition to reinforce Castellum's position as one of the Nordic region's largest commercial property companies.

The year started off with the election of Rutger Arnhult as CEO and Per Berggren as Chairman of the Board. Castellum also divested its portfolio of twelve properties in Gävle at a value of roughly SEK 2.3 Bn.

Castellum received nominations and awards in sustainability during the year; these included Nasdaq's green labelling for our share and our ranking as one of the world's most sustainable companies in the S&P Corporate Sustainability Assessment.

At the end of the year, an Extraordinary General Meeting was held at which Leiv Synnes was elected as a new Board member. Shortly after year-end, Rutger Arnhult announced that he was stepping down as CEO of Castellum.

During the year, the Board also proposed to the Annual General Meeting that dividends be put on hold. This proposal was made in light of the fact that Castellum's Board of Directors sees a bond market that remains closed, with no sign of recovery in the near future. To safeguard the company's credit rating, the Board has therefore decided on a tightened financial policy and a savings programme, which the hold on dividends is a part of.

Group net income

Castellum's earnings in 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, which were a result of the combination with Kungsleden, as well as sharp price increases for electricity and heating in 2022. Income from property management for the year totalled SEK 4,510 M (3,522), corresponding to SEK 13.63 per share (12.45).

SEGMENT INFORMATION

SEK M	Income	
	2022	2021
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
Unallocated	232	169
Total	8,996	6,353

Income

During the year, 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 49.2 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	2021	2021 including KL	Change, %
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	
Income	8,996	6,353	8,555	5.2

Gross lettings (i.e. the annual value of total lettings) during the year was 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

SEK M	Region						Total
	Stock-holm	West	Central	Mälardalen	Öresund	Finland	
New lettings							
Existing properties	115	112	120	70	62	42	521
Investments	40	64	10	6	25	—	145
Total	155	176	130	76	87	42	666
Terminated							
Terminated	-158	-84	-115	-38	-64	-38	-497
Bankruptcies	—	-2	-5	—	—	-1	-8
Total	-158	-86	-120	-38	-64	-39	-505
Net lettings	-3	90	10	38	23	3	161
<i>In 2021</i>	6	48	-4	66	39	6	162

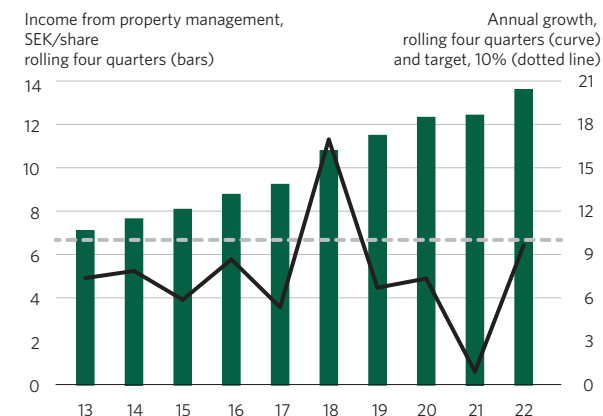
Operating costs

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. Castellum signed electricity futures in 2022 that run through Q1 2023. 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.

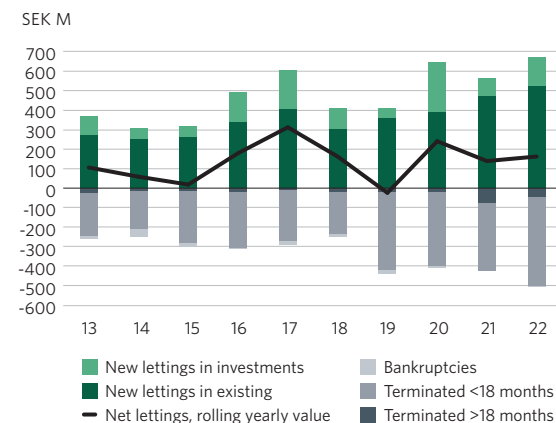
DEVELOPMENT OF PROPERTY COSTS

SEK M	2022	2021	2021 including KL	Change, %
Like-for-like portfolio	1,958	1,102	1,631	20.1
Development properties	162	60	118	
Transactions	236	234	207	
Direct property costs	2,356	1,396	1,957	20.4
Coworking	280	194	194	
Property administration	522	417	531	
Central administration expenses	278	174	269	
Total property costs	3,436	2,181	2,951	16.4

INCOME FROM PROPERTY MANAGEMENT PER SHARE



NET LETTINGS



PROPERTY COSTS

SEK/sq. m.	Offices	Public sec- tor proper- ties	Ware- house/ light industry	Retail	2022 Total	2021 Total
Operating costs	327	258	175	188	263	213
Maintenance expenses	62	42	28	36	47	40
Property tax	149	102	26	77	102	93
Total property costs	537	402	229	301	412	346
Lettings and property administration expenses					99	79
Total	537	402	229	301	511	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.

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).

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 (6,307) in unrealised changes in value for the year, attributable primarily to a 31-point upswing in the average required yield to 5.01, 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 at year-end.

CHANGE IN VALUES ON PROPERTIES

SEK M	2022	2021
Cash flow	6,380	589
Project gains/building rights	582	1,162
Required yield	-10,529	4,489
Acquisitions	4	67
Unrealised changes in value	-3,563	6,307
NOI %	-2.3	4.3
Sales	26	878
Total	-3,537	7,185
NOI %	-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 was primarily the result of divestments of approximately SEK 200 M. Goodwill attributable to United Spaces was also impaired by SEK 168 M as a result of such factors as increased yield requirements due to changes in the business environment. Other impairments are attributable to negative value changes on properties, linked to goodwill.

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.

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.

Castellum's strategy regarding tax governance is regulated in a tax policy, which is available on the company's web site. This policy is to be revised on a regular basis and adopted by the Board at least once a year. The Chief Financial Officer of Castellum is the document owner and bears responsibility for the policy. Any breach of the tax policy is to be reported to the company's compliance function, also serving as the Group's Chief Legal Officer, who will in turn inform the CEO.

Castellum endeavours to pay the correct taxes in every country where it conducts operations. The company continually monitors changes to laws and legal praxis so that taxes are managed in accordance with applicable laws and regulations. This requires Castellum to conduct its operations responsibly in relation to both society and the company's stakeholders.

Since 2016, Castellum has had a Code of Conduct that is based on the company's values and the principles of the UN Global Compact. In the Code, Castellum clarifies its positions on issues such as business ethics and information – which is highly relevant to the company's views on taxes.

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.

PROPERTY-RELATED KEY METRICS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Rental value, SEK/sq. m.	1,758	1,648	1,538	1,495	1,407	1,341	1,304	1,095	1,064	1,036
Economic occupancy rate, %	93.4	93.2	93.1	93.8	94.4	92.5	92.2	91.4	90.0	89.6
Property costs, SEK/sq. m.	511	425	369	384	378	366	376	316	307	307
Net operating income, SEK/sq. m.	1,048	1,008	1,039	1,001	933	853	816	673	637	608
Property value, SEK/sq. m.	26,737	26,667	23,549	22,363	20,417	18,268	16,558	12,282	11,118	10,285
Number of properties	749	762	642	632	647	676	665	597	583	626
Lettable area, thousand sq. m.	5,696	5,853	4,447	4,255	4,283	4,381	4,292	3,392	3,329	3,623
Average valuation yield, %	5.0	4.7	5.0	5.1	5.3	5.5	5.8	6.5	6.9	7.2

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. Employers in Sweden pay 31.42 per cent in social security contributions based on salary and a payroll tax of 24.26 per cent on pension contributions. In 2022, Castellum paid SEK 122 M (114) in social security contributions and payroll taxes.

Parent Company net income

The Parent Company is Castellum AB (publ). The main object of the Parent Company's operations is to own shares in the operating subsidiaries. Income before tax for the year totalled SEK 1,320 M (3,551). The lower level of income is attributable to decreased earnings from Group companies, but was offset by an increase in unrealised changes in value in financial instruments, which totalled SEK 1,489 M (-75) during the year. The Parent Company's assets for the year totalled SEK 112,689 M (102,344). The debt/equity ratio was 36 per cent (44).

Prospects for 2023

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.

Proposed appropriation of profits

The following funds (in SEK) are at the Annual General Meeting's disposal:

Retained earnings	39,320,984,565
Net income for the year	937,036,965
Total	40,258,021,531

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

Carried forward	40,258,021,531
Total	40,258,021,531

The company has 345,731,968 registered shares, of which 17,331,000 shares are currently treasury shares not entitled to a 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, which was reinforced during the year and is expressed today in the formulation that the long-term loan-to-value ratio should not permanently exceed 40 per cent (previously 50 per cent) and that the interest coverage ratio should be at least 3 (previously 2).

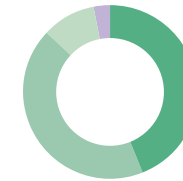
As of 31 December 2022, Castellum's assets amounted to SEK 180 Bn and the loan-to-value ratio was 42 per cent, while the interest coverage ratio during the year was 3.9.

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 finance 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

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

FINANCING, 31 DECEMBER 2022



Shareholders' equity	SEK 78,983 M	(44%)
Interest bearing liabilities	SEK 76,849 M	(43%)
Deferred tax liabilities	SEK 17,754 M	(10%)
Other liabilities	SEK 6,145 M	(3%)

DISTRIBUTION OF INTEREST-BEARING FINANCING, 31 DECEMBER 2022



MTNs	SEK 44,503 M	(58%)
Bank loans	SEK 32,137 M	(42%)
Commercial papers	SEK 209 M	(0%)

SECURED CREDIT FACILITIES, 31 DECEMBER 2022



Unsecured credits	SEK 44,712 M	(58%)
Secured credits	SEK 32,137 M	(42%)

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.

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. 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 uncertainty concerning the geopolitical situation, inflation, and interest-rate trends. 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 low and stable net interest, Castellum has chosen to restrict the proportion of fixed maturities due within six months at a maximum 50 per cent 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 3. For 2022, the interest coverage ratio was 3.9 (5.2). The average fixed interest term at 31 December 2022 was 2.7 years (3.3), while the share of maturities due within 6 months was 38 per cent. The average debt maturity structure for utilised

borrowing facilities including extension options at year end was 3.1 years (3.8). At the end of the year, the net debt to EBITDA ratio was 14 (17).

Net interest for 2022 amounted to SEK -1,531 M (-845) with an average interest rate of 2.6 per cent (1.8), and consisted of market interest rates at issue dates plus creditors' margins. The average effective rate at 31 December 2022 was 2.62 per cent (1.67) excluding unutilised credit agreements, and 2.68 per cent (1.79) including unutilised credit agreements.

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 debt 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 SEK 89,150 M (97,223) of which SEK 75,867 M (77,945) were long-term and SEK 13,283 M (19,278) were short-term. Of the utilised borrowing facilities at the end of the

year, SEK 64,616 M (51,997) was long-term and SEK 12,233 M (18,832) short-term.

After deduction of cash of SEK 858 M (1,197), net interest-bearing liabilities were SEK 75,991 M (69,632), of which SEK 44,503 M (43,088) were bonds outstanding and SEK 209 M (10,350) commercial paper outstanding.

During the year, most of the credit facilities in banks were renegotiated on market terms. Agreements on new bank facilities have also been signed, for which new securities have been pledged. In the bond market, Castellum conducted a bond issue of EUR 500 M as well as two bond issues totalling SEK 1.6 Bn, where the liquidity was used for purposes including repaying bond maturities during the year.

The covenants in credit agreements stipulate primarily that the loan-to-value ratio may not exceed 65 per cent and that the interest coverage ratio may not fall below 1.5 at the Group level. To some extent, there are also covenants on the share of secured borrowing and debt/equity ratio requirements at the Group level, as well as covenants at the subsidiary level. At year-end, Castellum fulfilled all covenants with acceptable margins.

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. At year-end, Castellum owned properties in Denmark and Finland totalling SEK 13,395 M (13,122) 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. Currency risks should be limited, primarily via matching of assets in foreign currencies with debts in the same currencies, and secondarily via derivatives. Permissible currency exposure under the financial policy is net exposure corresponding to 10 per cent of the balance sheet total.

Secured interest-bearing liabilities

Long-term bank facilities are mainly secured with collateral comprising the company's property holdings. Issued MTNs, commercial paper and certain short-term bank loans – such as overdraft credits – are unsecured. Of net interest-bearing liabilities totalling SEK 75,991 M (69,632), SEK 32,137 M (16,787) was secured against property deeds and SEK 44,712 M (52,845) was unsecured, which means that around 42 per cent (24) of loans outstanding were secured. Castellum's share of unsecured assets at the end of the year was 52 per cent (55). Secured borrowing in relation to total assets was 18 per cent (9).

CREDIT MATURITY STRUCTURE, 31 DECEMBER 2022

Credit agreements	Bank	Bonds	Commercial paper	Total interest-bearing liabilities	Share, %	Unutilised credits	Total available credit facilities
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
Total	32,137	44,503	209	76,849	100	12,301	89,150

INTEREST RATE MATURITY STRUCTURE, 31 DECEMBER 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
Total	76,849	100	2.6	2.7

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. The positive changes in value in 2022 are attributable to the rise in interest rates on longer maturities.

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. The positive changes in value are attributable to changes in currency exchange rates.

FINANCIAL FACILITIES

Financial facilities	Frame/ facility type	Utilised, SEK M 31 Dec 2022 ²⁾
MTNs, SEK M ²⁾	40,000	19,278
EMTNs, EUR M ²⁾	3,000 ¹⁾	2,050
EMTNs, NOK M ²⁾	3,000 ¹⁾	2,450
Commercial paper	12,000	209
Bank credits including overdrafts	44,503	32,137

1. EMTN programs of EUR 3,000 M.

2. Nominal volume.

SECURED BORROWING, %

	31 Dec 2022
Share of secured borrowing/property value	21
The share of secured borrowing/total assets	18
Share of secured credits utilised	42

Risks and risk management

Castellum works continually, in a structured manner, to identify and actively monitor financial and operational risks that our operations encounter or are faced with. The Group conducts risk management in a structured manner, based on careful analyses and documentation for decisions, for the purpose of limiting uncertainties and risks where we intend to create growth and shareholder value.

Risks 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 of the likelihood that the risk will occur. This process determines if the risk should be further monitored, if actions should be taken or if it can be handled through standard review and management. Castellum conducts an annual risk survey in which all the company's risks are assessed based on likelihood, impact, priority and development. A weighing of the likelihood and impact then becomes our risk assessment, which is reported on the following pages. 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 – risks due to the influence of external factors and events, and risks associated with laws and regulations.
- Operational risks – risks associated with routine administration of Castellum's properties.

- Financial risks – risks in Castellum's financing and reporting.
- Sustainability risks – risks associated with the environment, social responsibility and/or responsibility risks, but also our employees and the people in and around our properties.

Our business environment, operational, and sustainability risks are described on the following pages, whereas the financial risks are described in more detail in the financing section on pages 107-110.



Business environment risks

Risk description	Management	Castellum's assessment
<p>MACROECONOMIC FACTORS</p> <p>An economic downturn with increased unemployment, reduced growth, weaker profitability for companies and the subsequent difficulties in obtaining financing could result in decreased demand for office, logistics and warehouse properties, falling market rents, increased vacancy and a rise in financing costs.</p>	<p>In order to remain resilient in the face of a changing market, we at Castellum work on maintaining a strong balance sheet and keeping our 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.</p>	<p>DEVELOPMENT</p> 
<p>CRISES</p> <p>A crisis is a sudden and difficult to manage incident that has a serious impact on or disrupts Castellum's operations, causes danger to life or health, damage to property or the environment, or damage to confidence in Castellum or its reputation. In the event of a crisis, there is also the risk that insurance coverage will be insufficient or of such a character that the insurance will not be valid.</p>	<p>At Castellum, it is a fundamental principle that all properties are insured for their full value in order to minimise the risk of major economic consequences caused by unforeseeable property damage. We at Castellum partner with a broad network of contacts and industry organisations from a perspective of prevention. When a crisis emerges our crisis management groups step in, both in the regions and at the Group level. The crisis management groups lead the work in the event of a crisis, and the starting point for crisis management at Castellum is for crises to be managed as close to the event as possible.</p>	<p>DEVELOPMENT</p> 
<p>REGULATORY COMPLIANCE AND CHANGED REGULATIONS</p> <p>Castellum is a publicly owned property company that undertakes to comply with external regulations in corporate governance such as the Market Abuse Regulation (MAR), the Swedish Companies Act (ABL), the Code and stock market regulations. This includes other regulations such as tax legislation, money laundering regulations, GDPR, the Swedish Marketing Act and the Swedish Work Environment Act. An inability to comply with these could result in sanctions. Operation-specific regulations such as rental legislation and the Swedish Planning and Building Act (PBL) are other regulations that Castellum undertakes to comply with. As with legislation or regulations, an inability to comply with changes pertaining to the application or interpretation of existing legislation and regulations could result in Castellum incurring unforeseeable costs, taxes and fees as well as losing reputation among tenants and shareholders. Castellum also has operations in Denmark, Finland, and Norway, which obliges the company to comply with the legislation in the respective countries based on the matter at issue.</p>	<p>In order to capture political decisions and proposed changes to regulations and legislation at an early stage, Castellum is engaged in gathering business intelligence at the same time as the company employs specialists in the respective areas. We also conduct annual internal audits in areas including environmental legislation, tax laws, and so forth. In addition, our risk and compliance team actively engages in routine internal controls. Our specialists are included early on in our daily activities; based on complexity and scope, this could range from sustainability managers to tax specialists and company lawyers. In addition to our own employees, we also collaborate with external parties in a way that minimises the risk of errors and the risk of regulatory violations.</p>	<p>DEVELOPMENT</p> 




Risk level assessment



Change in focus on risk area since previous year



Business environment risks, cont.

Risk description	Management	Castellum's assessment
<p>BUSINESS ETHICS, REPUTATION AND BRAND</p> <p>Accuracy in external reporting, public platforms and diverse points of contact with stakeholders all represent what Castellum stands for. Irregularities or unethical business behaviour could damage the company's brand, which in turn could lead to financial consequences and decreased confidence.</p>	<p>All employees at Castellum undergo regular training in IT security, GDPR, sustainability, and the Code of Conduct for both employees and suppliers. Our philosophy is that we minimise the likelihood of improprieties emerging through increased awareness. Anyone at all can report the suspicion of impropriety at Castellum.se using our whistleblower service that we actively work with. Examples include:</p> <ul style="list-style-type: none"> • Economic crimes such as bribery, corruption, fraud and falsification. • Significant deficiencies in workplace safety. • Significant violations of environmental regulations, and environmental pollution. • Serious cases of discrimination and harassment. 	<p>DEVELOPMENT</p> <p></p>
<p>IT AND INFORMATION SECURITY</p> <p>Insufficient IT security can have serious consequences, for example, in the form of loss or destruction of data, leaks of confidential information, and so on. There is also a risk of attempted fraud, such as bogus invoices. Crimes against statutory provisions on the processing of personal data are examples of risk that is identified in information security.</p>	<p>Castellum is actively engaged in IT security, and has both routine and annual checks that minimise the risks associated with IT security. As part of the annual review of internal checks, issuers of IT and operational authorisations are separated. Traffic filters for e-mail and surfing the internet are updated on a daily basis, and security updates for systems and applications are routinely installed for all systems. Vulnerability scans on servers, networks and staff computers are also routinely conducted. Information on specific current threats are communicated internally, and staff are routinely trained in information security and personal data processing. New suppliers are carefully reviewed, and validated using both official databases and clients. Castellum also works preventively, employing outside expertise to simulate attacks and thus detect deficiencies before an incident occurs.</p>	<p>DEVELOPMENT</p> <p></p>
<p>DIGITALISATION</p> <p>Trends in digitalisation also 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 tenants' demands. There is thus a risk of inefficiency in working methods and/or loss of tenants and employees if innovation, new technology, digitalisation, and efficiency enhancements are not utilised.</p>	<p>Castellum monitors megatrends and their impact on the changing behaviours in operations and people, and to learn from these behaviours we also collect data through connected technology in our properties.</p>	<p>DEVELOPMENT</p> <p></p>



Risk level assessment



Change in focus on risk area since previous year



Operational risks

Risk description	Management	Castellum's assessment
<p>RENTAL INCOME AND VACANCY RISK</p> <p>Rental income in Castellum is overwhelmingly income from leases. The risk associated with leases is the capacity for attracting new tenants, retaining tenants, predicting trends in the market, and adapting to current and future market needs. There is also a risk that our tenants' capacity to withstand downturns in the market is insufficient - for example, going bankrupt or having difficulties fulfilling their obligations towards us.</p>	<p>Castellum has properties primarily in growth markets, a contract portfolio with a large number of contracts, and a maturity structure with a broad spread. We endeavour to maintain a contract portfolio with relatively lengthy contracts. We have experienced and competent property management and leasing staff who are actively engaged in renegotiations before contract expiry. To understand our tenants' needs, Castellum conducts routine dialogue with our tenants at the local level under own management. Annual CSI measurements are carried out through various activities for each region where Castellum operates. Castellum also works with various certification programmes, sustainability certification and current environmental inventories at our properties to meet our tenants' requirement profiles. The risk of loss of rent is further minimised by our carrying out detailed risk assessments in conjunction with signing a new lease.</p>	<p>DEVELOPMENT</p> 
<p>OPERATING AND MAINTENANCE COSTS</p> <p>The condition of the properties and sudden unpredictable events comprise a risk of increased costs for repairs and maintenance. There is also a risk that the costs cannot be passed on to tenants, and a risk that insurance protection will not cover the costs in part or in their entirety. There is a risk of increased operating costs and of a rise in planned repair and maintenance expenses based on market conditions; and there are few suppliers in the market for certain solutions and services. There is also a risk of being responsible for payments as a result of events that could trigger, for example, guarantee claims, damages, and court costs.</p>	<p>The administrators monitor our properties through self-checks, risk inspections, electricity audits and incident reporting. Our properties are also becoming increasingly connected, and the possibility of detecting any dysfunctions as regards the operation and maintenance of properties means that unforeseeable costs are reduced. Based on the established crisis plan and work environment handbook, Castellum is also engaged in preventive measures to eliminate the risk of property, personal and environmental damage. Our properties are routinely analysed in order to adapt them to physical climate risks that in turn could cause damage and impact operation and maintenance. Castellum works with long-term, planned maintenance in order to reduce the risk of increased media costs. Moreover, Castellum works with a thoroughly developed electricity trading strategy, which is designed to minimise risk and obtain a smoother cost performance, as well as minimise uncontrolled changes in the price of electricity for Castellum and our tenants.</p>	<p>DEVELOPMENT</p> 
<p>COMPOSITION OF THE ASSET PORTFOLIO</p> <p>The composition of the asset portfolio can be affected at two levels: unfavourable geographical distribution, meaning that Castellum owns properties in the wrong sub-market, community or location with regard to factors such as future growth and current strong urbanisation trend. There is also a risk of being unable to achieve the desired composition, for example, finding suitable properties for acquisition is impossible, property acquisitions cannot be financed on acceptable terms, or desired property sales cannot be completed. The risk of an incorrectly composed asset portfolio could also be that Castellum owns obsolete properties - a property portfolio that is not future-proof based on tenant preferences, technical requirements, micro-location or flexibility in contractual terms and conditions. This results, for example, in the risk of yield requirements not being achieved, future vacancies, and changed environmental conditions.</p>	<p>The composition of Castellum's existing property portfolio as regards country, town and micro-location, for example, is reviewed on an annual basis. Annual risk assessments are then also conducted on the property portfolio based on the type, size, condition and standard of the property. Prior to a potential acquisition, the above risk assessment - including factors such as yield, future vacancies, environmental risks and so on is carried out. Once the risk assessment is completed, a further assessment is carried out in the event the property is suitable for Castellum's portfolio. To future-proof our properties, among other measures, work is under way to link our properties to an online portal with a focus on optimising the operation of our property management portfolio.</p>	<p>DEVELOPMENT</p> 



Risk level assessment



Change in focus on risk area since previous year



Operational risks, cont.

Risk description	Management	Castellum's assessment
<p>CHANGE IN VALUES ON PROPERTIES</p> <p>The value of our properties is impacted by – and an assessment is carried out in light of – a number of factors such as market offering, vacancy rate, rental level and operating costs, residual value, yield requirement, general business cycle developments, interest rates, and inflation. In particular, if interest rates continue to rise it will put pressure on the portfolio yield, which means that there is a risk that the market values will fall and in turn affect the financial position and earnings of the Group. There is also a risk that the valuation of some of our properties could be incorrect or fall over time. There is no guarantee that there will be a liquid market for Castellum's properties going forward.</p>	<p>In conjunction with its quarterly reports, Castellum conducts an internal valuation of its property portfolio. Additionally, parts of the property portfolio are valued externally and compared with the internal valuation. Market assessments of properties always contain a certain measure of uncertainty in the assumptions and estimates made. Castellum works to be as accurate as possible, where our experienced valuation specialists routinely monitor the market. Refer to the sensitivity analysis in Note 11, Investment properties.</p>	<p>DEVELOPMENT</p> <p></p>
<p>PROJECTS</p> <p>There are several types of projects at Castellum, and identified risks that are linked to these are macrorisks such as increased industry and environmental requirements, increased costs, inflation and delays, limitations to supplies, and so on. Microrisks are identified as production risks such as quality, the environment, and workplace injuries as well as changed conditions from the tenant and the market over the course of the project. There are also counterparty risks with suppliers and contractors.</p>	<p>Castellum works with exacting evaluations of suppliers and contractors prior to procurement in which clear requirements for standards, quality, and sustainability as well as suitability assessments are part of the process early on. Significant environmental risks such as ground contamination may exist in conjunction with new construction and/or reconstruction. Castellum continually engages in ground and environmental investigations in order to quantify potential risks in projects. Personal injuries are a serious potential risk in construction contracts, which Castellum is proactively engaged with, complying with all legislation and protection regulations in order to reduce the likelihood that such injuries occur. Risks associated with the projects are routinely monitored over the course of the projects. Precise decision-making processes are followed from start to finish, with clear references to detailed framework programmes that are continually documented on our property portal.</p>	<p>DEVELOPMENT</p> <p></p>





Risk level assessment

 Low  Moderate  High

Change in focus on risk area since previous year

 Lower  Unchanged  Higher

Sustainability risks¹⁾

Risk description	Management	Castellum's assessment
<p>SUSTAINABLE EMPLOYEES</p> <p>Committed employees with the right competence are crucial for being able to successfully compete. There is a risk of reduced performance if employees are not committed and/or unmotivated. Furthermore, there is a risk that qualified personnel at all levels in the organisation choose to leave the company. This could lead to delays in securing highly qualified replacements, which influence the ability to implement strategies over the short term.</p>	<p>The Castellum Experience is a routine employee survey that the company is actively engaged in conducting. Together with the Castellum Development process/CoCast, the company ensures that employees are provided with the individual development they strive for. Additionally, Castellum complies with collective bargaining agreements and offers competitive, market-based remuneration as well as competence and leadership development.</p>	<p>DEVELOPMENT</p> <p></p>
<p>CLIMATE CHANGE</p> <p>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 changes in the physical environment that impact properties. Castellum estimates these risks will potentially 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.</p>	<p>Castellum works to ensure that both operations and the property portfolio have the conditions to manage a changing climate. All investments are reviewed from a climate perspective in order to assess a property's sensitivity to climate change. Using climate scenario analyses that were prepared in 2019 and are reviewed annually, Castellum can identify financial and operational risks and opportunities attributable to climate changes that impact the company over both the short and long term. In 2022, the entire portfolio was analysed to identify the properties that are exposed to physical climate risks. Refer to the in-depth explanation of risks under <i>Climate scenarios - risks and opportunities, and under The Planet on pages 65-66.</i></p>	<p>DEVELOPMENT</p> <p></p>
<p>OPERATIONAL ENVIRONMENTAL RISKS</p> <p>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 macroeconomic events will increase.</p> <p>Environmental risks in our operation consist of the following:</p> <ul style="list-style-type: none"> - pollutants or toxic substances are found on properties and in buildings - greenhouse gas emissions (direct and indirect) - waste management <p>All of the above could constitute risks for not only people and the surrounding environment but also the climate in general.</p>	<p>Castellum's Sustainability Policy, with the appurtenant appendix, defines how the company's operations are to be conducted sustainably. Castellum certifies its portfolio for sustainability, sets requirements for efficient resource management, reduces energy use and increases the proportion of renewable energy. The company conducts an environmental inventory of the existing portfolio and during property acquisitions, in order to identify and address environmental and health risks. Read more about our efforts on pages 16-27, and the Sustainability Report on pages 56-72.</p>	<p>DEVELOPMENT</p> <p></p>
<p>VIOLATIONS OF THE CODE OF CONDUCT</p> <p>As 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 hired suppliers and partners working on assignments for Castellum. This corporate responsibility risk can cause significant harm to Castellum's operations and brand.</p>	<p>All employees are trained in Castellum's Code of Conduct, which comprises a significant portion of a mandatory course in sustainability. Castellum's Code of Conduct for suppliers is part of all procurements and agreements. Moreover, we have an active compliance function as well as a whistleblower function. Read more under <i>Business ethics, reputation and brand.</i></p>	<p>DEVELOPMENT</p> <p></p>

1. More information on Castellum's sustainability risks and climate scenarios on pages 117-118.

Risk level assessment



Change in 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 four years, Castellum has provided climate reporting in accordance with the voluntary international recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). 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
- On the beaten path

The "Fulfilling the Paris Agreement" scenario is one in which we have successfully limited the increase in temperature to 1.5-2 °C. The "On the beaten path" scenario 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 climate 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 Chief Sustainability Officer 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.

Climate scenario - the world in 2100

In addition to the climate scenario analysis, which concerns both physical risks and transition risks up through 2050, in 2022 Castellum also had an analysis conducted of the physical climate risks that the company's properties are vulnerable to, both today and in 2100. The method and results are presented on pages 65-66.

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.
- Analysis of the physical impact of climate change on the portfolio.
- Action plans for properties vulnerable to significant physical climate risk (planned).
- Increased focus on circularity and re-use of resources and materials.



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

The world in 2050

“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.

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.

“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.

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.

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

Corporate Governance report

Chairman of the Board's comments

2022 was turbulent, with the war in Ukraine and record-high inflation resulting in rapid interest-rate hikes. Castellum's Chairman of the Board Per Berggren describes the activities and strategy of the Board of Directors in an interview.

What characterised the activities of the Board in 2022?

The activities of the Board were intensive, with a great deal of focus on managing the rapidly changing market situation in the wake of inflation and rapid interest-rate hikes. Several initiatives were taken during the autumn to strengthen the balance sheet and safeguard our credit rating, including tightening Castellum's financial policy and the announcement by the Board of Directors regarding a pause in the dividend tradition by not proposing a dividend to the 2023 Annual General Meeting. It was a tough decision, but the most favourable one for both shareholders and bondholders. The company's dividend policy remains firm, however, which means that the goal is to return as soon as possible to the company's greatly appreciated and successful dividend tradition since its listing in 1997.

What does the strategy for Castellum's development look like over the coming years?

Castellum continues to consolidate its Nordic platform for offices and logistics in the sub-markets with the strongest growth. The acquisition of Kungsleden has increased Castellum's earnings capacity, and the efforts to further refine the asset portfolio for increased geographic concentration are progressing in order to extract the synergy effects that the combination of these companies provides the opportunity for. Castellum's core business is stable, with strong cash flows and a high-quality asset portfolio.

Will Castellum achieve its sustainability goals?

We certainly will. That's why we have them. The toughest goal to achieve for Castellum is

“The goal is to return as soon as possible to the company's greatly appreciated dividend tradition.”

becoming fully climate neutral by 2030. Around 90 per cent of the company's emissions come from new production in the form of the materials that are used, primarily traditional concrete and steel. Reducing emissions in new production will need both new business models for circularity and innovations in materials technology. Castellum will be one of Europe's most sustainable property companies – not just to win nice prizes, but to future-proof the company's values and business.

Per Berggren

Chairman of the Board, Castellum AB



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 2022 and has no deviations to report or explain.

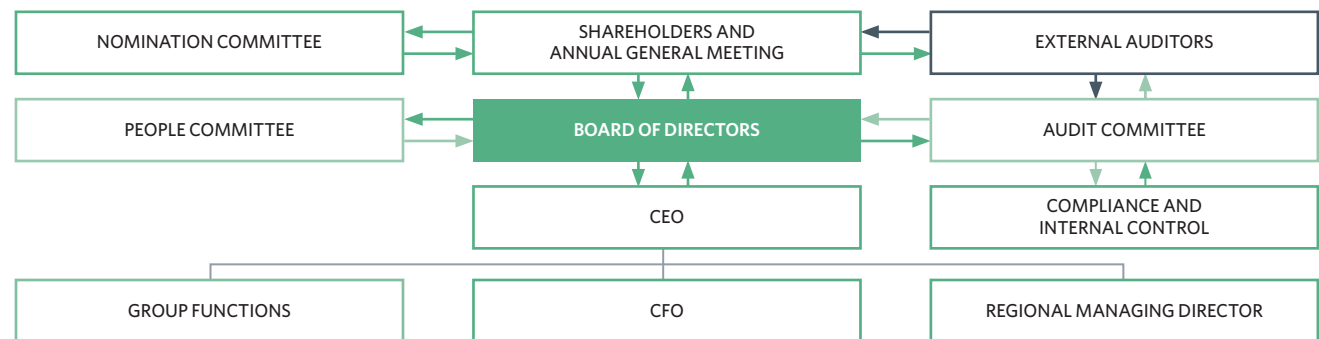
Shareholders and shares

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.

On 31 December 2022, Castellum had around 106,000 shareholders. Of the total share capital, 69 per cent was owned by Swedish institutions, funds and private individuals, and 31 per cent by foreign investors. The largest owner of Castellum is Akelius Residential Property AB (publ), which owned 12.8 per cent of the shares outstanding, and is the only registered shareholder with holdings exceeding 10 per cent 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.



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 or Stockholm during the first half-year after the end of every 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. At the General Meeting, shareholders can contribute their views on, and influence, the selection of Board members.

Castellum observes the Swedish Corporate Governance 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. The majority of Board members shall be independent of the company and its management. At least two of the independent Board members must also be independent in relation to the company's major shareholders.

Annual General Meeting 2022

The latest AGM was held on 31 March 2022 in Gothenburg. To reduce the risk of the spread of contagion, shareholders also had the possibility of exercising their voting rights through postal voting. 162,268,014 shares and votes were represented at the Meeting, representing 47 per cent of the number of shares and votes.

The AGM adopted the financial reports for 2021 and discharged the Board of Directors and the CEO, including the Board members and CEO who stepped down in 2021, from liability regarding operations for 2021.

At the AGM on 31 March 2022, the following was decided: A dividend of SEK 7.60 per share, divided into four equal payouts (April, June, September, and December, respectively) of SEK 1.90 per share.

Change to the Articles of Association – for the purpose of utilising the alternatives indicated in the Swedish Companies Act to resolve on postal voting and the presence of outside parties at the AGM and for the purpose of the company, in addition to Gothenburg, holding the AGM in Stockholm.

That remuneration to the members of the Board of Directors not employed in the company is to be KSEK 1,075 to the Chairman of the Board of Directors and KSEK 440 to each of the other Board members. Fees to the Chairman of the People Committee are to be KSEK 100 and KSEK 75 to the remaining members. Fees to the Chairman of the Audit Committee are to be KSEK 220 and KSEK 105 to the remaining members.

Re-election of Board members Per Berggren, Anna Kinberg Batra, Anna-Karin Celsing, Joacim Sjöberg, and Rutger Arnhult, as well as the election of Henrik Käll as a new Board member. Per Berggren was elected Chairman of the Board.

Re-election of Deloitte as auditor. Authorised public accountant Harald Jagner to continue as Castellum's auditor in charge.

Approval of the guidelines for remuneration to senior executives, as well as of the remuneration report.

Mandate for the Board to resolve, for the purpose of issuing shares as payment or for financing property investments and/or acquisitions of property companies/businesses, on new issue of shares.

Mandate for the Board to resolve, for the purpose of adapting the Company's capital structure and to transfer treasury shares as payment or for financing of property investments and/or acquisitions of property companies/businesses, on the acquisition and transfer of treasury shares.

Extraordinary general meeting 2022

An extraordinary general meeting was held on 8 December 2022. The meeting was held via postal voting.

The extraordinary general meeting resolved that the Board of Directors would comprise seven members, and that Leiv Synnes was elected as a new Board member for the period until the end of the next Annual General Meeting.

The 2023 Annual General Meeting

Ahead of the AGM on 23 March 2023, the Board of Directors proposes:

- A change to the Articles of Association to adjust the limits to share capital and the number of shares.
- Authorising the Board of Directors to decide on a new share issue with preferential rights for shareholders.
- A reduction of share capital through cancellation of treasury shares.

The Nomination Committee proposes to the AGM:

- That the number of Board members should be seven, and that the number of auditors should be one, without a deputy auditor.
- The re-election of Anna-Karin Celsing, Joacim Sjöberg, Henrik Käll, and Leiv Synnes. Furthermore, the election of Louise Richnau and Ann-Louise Lökhölm-Klassen as new Board members. The re-election of Per Berggren as Chairman of the Board is proposed.
- Fees to be paid to Board members as follows (2022 fees in parentheses):
 - Chairman of the Board: SEK 1,110,000 (1,075,000).
 - Each of the other Board members: SEK 450,000 (440,000).
 - 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 Committee: SEK 220,000 (220,000). Each of the other Audit Committee members: SEK 105,000 (105,000).
 - Board members who are employed by the company will not collect Board fees.
- In accordance with the recommendation of the Audit Committee, the re-appointment of Deloitte as the auditor for Castellum after the completion of procurement is proposed for the period up until the end of the 2024 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.
- Adoption of updated instructions for the Nomination Committee.

Not for release, distribution or publication in the United States, the United Kingdom, Australia, Japan, Canada, New Zealand, South Africa, Switzerland or any other jurisdiction in which the release, distribution or publication would be unlawful or require registration or any other measure in accordance with applicable law.

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.

The Nomination Committee will 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.

The Nomination Committee initially consisted of Helen Fasth Gillstedt (chair), appointed by Handelsbanken Fonder; Patrik Tillman, appointed by Rutger Arnhult with company; Johannes Wingborg, appointed by Länsförsäkringar Fonder; Patrik Essehorn, appointed by Corem Property Group; and Chairman of the Board Per Berggren. Owing to Akelius Residential Property becoming the largest shareholder in October 2022, the company's ownership circle has changed; after contacting the larger shareholders, Ralf Spann (appointed by Akelius Residential Property) has replaced Patrik Essehorn as a member of the Nomination Committee. After the changes to the composition of the Nomination Committee, the members of the Committee together represent roughly 23 per cent 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. In 2022, the Board consisted of six to 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, as needed, 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:

- Establishing and monitoring the Group's overall, long-term strategies and objectives, budgets and business plans.
- Establishing policies for the company's conduct in society for the purpose of ensuring that the Group's operations create value over the long term.

- Reviewing and approving the final accounts.
- Reviewing and monitoring any observations from the audit and auditor's report.
- Taking decisions on issues concerning investments and sales.
- Taking decisions on capital structure, dividend policy, and financing.
- Establishing and developing the Group's policies.
- Ensuring that there are control systems for monitoring compliance with external and internal regulations.
- Ensuring that there are systems for monitoring and controlling the Company's operations and risks, which also include climate-related risks and opportunities.
- Implementing significant changes to Castellum's organisation and operations.
- Appointing and evaluating the company's Chief Executive Officer and setting the CEO's fixed salary and other benefits.
- Ensuring that the distribution of company information is characterised by openness and that the information is correct, relevant, and reliable.

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 are to be addressed 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 Committee (formerly the 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 activities of the Board in 2022

Castellum's Board held 25 meetings in 2022, of which one was the Board meeting following election, and three Board meetings per capsulam. According to the prevailing rules of procedure, the Board is to hold at least seven scheduled Board meetings per calendar year in addition to the 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 February; 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, financing, and ratings 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. Each meeting also addresses the issue of potential disqualifications or other conflicts of interest in relation to any of the issues that are to be addressed at the meeting.

The Board also holds meetings with the auditors without the presence of corporate management.

Routine matters the Board addressed in 2022 further include Company-wide policies, the overall strategy plan, the Board's

rules of procedure, capital structure and financing needs and credit ratings as well as the sustainability initiatives. Apart from this, organisational issues were addressed, as was the company's insurance situation and IT security.

In addition, the Board devoted several meetings to enhancing their knowledge of various operation-specific issues. In 2022 the activities of the Board, apart from the ordinary matters above, focused on the company's financing and credit rating as well as efforts around issues pertaining to the integration initiatives entailed by the combination with Kungsleden Aktiebolag (publ), innovation and development issues, sustainability initiatives, efficiency enhancement measures, and risk management issues.

During the autumn of 2022, the Board also conducted an evaluation of its activities. The evaluation indicated an open and constructive Board climate.

The evaluation has been presented and submitted to the Nomination Committee and was discussed by the Board. The evaluation reviewed aspects such as the role and composition of the Board of Directors, the work climate, risk management, strategy and goals, monitoring and check systems, succession planning, integrity, 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			Independent
		Board of Directors ¹⁾	People Committee	Audit Committee	
Rutger Arnhult ²⁾	—	24 of 25	4 of 4	3 of 5	No ³⁾
Per Berggren	1,019	25 of 25	4 of 4	5 of 5	Yes
Anna-Karin Celsing	643	23 of 25	—	5 of 5	Yes
Christina Karlsson Kazeem ⁵⁾	250	6 of 25	1 of 4	—	Yes
Anna Kinberg Batra	516	23 of 25	4 of 4	—	Yes
Henrik Käll ⁴⁾	273	17 of 25	—	4 of 5	Yes
Zdravko Markovski ⁵⁾	263	6 of 25	—	1 of 5	Yes
Joacim Sjöberg	526	25 of 25	2 of 4	1 of 5	Yes
Leiv Synnes ⁶⁾	—	2 of 25	—	—	No ³⁾

1. The large number of Board meetings should be viewed in the light of factors including the volatility of this year's capital market.

2. Board members who are employed by the company do not collect Board fees.

3. Not independent in relation to major stockholders.

4. The Board member took office on 31 March 2022 and therefore did not participate in all meetings during 2022.

5. The Board member left office on 31 March 2022 and therefore did not participate in all meetings during 2022.

6. The Board member took office on 8 December 2022 and therefore did not participate in all meetings during 2022.

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 other material issues.

<p>Board Meeting</p> <ul style="list-style-type: none"> • Net income for the year • Financial position • Treasury report • Annual Report including Sustainability Report • Documents for the AGM • Proposed appropriation of profits • Review of the auditors' conclusions from the audit • Individual meeting, auditors 	<p>Audit Committee</p> <ul style="list-style-type: none"> • Year-end report • Financial statements • Annual Report • Review with auditors of year-end audit • Review of audit assignment • Incident reporting, Whistleblower • Review of disputes • Establish committee agenda and tasks 	<p>Board Meeting</p> <ul style="list-style-type: none"> • Preparations for the AGM • Competitor intelligence <p>Annual General Meeting</p> <p>Board Meeting following election</p> <ul style="list-style-type: none"> • Authorised signatory appointed • Composition of the committees decided • Rules of procedure adopted <p>People Committee</p> <ul style="list-style-type: none"> • Succession issues • Cultural and organisational issues • Review of diversity initiatives • Review of personnel turnover and absenteeism 	<p>Board Meeting</p> <ul style="list-style-type: none"> • Q1 interim report • Analysis of net income for the period • Treasury report • Decision log • Monitoring of investments, lettings, and vacancies <p>Audit Committee</p> <ul style="list-style-type: none"> • Interim report • Financial statements • Review of financial reporting process • Audit plan • Evaluation of audit work • Procurement of audit • Regulatory compliance • Incident reporting, Whistleblower 	<p>People Committee</p> <ul style="list-style-type: none"> • Review of incentive plans • Guidelines for remuneration to senior executives • Salary audit 	<p>Board Meeting</p> <ul style="list-style-type: none"> • Strategy review • Business intelligence • Policy documents adopted • eNPS 								
JAN	FEB	MAR	APR	MAY	JUN								
JUL		AUG		SEP		OCT		NOV		DEC			
<p>Board Meeting</p> <ul style="list-style-type: none"> • Q2 interim report • Analysis of net income for the period • Treasury report • Monitoring of investments, lettings, and vacancies • Review of the limited assurance report on the half-year report 		<p>Audit Committee</p> <ul style="list-style-type: none"> • Interim report • Financial statements • Review of the limited assurance report on the half-year report • Review of disputes Incident reporting Whistleblower 		<p>Board Meeting</p> <ul style="list-style-type: none"> • Q3 interim report • Treasury report • Decision log • Monitoring of investments, lettings, and vacancies 		<p>Audit Committee</p> <ul style="list-style-type: none"> • Interim report • Financial statements • Discussions with the auditors about the audit of the half-year report and internal control • Checks of internal controls • Incident reporting, Whistleblower • Evaluation of Committee work 		<p>People Committee</p> <ul style="list-style-type: none"> • Guidelines, remuneration principles • Preparing incentive outcomes and proposals for new incentive plan • Remuneration report • Succession issues • Review of CEO's evaluation of senior executives • Preparing CEO evaluation 		<p>Board Meeting</p> <ul style="list-style-type: none"> • Budget • eNPS • CSI • Succession issues • Insurance policies • IT security • Review of risks in the business, financial risks and mitigation measures • Evaluation of the Board and CEO 		<p>Audit Committee</p> <ul style="list-style-type: none"> • Recommendation for election of auditor to the Nomination Committee • Review of tax situation • Compliance with internal guidelines • Internal controls • Evaluation of committee work • Compliance with annual plan 	

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 for key roles in Executive 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 2022, the Committee held four meetings. Issues addressed at the meetings included the review of monitoring the integration of Kungsleden; remuneration to senior executives; the recruitment process for a new CEO; appointment of acting CEO and COO; proposals to the Board regarding the proposal for a new incentive plan for senior executives; 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 plan 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.

People Committee

The People Committee consisted of Chairman Anna Kinberg Batra as well as members Per Berggren and, up until 31 March, Christina Karlsson Kazeem (and subsequently Joacim Sjöberg).

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.

Audit Committee

The Board's Audit Committee monitors such issues as audits, and prepares matters in these areas for decisions by the Board. The Committee was formerly named the Audit and Finance Committee, but at its meeting in June 2022 the Board decided that the Group's financing issues are so central and material that going forward they are to be managed by the entire Board. Members of the Committee, and its Chairman, are elected yearly by the Board. The Audit Committee is to consist of at least three 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 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 identifying and managing risks - both operational and financial - and ensure that there are appropriate systems for control and monitoring.
- Monitor regulatory compliance in Group companies.
- Prepare 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 audit of the Annual Report and consolidated accounts, and meet regularly with the auditors of the Group companies to stay informed about the scope and focus of the audit and to discuss their views of the Group's risks.
- Inform the Board of the results of the audit, how they promoted the reliability of financial reporting, and the functions the Committee has performed.
- Stay informed about any conclusions from 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 (non-audit services), 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.
- As needed, issue guidelines for services other than auditing provided by the auditors and, where appropriate, approve such services in accordance with these guidelines.
- 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 Committee is to hold at least five meetings a year, and the Company's auditors must attend at least two of them. On one of the occasions when the Audit Committee meets with the auditors, no one from Executive Management may be present.

In 2022, the Committee held five meetings. Issues covered at the meetings included financial reporting including a review of

Audit Committee

The Audit Committee consisted of Chairman Anna-Karin Celsing as well as members Per Berggren, Zdravko Markovski (up until 31 March), Joacim Sjöberg (up until 15 June) and Henrik Käll (as of 31 March).

The primary tasks of the Audit Committee are:

- Financial reporting
- Internal control
- Regulatory compliance
- Risk management
- Audit

future regulations and their potential impact on Castellum; hedge reporting of financial instruments; internal control and risk management; the impartiality, independence and work of the auditors; audit procurement; policy development; and feedback from the whistleblower service. Operational issues were also thoroughly examined. In 2022, the Committee focused in particular on issues concerning Castellum's internal controls and application of hedge reporting of financial instruments. In addition, the Audit Committee held individual meetings during the year with compliance and auditors without the presence of management.

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 is to ensure that Board members are routinely sent the information needed to monitor the Company's and the Group's financial position, earnings, liquidity and development.

Executive Management

Executive Management includes the CEO, the Chief Financial Officer, the Head of Treasury, the Chief Operating Officer, the Chief Information Officer, the Chief Legal Officer, the Communications Director, the HR Director, and the Managing Directors of the five 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 12 meetings in 2022. In 2022, Executive Management continued to focus primarily on integration initiatives.

Remuneration to senior executives

The 2022 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 benefits will be defined-contribution and not exceed 33 per cent 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 infor-

mation 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 2022 AGM.

For further information regarding remuneration to Executive Management, refer to Note 10.

For the 2023 AGM, guidelines have been proposed for remuneration to senior executives; refer to pages 132-133.

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 2023 AGM. The auditor in charge at Deloitte is authorised public accountant Harald Jagner.



Harald Jagner
Castellum's auditor

Compliance and internal control

Castellum's Compliance Officer monitors the company's compliance (i.e. ensuring compliance with laws and ordinances as well as internal policies and guidelines). The Compliance Officer, together with the Internal Controller and the Group's Risk Manager, is part of the company's newly formed Risk and Compliance team.

Together, the Compliance Officer and Internal Controller act as a support for the operations driving the business when it comes to identifying and monitoring operational risks.

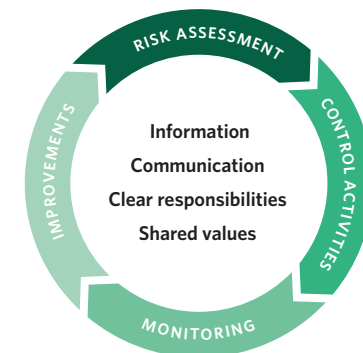
Internal control

Under the Swedish Companies Act and the Code, the Board is responsible for internal control. Internal control is key to ensuring that the decisions, goals, and strategies based on existing laws and regulations are complied with, and that the risk of undesirable deviations and errors in the reports is reduced. In 2022, the efforts to improve the company's internal control continued and the organisation was strengthened with an Internal Controller whose primary task is ensuring proper internal control environment is maintained. Internal control at Castellum is based on five different components: control environment, risk assessment, control activities, information and communication, and monitoring and improvement. The organisation of internal control over financial reporting is described below.

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 by which Castellum is governed. The fundamental aspect of Castellum's internal control is its centralised accounting function with shared policies and procedures for the Group, the subgroup, and all legal entities. 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 form the foundation for the internal controls. Current documents are updated regularly in the event of changes (including to legislation, accounting standards, or listing requirements).

CASTELLUM'S INTERNAL CONTROL ENVIRONMENT



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. In accordance with the rules of procedure for the Board of Directors as well as the rules of procedure for the Audit Committee, the observations from the internal controls and the survey and management of operational risks are reviewed annually. For the latter, see the "Risks and Opportunities" section on pages 111–118. For the items that are material and/or have an elevated risk of error, there are procedures to minimise this risk. The procedures do not only apply to the financial procedures themselves but also encompass procedures pertaining to aspects including operational governance and business plans as well as IT systems. The company's Risk and Compliance Team plays a central role in assessing the Group's risks.

Control activities

The risks identified as regards financial reporting are managed through the company's control structure, resulting in a number of control activities. The control activities 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

The economic and Treasury functions are administered from the head office, This means that routines and procedures are uniform and provide conditions for an efficient approach. This in turn facilitates the review of controls from the perspective of internal control. Clear documentation of policies and instructions, along with routine 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 Committee and the Board.

Information and communication

Policies and guidelines regarding financial reporting as well as updates and changes are made known to the personnel concerned; training courses and workshops are also held in the event of major changes and material provisions. Executive Management and the Board of Directors regularly receive financial information with comments on financial results and risks. The Board also receives additional information regarding risk management, internal control and financial reporting from the company's internal risk and compliance team, as well as from external auditors through the Audit Committee. In order to ensure that the external provision of information is correct and complete, there are a communication policy. The CEO and CFO have been named as spokespersons on financial issues.

All information deemed to have an impact on the share price is communicated to the market via press release. The company has ensured that the information reaches the market simultaneously.

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 actions or other problematic situations that entail violations, or suspicion of violations, of laws or other guidelines and regulations. The service is administered by an external partner to ensure anonymity and professionalism.

All incoming cases to the whistleblower function are sent to the appointed officials within Castellum as well as to the Chairman of the Audit Committee.

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 web site.



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 web site.



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.



Work environment policy

Ensures that the company has a healthy work environment and that we work in common to achieve it. The Castellum Group is actively and preventively engaged on issues concerning the work environment under the laws and ordinances in force.



Related parties policy

Ensures compliance with both laws and regulations regarding related-party transactions, and that confidence in Castellum as well as its reputation in the capital market are maintained. The policy also clarifies regulations concerning conflicts of interest under the Swedish Companies Act, which are intended for the Board of Directors and CEO.

Monitoring

Through the Audit 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 Committee at least twice a year. In addition, the Audit Committee conducts an annual review of the risk assessment and the measures agreed on. Monitoring by the Audit 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. Castellum's Board of Directors is of the opinion that the company does not currently need any internal audit function.

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.

Guidelines for remuneration to senior executives

The following guidelines for determining salaries and other remuneration to senior executives at Castellum AB (publ) were adopted at the 2022 Annual General Meeting and are in effect until further notice. The Board of Directors will not propose any changes in the guidelines ahead of the 2023 Annual General Meeting.

The guidelines' promotion of Castellum'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 senior executives.

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 which are on-going 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 terms for senior executives shall not exceed 33 per cent 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 per cent 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 per cent 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 per cent during the period and the total return 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 per cent and 0-5 percentage points, 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. The extent to which 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 income, unless required by mandatory collective agreement provisions applicable for 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 per cent of the fixed annual salary. For other senior executives, total premiums and other costs owing to such benefits may not exceed 5 per cent 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 tasks 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, February 2023
Castellum AB (publ)
The Board of Directors

Board of Directors



Per Berggren



Anna-Karin Celsing



Henrik Käll

	Chairman of the Board since 2022 and Board member since 2007. Member of the Audit Committee and People Committee.	Board member since 2021. Chair of the Audit Committee.	Board member since 2022. Member of the Audit Committee.
Born:	1959	1962	1967
Education:	Master of Science KTH and economic education from Stockholm University.	Master of Economics from Stockholm School of Economics.	Master of Economics, Uppsala University, and studies at HEC.
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.	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.	Lengthy background in banking and finance, in positions including global head of sales and trading at Nordea Markets. Previously also worked in London at the Natixis and Dresdner Kleinwort banks. Board member of Hoist Finance AB.
Board assignments:	Board member of Fasticon AB, White Arkitekter AB, Tingsvalet Fastighets AB, Podium Fastigheter AB and Fondamentor AB.	Board member of companies including Volati AB, Landshypotek Bank AB, OX2 AB, Peas Industries AB, Lannebo Fonder AB, Tim Bergling Foundation and Stiftelsen Beckmans Designhögskola.	Board member of Garantum Fondkommission AB, Bellmer Capital AB and Nordend AB, as well as Board member and CEO of Fxity AB.
Shareholding	15,000	3,000	2,000

**Joacim Sjöberg****Leiv Synnes**
Malin Löveborg
 Chief Legal Officer, and
 Secretary of the Board.

	Board member since 2020. Member of the People Committee.	Board member since December 2022.
Born:	1964	1970
Education:	Master of Laws from Stockholm University.	Master of Economics from Umeå University.
Previous positions:	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 Aktieföretag, 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.	CEO and Board member, Akelius Skog AB; member or chairman of discontinued or sold companies within the Akelius sphere. CFO and Head of Business Development, Akelius Residential Property AB.
Board assignments:	CEO and board member of Valhalla Corporate Advisor, board member of Wästbygg Gruppen AB, KlaraBo Sverige AB, and Entra ASA.	CFO and Deputy CEO of Akelius Residential Property AB, and Board member of several companies within the Akelius sphere.
Shareholding	3,000	1,000

The disclosures pertain to conditions as of 20 February 2023. 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



	Joacim Sjöberg	Sebastian Schlasberg	Jens Andersson	Hanna Brandström	Mats Eriksson	Per Gawelin
	Employed as acting CEO since 2023.	Employed as Chief Operating Officer in 2023.	Employed as Head of Treasury, then Chief Financial Officer, since 2023.	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:	1964	1982	1973	1980	1963	1978
Education:	Master of Laws from Stockholm University.	Bachelor of Science in Economics and Business Administration from Copenhagen Business School.	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:	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 Aktieföretag, Räckesbutiken Sweden AB, Centro Kakele & 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.	Lengthy experience from senior positions in the property industry, including as Head of Asset Management at Scius Partners, Regional Director Stockholm at Corem Property Group, and prior to that analyst at Catella Corporate Finance.	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 and HR Director/Head of People & Culture at Kungsleden Fastighets AB.	Business Manager Retail, Newsec Asset Management AB; Manager Property Development, Ica Fastigheter AB; Business Area Manager NIAM AB; Property Manager, Siab AB; and Regional Director Mälardalen, Kungsleden Fastighets AB.	Experience in the property industry and leadership experience as captain and player for Örebro SK Football Club.
Board assignments:	CEO and board member of Valhalla Corporate Advisor AB, board member of Wästbygg Gruppen AB, KlaraBo Sverige AB, and Entra ASA.	—	—	—	Member of the Environment and Climate Committee in Västmanland County.	—
Shareholding	3,000	—	10,228	759	6,300	3,525



	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.	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 Officer 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, and Regional Director Stockholm at Kungsleden Fastighets 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	4,300	1,500	1,132	9,450	3,239	2,521

The disclosures pertain to conditions on 31 December 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.

Financial reporting

Multi-year summary

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Income statement, SEK M										
Income	8,996	6,353	6,004	5,821	5,577	5,182	4,533	3,299	3,318	3,249
Property costs	-3,158	-2,007	-1,669	-1,708	-1,632	-1,605	-1,497	-1,074	-1,096	-1,105
Net operating income	5,838	4,346	4,335	4,113	3,945	3,577	3,036	2,225	2,222	2,144
Central administrative expenses	-270	-174	-149	-163	-158	-162	-143	-113	-108	-96
Acquisition and restructuring costs, etc.	-7	-103	-95	-9	—	-5	-163	—	—	—
Income from participations in associated companies/joint ventures	-373	1,142	—	—	—	—	3	23	—	—
Letting cost/Site leasehold fee	-76	-27	-20	-22	—	—	—	—	—	—
Net interest costs, etc.	-1,531	-784	-786	-782	-835	-885	-832	-602	-664	-702
Income including associated companies/joint ventures	3,581	4,400	3,285	3,137	2,952	2,525	1,901	1,533	1,450	1,346
Impairment of goodwill	-440	-194	—	-179	—	—	-373	—	—	—
Change in values on properties	-3,537	7,185	3,863	3,918	5,216	4,540	4,085	1,837	344	328
Change in values on derivatives	2,690	325	-120	-111	152	247	82	216	-660	429
Change in value on financial holdings	-57	42	—	—	—	—	—	—	—	—
Revaluation of earnings due to stepwise acquisition	—	111	—	—	—	—	27	-2	—	—
Current tax	-15	-173	-186	-165	-74	-96	-23	-16	-11	-6
Deferred tax	-472	132	-1,227	-950	-793	-1,340	-727	-687	88	-390
Net income for the year/period	1,750	11,828	5,615	5,650	7,453	5,876	4,972	2,881	1,211	1,707
Other comprehensive income	-164	121	-172	45	8	-8	6	-8	8	3
Comprehensive income for the year/period	1,586	11,949	5,443	5,695	7,461	5,868	4,978	2,873	1,219	1,710
Balance sheet, SEK M										
Investment properties	153,563	153,146	103,042	95,168	89,168	81,078	70,757	41,818	37,599	37,752
Goodwill (Joint ventures, 2015)	4,969	5,544	1,673	1,691	1,659	1,659	1,659	526	—	—
Derivatives	3,214	—	—	—	—	—	—	—	—	—
Other assets	17,127	17,745	5,040	1,953	1,070	772	5,640	269	442	291
Cash and cash equivalents	858	1,197	161	173	243	203	257	39	47	70
Total assets	179,731	177,632	109,916	98,985	92,140	83,712	78,313	42,652	38,088	38,113
Equity	78,983	83,637	48,243	43,777	39,749	33,736	29,234	15,768	13,649	13,127
Deferred tax liability	17,754	17,351	11,376	10,153	9,203	8,405	7,065	4,299	3,612	3,700
Derivatives	468	563	1,132	715	716	1,352	1,582	1,117	1,357	683
Interest-bearing liabilities	76,849	70,829	45,720	40,826	40,358	38,226	38,467	20,396	18,446	19,481
Non-interest bearing liabilities	5,677	5,252	3,445	3,514	2,114	1,993	1,965	1,072	1,024	1,122
Total equity and liabilities	179,731	177,632	109,916	98,985	92,140	83,712	78,313	42,652	38,088	38,113

FINANCIAL REPORTS

Multi-year summary, cont.

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Financial key metrics										
Surplus ratio, %	67	71	74	72	71	69	67	67	67	66
Interest rate, average, %	2.6	1.8	1.9	2.0	2.0	2.4	2.7	3.0	3.3	3.7
Interest coverage ratio, %	3.9	517	530	502	454	386	348	351	318	292
Return on long-term net reinstatement value, %	-4.7	18.4	15.2	15.1	22.0	18.3	20.9	20.4	7.6	13.2
Return on total capital, %	0.6	8.6	7.5	8.4	10.6	10.1	11.9	10.0	6.5	6.4
Return on equity, %	2.2	22.7	13.0	14.5	22.6	20.6	20.1	21.7	9.5	14.6
Investments in properties, SEK M	5,911	59,946	5,158	6,112	5,292	6,488	31,491	3,553	2,525	1,768
Sales, SEK M	3,080	17,228	891	4,138	2,635	875	6,754	1,140	3,054	687
Loan-to-value ratio, Property, %	50	45	44	43	45	47	50	49	49	51
Data per share (since there are no potential shares, there is no dilution effect)										
Average number of shares, thousand	330,854	282,917	273,628	273,201	273,201	273,201	234,540	189,014	189,014	189,014
Income from property management, SEK	13.63	12.45	12.35	11.52	10.81	9.26	8.80	8.11	7.67	7.12
Income from property management after tax (EPRA EPS), SEK	13.21	11.58	11.25	10.44	9.65	8.39	8.26	7.84	7.17	6.97
Earnings after tax, SEK	5.29	41.81	20.52	20.68	27.28	21.51	21.20	15.24	6.41	9.03
Number of shares outstanding, thousand	328,401	340,544	277,093	273,201	273,201	273,201	273,201	189,014	189,014	189,014
Property value, SEK	468	450	372	348	326	297	259	221	199	200
Net reinstatement value (EPRA NRV), SEK	242	251	214	195	176	153	133	112	99	93
Net tangible assets (EPRA NTA), SEK	230	241	205	187	169	146	131	109	97	91
Net disposal value (EPRA NDV), SEK	196	197	168	154	139	117	101	83	72	69
Dividend, SEK/share (2022 proposed)	—	7.60	6.90	6.50	6.10	5.30	5.00	4.25	3.99	3.69
Payout ratio, %	—	61	56	56	56	57	57	52	52	52
Property-related key metrics										
Rental value, SEK/sq. m.	1,758	1,648	1,538	1,495	1,407	1,341	1,304	1,095	1,064	1,036
Economic occupancy rate, %	93.4	93.2	93.1	92.6	93.2	90.9	91.3	90.3	88.7	88.4
Property costs, SEK/sq. m.	511	425	369	384	378	364	376	316	307	307
Property value, SEK/sq. m.	26,737	26,667	23,549	22,363	20,417	18,268	16,558	12,282	11,118	10,285

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 180.

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 minimum 10 per cent increase in income from property management. Income from property management also forms the basis of the annual shareholder dividend: at least 50 per cent of income from property management. To safeguard the company's credit rating, the Board decided in 2022 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.

	Jan-Dec 2022		Jan-Dec 2021	
	SEK M	SEK/share	SEK M	SEK/share
Income from property management				
Income before tax	2,237	6.76	11,869	41.95
Reversed:				
Acquisition costs	7	0.02	76	0.27
Financing fees, etc. for acquisitions	—	—	27	0.10
Revaluation of earnings due to stepwise acquisition	—	—	-111	-0.39
Income from associated companies excluding income from property management	922	2.79	-981	-3.47
Change in values on properties	3,537	10.69	-7,185	-25.40
Change in values on financial holdings	57	0.17	-42	-0.15
Change in values on derivatives	-2,690	-8.13	-325	-1.15
Impairment of goodwill	440	1.33	194	0.69
= Income from property management	4,510	13.63	3,522	12.45
EPRA Earnings (Income from property management after tax)				
Income from property management	4,510	13.63	3,522	12.45
Reversed:				
Current tax, income from property management	-141	-0.43	-246	-0.87
EPRA Earnings/EPRA EPS	4,369	13.21	3,276	11.58

	31 Dec 2022	31 Dec 2021
Average number of shares, thousand (key metrics related to income statement) ¹⁾	330,854	282,917
Number of shares outstanding, thousand (key metrics related to balance sheet) ¹⁾	328,401	340,544

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 2022		Jan-Dec 2021	
	SEK M	SEK/share	SEK M	SEK/share
Net asset value				
Equity according to the balance sheet	78,983	240	83,637	246
Reversed:				
Hybrid bonds	-10,169	-31	-10,164	-30
Non-controlling interest	—	—	-693	-2
Declared, undistributed dividend	624	2	—	—
Derivatives according to the balance sheet	-2,747	-8	563	2
Goodwill attributable to deferred tax	-4,944	-15	-5,351	-15
Deferred tax according to the balance sheet	17,754	54	17,351	50
Net reinstatement value (EPRA NRV)	79,501	242	85,343	251
Deduction:				
Goodwill due to acquisition of United Spaces	-25	-0	-193	-1
Estimated real deferred tax, 4%	-3,860	-12	-3,160	-9
Net tangible assets (EPRA NTA)	75,616	230	81,990	241
Reversed:				
Derivatives according to above	2,747	8	-563	-2
Deferred tax	-13,894	-42	-14,191	-41
Net disposal value (EPRA NDV)	64,467	196	67,236	197

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 40 per cent and an interest coverage ratio of at least 3. Furthermore, net debt to EBITDA that expresses how many years it takes for a company to repay its interest-bearing loans, is an important financial risk metric.

	Jan-Dec 2022	Jan-Dec 2021
Interest coverage ratio		
Income from property management	4,510	3,522
Reversed:		
Net interest costs	1,531	845
Income from property management excluding net interest	6,041	4,367
Interest coverage ratio	3.9	5.2
Loan-to-value ratio		
Interest-bearing liabilities	76,849	70,829
Cash and cash equivalents	-858	-1,197
Net interest-bearing liabilities	75,991	69,632
Total assets	179,731	177,632
Loan-to-value ratio, %	42	39
Loan-to-value ratio, Property		
Net interest-bearing liabilities, according to above	75,991	69,632
Investment properties	153,563	153,146
Acquired properties not taken into possession	-45	-187
Divested properties still in Castellum's possession	97	88
Net investment properties	153,615	153,047
Loan-to-value ratio, Property, %	50	45
Net debt to EBITDA		
Interest-bearing liabilities	76,849	70,829
Cash and cash equivalents	-858	-1,197
Net interest-bearing liabilities	75,991	69,632
Net operating income	5,838	4,346
Central administration expenses	-270	-174
Operating income	5,568	4,172
Net debt to EBITDA	13.6	16.7

Investment

	Jan-Dec 2022	Jan-Dec 2021
Net investments		
Acquisitions	363	56,147
New construction, extensions and reconstructions	5,548	3,799
Total investments	5,911	59,946
Net sales prices	-3,080	-17,228
Net investments	2,831	42,718
Proportion of the property value, %	2	41

Other key financial metrics

	Jan-Dec 2022	Jan-Dec 2021
Surplus ratio, %	67	71
Interest rate, average, %	2.6	1.8
Return on EPRA NRV, %	-4.7	18.4
Return on total capital, %	0.6	8.6
Return on equity, %	2.2	22.7
Property value, SEK/share	468	450
Gross lettings	666	720
Net lettings	161	162

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Consolidated statement of comprehensive income

SEK M		2022	2021
Rental income		7,803	5,723
Service income		960	461
Coworking income		232	169
Income	Note 3	8,996	6,353
Operating costs	Note 4	-1,490	-840
Maintenance expenses	Note 4	-286	-155
Property tax	Note 4	-580	-401
Coworking expenses	Note 4	-280	-194
Lettings and property administration expenses	Note 4	-522	-417
Net operating income		5,838	4,346
Central administrative expenses	Note 4	-270	-174
Acquisition costs	Note 5	-7	-76
Income from participations in associated companies	Note 6	-373	1,142
<i>Net financial items</i>			
Interest income	Note 7	0	2
Interest costs	Note 7	-1,531	-847
Financing fees, etc. for acquisitions		—	-27
Dividend		—	61
Letting cost/Site leasehold fee	Note 8	-76	-27
Income from property management, including acquisition costs/ financing costs		3,581	4,400
of which income from property management¹⁾		4,510	3,522
Change in goodwill	Note 14	-440	-194
<i>Changes in value</i>			
Properties	Note 11	-3,537	7,185
Financial holdings	Note 15	-57	42
Revaluation of earnings due to stepwise acquisition		—	111
Derivatives		2,690	325
Income before tax		2,237	11,869
Current tax	Note 9	-15	-173
Deferred tax	Note 9	-472	132
Net income for the year²⁾		1,750	11,828

SEK M	2022	2021
Other comprehensive income		
<i>Items that will be reclassified to net income for the year</i>		
Translation difference of currencies, etc.	530	629
Change in values on derivatives, currency hedge	-694	-508
Comprehensive income for the year²⁾	1,586	11,949
Data per share (since there are no potential shares, there is no dilution effect)		
Average number of shares, thousand	330,854	282,917
Earnings per share, SEK	5.29	41.81

- For calculation, refer to Financial Key Metrics, page 140.
- Of net income for the year, SEK 1,750 M (11,828) is attributable to the Parent Company's shareholders.
Of comprehensive income for the year, SEK 1,586 M (11,949) is attributable to the Parent Company's shareholders.

Consolidated balance sheet

SEK M		31 Dec 2022	31 Dec 2021
ASSETS			
Fixed assets			
Investment properties	Note 11	153,563	153,146
Tangible fixed assets	Note 12	210	204
Leases, right-of-use	Note 13	1,591	1,741
Goodwill	Note 14	4,969	5,544
Financial assets	Note 15	—	190
Participations in associated companies	Note 16	13,286	13,571
Derivatives	Note 23	2,795	—
Other fixed assets		102	73
Total fixed assets		176,516	174,469
Current assets			
Rent receivables	Note 3	135	130
Receivables, property sales		97	88
Derivatives	Note 23	419	—
Other receivables		899	1,050
Prepaid expenses and accrued income		806	698
Cash and cash equivalents		858	1,197
Total current assets		3,214	3,163
TOTAL ASSETS		179,731	177,632

SEK M		31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity	Note 18		
Share capital		173	173
Other capital contribution		29,027	29,027
Reserves		-164	-1
Hybrid bonds		10,169	10,164
Retained earnings		39,778	43,581
Total equity attributable to Parent Company shareholders		78,983	82,944
Non-controlling interest		—	693
Total equity		78,983	83,637
Liabilities	Note 19		
<i>Long-term liabilities</i>			
Deferred tax liability	Note 9	17,754	17,351
Other provisions	Note 22	28	38
Derivatives	Note 23	311	361
Long-term interest-bearing liabilities	Note 19	64,616	51,997
Other long-term liabilities/Lease liabilities	Note 13	1,591	1,741
<i>Total long-term liabilities</i>		<i>84,300</i>	<i>71,488</i>
<i>Short-term liabilities</i>			
Short-term interest-bearing liabilities	Note 19	12,233	18,832
Accounts payable		394	405
Tax liabilities		138	297
Derivatives	Note 23	158	201
Other liabilities		1,165	736
Accrued expenses and prepaid income	Note 24	2,362	2,035
<i>Total short-term liabilities</i>		<i>16,450</i>	<i>22,506</i>
Total liabilities		100,749	93,994
TOTAL EQUITY AND LIABILITIES		179,731	177,632

Income statement for the Parent Company

SEK M		2022	2021
Income	Note 3	211	167
Central administrative expenses	Note 4	-360	-283
<i>Financial items</i>			
Impairment of participations in Group companies	Note 7	475	3,099
Income from participations in associated companies	Note 6	333	656
Financial income	Note 7	1,170	907
Financial costs	Note 7	-1,941	-1,072
Income before changes in value and tax		-112	3,473
<i>Changes in value</i>			
Financial investment	Note 15	-57	153
Derivatives	Note 23	1,489	-75
Income before tax		1,320	3,551
Current tax	Note 9	0	-5
Deferred tax	Note 9	-383	—
Net income for the year		937	3,546

Statement of comprehensive income for the Parent Company

SEK M	2022	2021
Net income for the year according to the income statement	937	3,546
Other comprehensive income		
<i>Items that will be reclassified to net income for the year</i>		
Translation difference of currencies, etc.	241	65
Change in values on derivatives, currency hedge	-326	-27
Comprehensive income for the year	852	3,585

Balance sheet for the Parent Company

SEK M		31 Dec 2022	31 Dec 2021
ASSETS			
Fixed assets			
Tangible fixed assets	Note 12	86	45
<i>Financial fixed assets</i>			
Participations in Group companies	Note 27	47,342	46,239
Participations in associated companies	Note 16	12,693	12,690
Financial assets	Note 15	—	190
Derivatives	Note 23	1,764	130
Long-term receivables, Group companies	Note 28	38,923	35,578
<i>Total financial fixed assets</i>		100,722	94,827
Total fixed assets		100,808	94,872
Current assets			
Current receivables, Group companies		11,286	7,325
Derivatives	Note 23	419	15
Prepaid expenses and accrued income		49	27
Other receivables		117	68
Cash and cash equivalents		10	37
Total current assets		11,881	7,472
TOTAL ASSETS		112,689	102,344

SEK M		31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity	Note 18		
<i>Restricted equity</i>			
Share capital		173	173
Statutory reserves		20	20
<i>Non-restricted equity</i>			
Fair value reserve		-97	-12
Share premium reserve		25,026	25,026
Hybrid bonds		10,169	10,164
Retained earnings		4,223	6,092
Net income for the year		937	3,546
Total equity		40,451	45,009
Liabilities	Note 19		
<i>Long-term liabilities</i>			
Derivatives	Note 23	170	548
Deferred tax liability	Note 9	321	—
Long-term interest-bearing liabilities	Note 19	37,284	42,257
Long-term interest-bearing liabilities, Group companies		12,735	14,090
<i>Total long-term liabilities</i>		50,510	56,895
<i>Short-term liabilities</i>			
Short-term interest-bearing liabilities		10,020	—
Short-term liabilities, Group companies		10,709	—
Derivatives		158	216
Other short-term liabilities		637	16
Accounts payable		27	29
Accrued expenses and prepaid income	Note 24	177	179
<i>Total short-term liabilities</i>		21,728	440
Total liabilities		72,237	57,335
TOTAL EQUITY AND LIABILITIES		112,689	102,344

Change in equity

Group, SEK M	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 2020	277,093	139	13,259	150	-272	—	34,967	—	48,243	
Dividend, March and Sept 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	
Dividend 2022 (SEK 7.60/share)	—	—	—	—	—	—	-2,496	—	-2,496	
Repurchase of own shares	-12,143	—	—	—	—	—	-2,752	—	-2,752	
Dividend, hybrid bond	—	—	—	—	—	5	-167	—	-162	
Transactions with non-controlling interest	—	—	—	—	—	—	-137	-693	-830	
Net income 2022	—	—	—	—	—	—	1,750	—	1,750	
Other comprehensive income, 2022	—	—	—	-695	530	—	—	—	-164	
Equity, 31 Dec 2022	328,401	173	29,027	84	-250	10,169	39,778	—	78,983	
				Fair value reserve						
Parent company, SEK M	Number of shares outstanding, thousand	Share capital	Statutory reserves	Currency translation reserve	Currency hedge reserve	Hybrid bonds	Retained earnings	Share premium reserve	Total equity	
Equity, 31 Dec 2020	277,093	139	20	111	-162	—	9,018	9,258	18,384	
Dividend, March and Sept 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	
Dividend 2022 (SEK 7.60/share)	—	—	—	—	—	—	-2,496	—	-2,496	
Repurchase of own shares	-12,143	—	—	—	—	—	-2,752	—	-2,752	
Dividend, hybrid bond	—	—	—	—	—	5	-167	—	-162	
Net income 2022	—	—	—	—	—	—	937	—	937	
Other comprehensive income, 2022	—	—	—	241	-326	—	—	—	-85	
Equity, 31 Dec 2022	328,401	173	20	417	-514	10,169	5,160	25,026	40,451	

Cash flow statement

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Operating activities				
Net operating income	5,838	4,346	211	167
Central administrative expenses	-270	-174	-360	-283
Reversed depreciation	160	139	8	11
Interest paid	-1,478	-837	-1,942	-1,354
Interest received	0	2	1,170	1,131
Tax paid	-144	-244	—	-5
Translation difference of currencies	7	45	—	—
Cash flow from operating activities before change in working capital	4,113	3,277	-913	-333
<i>Cash flow from changes in working capital</i>				
Change in current receivables	38	-493	-3,460	8,479
Change in current liabilities	149	-181	-31	-342
Cash flow from operating activities	4,300	2,603	-4,404	7,804
Investment activities				
Investments in new construction, extensions and reconstructions	Note 11	-5,548	-3,799	—
Property acquisitions		-363	-8,889	—
Change in liabilities upon property acquisitions		-142	187	—
Sales of properties		3,080	17,228	—
Change in receivables on sales of properties		-9	132	—
Business combinations		—	-6,484	—
Sale of investments held as long-term assets		133	—	133
Investment in financial assets		—	-2,730	—
Investments in subsidiaries		—	—	-937
Dividend received		333	—	484
Investments in associated companies		—	-9,413	-3
Other investments		-10	-204	-38
Cash flow from investment activities	-2,526	-13,972	-361	-18,926

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Financing activities				
Repayment of loans	Note 21	-24,999	-14	-20,432
Drawn loans		29,196	5,375	33,617
Change in long-term receivables		-5	—	-2,923
Derivatives		-733	-194	-733
Repurchase of own shares		-2,752	-1,038	-2,752
Hybrid bond		-167	10,164	-167
Transactions with non-controlling interest		-830	—	—
Dividend paid		-1,872	-1,888	-1,872
Cash flow from financing activities	-2,162	12,405	4,738	11,153
Cash flow for the year	-388	1,036	-27	31
Cash and cash equivalents opening balance		1,197	161	37
Exchange-rate difference in cash and cash equivalents		49	—	—
Cash and cash equivalents, closing balance	858	1,197	10	37

Accounting policies and Notes

Note 1 Accounting and valuation policies

General information

Castellum Aktiebolag (publ) Corporate ID No. 556475-5550 is the Parent Company in Castellum. The registered office of Castellum AB (publ) is in Gothenburg, Sweden. The Annual Report and consolidated financial statements of Castellum AB (publ) for the financial year ending 31 December 2022 were approved by the Board of Directors and the Chief Executive Officer on 27 February 2023, and will be proposed to the Annual General Meeting on 23 March 2023 for adoption. The business activities of the Group are described in the Directors' Report.

Standards and legislation applied

Castellum's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, as well as with statements from the International Financial Reporting Interpretations Committee (IFRIC) as approved by the EU. Furthermore, the consolidated financial statements have been prepared in accordance with Swedish law by application of the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups.

Amended accounting policies for 2022

In preparing the consolidated financial accounts, the same accounting and valuation policies are used as those described in the 2021 Annual Report. 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.

New standards that have not yet been applied

Castellum has not yet reviewed the effects of the changes in IAS 1 concerning accounting policies that are applicable for financial years beginning on 1 January 2023 and later. Of other EU-approved new and amended standards, as well as interpretations from the IFRS Interpretations Committee, none are currently expected to affect Castellum's net income or financial position to any significant extent. The same applies to Swedish regulations.

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 27. 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. The functional currency of the Parent Company is Swedish kronor, which also comprises the reporting currency for the Group. All amounts, unless otherwise indicated, are given in SEK M. 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.

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 per cent and at most 50 per cent 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.

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.

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. Estimates and assessments are reviewed on a regular basis.

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 per cent is normally used in property valuations. Information about this, along with prevailing assessments and assumptions, is presented in Note 11.

Note 1 cont.

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 and risk factors. 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. Impairment testing of goodwill that is attributable to previous asset portfolio acquisitions is carried out in conjunction with divestment, amended tax legislation, or alternately a downturn in the value of the properties that impacts the temporary difference.

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. The impairment is recognised under "Income from associated companies" in profit or loss.

Hybrid bond

Castellum has issued hybrid bonds. The hybrid bond has a maturity to the first potential redemption of 4.5 years and a fixed coupon rate of 3.125 per cent. 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 per cent 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.

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.

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

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.

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

Note 1 cont.

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 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 per cent in Sweden. As regards Denmark and Finland, current and deferred tax are calculated at 22 per cent and 20 per cent respectively.

Deferred tax

Deferred tax on temporary differences arising between the carrying amount 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' carrying amount 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 11. 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.

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

An acquisition is consolidated as of the occupancy date, and a divestment up until the closing date. Receivables or liabilities in relation to the counterparty between the transaction date and the settlement/occupancy date are recognised gross under Other receivables and Other liabilities respectively.

Income from property sales is recognised on the closing date. Sales of properties in corporate wrappers are net accounted for with refer-

Note 1 cont.

ence 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 carrying amount in the latest interim report, with adjustments for investments closed down after the latest interim report.

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 carrying amount is not recoverable.

Financial instruments

Financial instruments recognised in the balance sheet include cash and cash equivalents, rent receivables, financial assets, other receivables excluding loan receivables among assets; and interest rate and currency derivative instruments, accounts payable, other liabilities and loans among liabilities.

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 unappropriated 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 primarily rent 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. This means that expected credit losses are reserved for the remaining term, which is expected to be less than one year for all receivables. Credit provisions are routinely assessed based on historic data as well as current and prospective factors. 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.

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.

Liabilities

Liabilities refer to credits and operating liabilities such as accounts payable. 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 counter-party 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.

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 carrying amount 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.

Castellum uses currency derivatives in order to hedge investments in Denmark, Norway and Finland as well as to manage currency risk

Note 1 cont.

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 net investments in foreign operations, negatively expanded net investments 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 following criteria, the hedging is deemed to be 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 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.

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.

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 income from participations in associated companies and Group companies, respectively. 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.

Group contributions

Group contributions that are received from a subsidiary are recorded in accordance with the same policies as customary dividends from subsidiaries. Group contributions that are paid to subsidiaries are recognised as investments in participations in Group companies. Shareholders' contributions are recognised by the contributor as an increase in the carrying amount of shares and by the recipient as an increase in non-restricted equity.

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).

Changes in Swedish regulations

Changes in 2022 had no material impact on Castellum's accounting.

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: Stockholm (Stockholm and Gävle, which was sold in 2022); West (Greater Gothenburg including Borås and Halmstad); Central (Örebro, Linköping, Norrköping, Jönköping, and Växjö); Mälardalen (Uppsala and Västerås); 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.

In 2022, the segment structure was changed and the Mälardalen operating segment was formed. Mälardalen consists of Uppsala, which was previously part of Stockholm, and Västerås, which was previously part of the Central area of operation. Retroactive restatements of the operating segments have been applied below.

Operating segments	Stockholm		West		Central		Mälardalen		Öresund		Finland		Unallocated items		Total segments	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Rental income, external	2,174	1,356	1,518	1,185	1,496	824	917	1,005	1,175	1,063	524	290	—	—	7,803	5,723
Service income, external	235	127	167	87	136	87	206	9	130	105	85	46	—	—	960	461
Coworking income, external	—	—	—	—	—	—	—	—	—	—	—	—	232	169	232	169
Income	2,409	1,483	1,685	1,272	1,632	911	1,123	1,014	1,305	1,168	609	336	232	169	8,996	6,353
Property costs	-671	-366	-521	-371	-583	-283	-366	-289	-444	-350	-293	-138	—	-16	-2,878	-1,813
Coworking costs	—	—	—	—	—	—	—	—	—	—	—	—	-280	-194	-280	-194
Central administration expenses	-18	-11	-6	-7	-7	-6	-3	-3	-9	-7	-48	-24	-179	-116	-270	-174
Income from property management, associated companies	—	—	—	—	—	—	—	—	—	—	—	—	550	161	550	161
Interest income	119	28	27	33	34	9	4	7	22	31	13	19	-219	-125	0	2
Dividend	—	—	—	—	—	—	—	—	—	—	—	—	—	61	—	61
Leases/Site leasehold fees	-41	-6	-9	-7	-2	-1	-1	-2	-5	-3	-3	-3	-15	-5	-76	-27
Interest costs	-372	-193	-245	-171	-304	-151	-128	-91	-180	-177	-582	-128	280	65	-1,531	-847
Income from property management	1,426	936	931	749	770	480	629	636	689	662	-304	62	368	—	4,510	3,522
Impairment of goodwill/Transaction costs	-199	—	-46	—	-1	-20	-14	—	-12	—	—	—	-175	-277	-447	-297
Other income, associated companies	—	—	—	—	—	—	—	—	—	—	—	—	-922	981	-922	981
Change in values on properties	-1,323	2,545	-528	1,844	-568	-174	-330	1,336	-177	1,684	-611	-32	—	-18	-3,537	7,185
Change in values on derivatives	—	—	—	—	—	—	—	—	—	—	—	—	2,690	325	2,690	325
Change in value on shares	—	—	—	—	—	—	—	—	—	—	—	—	-57	153	-57	153
Income before tax	-96	3,481	357	2,593	201	286	285	1,972	500	2,346	-915	30	1,904	1,164	2,237	11,869
Investment properties	49,611	52,257	28,421	28,769	25,293	25,283	17,192	16,259	25,164	23,391	7,432	7,187	—	—	153,563	153,146
of which investments this year	1,053	25,872	1,093	7,521	1,116	12,281	850	780	1,571	6,967	228	6,542	—	-18	5,911	59,946

Of the Group's external rental income and investment properties, SEK 292 M (417) and SEK 524 M (290) pertain to rental income from tenants in Denmark and Finland respectively; SEK 6,257 M (5,935) and SEK 7,432 M (7,187) pertain to investment properties located in Denmark and Finland respectively.

Note 3 Income

Rental value

The Group's income totalled SEK 8,996 M (6,353). Rental income includes discounts of SEK 191 M (116) as well as a lump sum of SEK 14 M (27) 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, as well as supplementary charges for the tenant such as heating, property tax and indexation supplements. The indexation supplement is normally settled once a year, which means that settlement against the October 2022 index will occur for the overwhelming majority of leases as of 1 January 2023. Rental levels in the like-for-like portfolio increased 7.2 per cent (2) year-on-year. Income for the year also includes SEK 232 M (168) 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. The comparison figures for 2021 have been restated.

Rental value, SEK/sq. m.	Offices		Public sector properties		Warehouse/light industry	
	2022	2021	2022	2021	2022	2021
Stockholm	2,475	2,526	2,044	1,784	1,215	1,243
West	1,699	1,795	1,569	1,250	917	918
Central	1,532	1,560	1,878	1,815	850	839
Mälardalen	1,755	1,386	1,650	1,547	1,060	1,539
Öresund	2,012	1,922	1,874	1,804	826	862
Denmark	2,182	2,099	2,749	2,417	684	839
Finland	3,032	2,690	1,829	1,649	—	—
Total	2,181	1,956	1,915	1,697	1,026	1,038

Rental value, SEK/sq. m.	Retail		Total	
	2022	2021	2022	2021
Stockholm	1,681	1,635	2,263	2,109
West	1,386	1,440	1,392	1,293
Central	1,338	1,395	1,642	1,534
Mälardalen	1,178	921	1,534	1,404
Öresund	1,396	1,420	1,562	1,470
Denmark	—	—	2,187	1,989
Finland	—	—	3,103	2,556
Total	1,488	1,418	1,758	1,636

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 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 3.9 years (3.7).

Lease maturity structure	Number of leases	Thousand sq. m.	Lease value, SEK M	Proportion of value, %
Commercial, term				
2023	2,987	828	1,412	16
2024	1,854	1,039	1,779	20
2025	1,517	929	1,576	17
2026	966	807	1,266	14
2027	317	387	686	8
2028+	452	1,052	2,094	22
Total	8,094	5,042	8,813	97
Residential	512	41	50	1
Parking spaces and other	6,619	4	200	2
Total	15,226	5,087	9,063	100

Note 3 cont.

Economic occupancy rate

The average economic occupancy rate during 2022 was 93.4 per cent (93.2). Gross lettings (i.e. the annual value of total lettings) during the year was SEK 666 M (720), of which SEK 145 M (185) pertained to lettings in conjunction with new construction, extensions and reconstructions. Notices of termination amounted to SEK 505 M (558), of which bankruptcies were SEK 8 M (8). SEK 43 M (81) related to notice periods with more than 18 months left of the contract. Hence, net lettings for the year were SEK 161 M (162). The time difference between reported net lettings and the effect in income is estimated to be 9-18 months. The comparison figures for 2021 have been restated.

Economic occupancy rate, %	Offices		Public sector properties		Warehouse/light industry	
	2022	2021	2022	2021	2022	2021
Stockholm	92.3	91.0	97.3	97.3	93.6	94.9
West	92.4	92.9	96.7	94.7	94.1	93.6
Central	91.8	92.7	95.1	96.2	95.1	92.6
Mälardalen	91.9	93.3	98.2	98.3	94.7	97.5
Öresund	92.9	93.5	98.0	97.7	92.2	88.7
Denmark	94.7	93.4	98.6	98.5	77.2	76.7
Finland	92.7	91.9	95.2	89.2	—	—
Total	92.4	92.3	96.3	96.3	93.8	93.8

Economic occupancy rate, %	Retail		Total	
	2022	2021	2022	2021
Stockholm	98.8	98.9	93.5	92.9
West	93.5	93.8	93.6	92.6
Central	94.8	95.4	93.4	94.1
Mälardalen	95.6	97.6	93.3	95.0
Öresund	95.3	92.2	93.4	92.7
Denmark	—	—	94.3	93.1
Finland	—	—	92.9	91.6
Total	96.0	95.8	93.4	93.2

Risk exposure, credit risk

Castellum's lease portfolio features a good risk exposure. The Group has approximately 8,000 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 per cent of the Group's total rental income, while the corresponding figure for the single largest customer is around 1.9 per cent, which means that Castellum's exposure to credit risk from a single tenant is very low.

Lease size, SEK M	Number of leases	Share, %	Lease value, SEK M	Share, %
Commercial				
<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
Total	8,094	53	8,813	97
Residential	512	3	50	1
Parking spaces and other	6,619	43	200	2
Total	15,225	100	9,063	100

The table below shows contractual future rental income.

Future rental income for existing leases	Group		Parent Company	
	2022	2021	2022	2021
Contractual rental income, year 1				
Commercial leases	8,286	7,924	—	—
Residential	24	19	—	—
Contractual rental income between 2 and 5 years	17,491	16,935	—	—
Contractual rental income after more than 5 years	9,454	8,786	—	—
Total	35,255	33,664	—	—

Rent receivables

Rents are invoiced and paid in advance, which means that all of the Group's rent receivables total SEK 135 M (130) after provisions/impairments of SEK 46 M (36) fell due for payment.

Parent Company

The Parent Company consists of only Group-wide functions and the sales mainly consists of intra-Group services.

Note 4 Costs

Direct property costs totalled SEK 2,356 M (1,396), corresponding to SEK 412 per square metre (346). Property costs for the like-for-like portfolio increased 20.1 per cent. In addition, expenses for coworking totalled SEK 280 M (194).

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 tenants as supplements to rent. For warehouse and logistics properties, however, the tenants are in most cases directly responsible for the majority of operating costs. Operating costs amounted to SEK 1,490 M (840) corresponding to SEK 263 per square metre (213). 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 SEK 30 M (1), corresponding to 0 per cent of rental income.

Maintenance

Maintenance costs are ongoing measures to maintain the property's standard and technical systems. Maintenance costs totalled SEK 286 M (155), corresponding to SEK 47 per square metre (40).

Property tax

The Group's property tax was SEK 580 M (401), corresponding to SEK 102 per square metre (93). Property tax is a federal tax based on the property's tax-assessed value. The tax rate in Sweden was 1.0 per cent of the tax assessment value for office/retail properties and 0.5 per cent 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 2022 were SEK 522 M (417), corresponding to SEK 99 per square metre (79). 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, SEK 284 M (239) pertained to employee benefits and SEK 32 M (26) to depreciation on equipment.

Summary property costs

Property costs per square metre, distributed by property category and type of cost are shown below.

Property costs, SEK/sq. m.	Offices		Public sector properties		Warehouse/light industry	
	2022	2021	2022	2021	2022	2021
Operating costs	327	259	258	205	175	128
Maintenance expenses	62	50	42	37	28	23
Property tax	149	133	102	89	26	27
Direct property costs	537	443	402	331	229	178

Property costs, SEK/sq. m.	Retail		Total	
	2022	2021	2022	2021
Operating costs	188	139	262	213
Maintenance expenses	36	34	47	40
Property tax	77	78	102	93
Direct property costs	301	252	411	346

Lettings /property administration expenses	—	—	99	79
Total	301	252	510	425

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 Managing Director at the regional level are also included. Of these costs, excluding the incentive plan described below, SEK 110 M (69) pertains to remuneration to employees and SEK 8 M (11) 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 SEK 6 M (9).

Auditors' fees

Auditors' fees, SEK M	Group		Parent Company	
	2022	2021	2022	2021
Audit assignment	9	5	2	1
Audit in addition to the audit assignment	1	4	—	4
Other services	1	—	1	—
Total	11	9	3	5

Of the Group's total remuneration of KSEK 11,051 (8,858), KSEK 9,951 (8,858) pertains to remuneration to Deloitte AB and KSEK 1,100 (0) pertains to remuneration to Ernst & Young.

Note 5 Acquisition costs

Acquisition costs totalled SEK 7 M (76) and pertain essentially to the acquisition of the remaining shares in the property company Kungslöden.

Note 6 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; impairment for 2022 totalled SEK 178 M, which was caused by a lower net reinstatement value on the company but was offset by a strong Norwegian krona in 2022. 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 Note 16.

SEK M	Group	
	2022	2021
Income from property management	550	161
Change in values on properties	-863	935
Tax	-35	-234
Other	154	17
Castellum's share of associated company earnings	-195	879
Revaluation of participations in associated companies	—	509
Impairment of participations in associated companies	-178	-246
Income from associated companies	-373	1,142

Income from associated companies in the Parent Company pertain to dividends received from Entra of SEK 333 M (147) and the revaluation of the participation in associated companies of SEK — M (509).

Note 7 Interest and financial income, and costs

Income from participations in Group companies	Group		Parent Company	
	2022	2021	2022	2021
Impairment of shares and participations, subsidiaries	—	—	-97	-73
Group contributions received, subsidiaries	—	—	572	114
Received/anticipated dividend, subsidiaries	—	—	—	3,058
Total	—	—	475	3,099

Interest and financial income, SEK M	Group		Parent Company	
	2022	2021	2022	2021
Interest income	—	2	—	—
Interest income, subsidiaries	—	—	1,170	845
Other financial income	—	—	—	61
Total	—	2	1,170	907

Interest income, for both the Group and the Parent Company, is attributable to receivables measured at amortised cost.

Interest and financial costs, SEK M	Group		Parent Company	
	2022	2021	2022	2021
Interest costs	1,492	847	1,124	815
Interest costs, subsidiaries	—	—	382	147
Fees for acquisitions	—	27	—	27
Other financial costs	39	—	492	83
Total	1,531	874	1,999	1,072

Net interest for the year was SEK -1,531 M (-845). During the year, interest of SEK 101 M (50) was capitalised regarding investments in the asset portfolio, where an average interest rate level of 2.6 per cent (1.8) was used. Of the Group's interest costs, SEK 1,357 M (764) pertains to liabilities measured at amortised cost. The corresponding value for the Parent Company is SEK 1,333 M (774). Other financial costs in the Parent Company pertain to currency exchange losses on long-term liabilities measured at amortised cost. The remaining interest costs refer primarily to ongoing interest attributable to Castellum's interest rate and currency derivatives.

Note 8 Letting cost/Site leasehold fee

Site leasehold fees including leasing fees for 2022 totalled SEK 58 M (23). Site leasehold fees are the annual fees 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 2022, Castellum had 88 (85) 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	
	2022	2021	2022	2021
Future contractual site leasehold fees, SEK M				
Contractual site leasehold fees year 1	47	47	—	—
Contractual site leasehold fees between years 2 and 5	178	176	—	—
Contractual site leasehold fees later than 5 years	1,004	1,040	—	—
Total	1,229	1,263	—	—

In addition, interest costs for leases totalled approximately SEK 4 M (4) attributable to leases in United Spaces, the wholly owned coworking company.

Note 9 Income taxes

Income tax

Recognised tax totalled SEK -487 M (-41), of which SEK -15 M (-173) is current tax and SEK -472 M (132) is deferred tax. Current tax is based on taxable income for the year in the individual companies, which is lower than the recognised earnings and at the total level is paid essentially in an amount corresponding to the income from property management in the Group less tax adjustments. The adjustments pertain primarily to the possibility of tax depreciations on buildings, direct tax deductions for maintenance and repairs as well as certain property reconstructions that are capitalised in the accounts, tax-free sales of properties via share transfers below market value within the Group, and existing tax loss carry forwards. In a situation where previous tax loss carry forwards exist, current tax to be paid will arise as a result of limitations on freely utilising all existing tax loss carry forwards against the taxable income of all companies.

Deferred tax is a provision for future tax that will be paid. For properties, this occurs in conjunction with a direct sale. 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 corporate tax, but involve recording deferred tax, just as also happens regarding, for example, depreciation and direct deductions. Certain financial instruments, such as interest rate swaps, might be recorded at fair value at entity level, and there is a possibility in the Parent Company to also measure at fair value for tax purposes, which has happened historically but not in 2022 as the derivatives were recognised at cost for tax purposes, with deferred tax as a result. Untaxed reserves consist primarily of provisions for the tax allocation reserve, and deferred tax is recognised until the reserves are reversed in the declaration. In a similar manner as temporary differences, deferred tax for tax loss carry forwards is recognised as an asset for the value of future offsets against taxable income.

	Basis 2022		Basis 2021	
	Current tax	Deferred tax	Current tax	Deferred tax
Tax calculation for the Group, SEK M				
Income from property management	4,510	—	3,522	—
<i>In associated holdings</i>	-550	—	-161	—
Deductions for tax purposes				
depreciation	-2,486	2,486	-1,376	1,376
reconstructions	-835	835	-499	499
Capitalised interest	-101	101	-51	51
Non-deductible interest	1,224	—	174	—
Currency translations	-970	367	-50	10
Other tax items	-108	110	-367	-175
Taxable income from property management	684	3,899	1,192	1,761
<i>Current tax if tax loss carry forwards not utilised</i>	-141	—	-246	—
Divestment of properties	0	-1,809	1	-9,063
Change in values on properties	—	-3,563	—	6,307
Change in value on derivatives	-11	3,162	-32	32
Taxable income before tax loss carry forwards	673	1,690	1,161	-963
Tax loss carry forwards, opening balance	-2,236	2,236	-603	603
Tax loss carry forwards, closing balance	1,635	-1,635	2,236	-2,236
Taxable income	72	2,291	838	-640
Tax according to the income statement for the period	-15	-472	-173	132

The effective tax on income from property management excluding associated companies, without consideration of tax loss carry forwards, can be calculated to 4 per cent (7).

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 SEK 1,635 M.

Castellum has no ongoing tax disputes.

Note 9 cont.

Tax recognised in the income statement

Total tax differs from nominal tax on income before tax since there are recognised income and costs that are not taxable or deductible, or other types of tax adjustments that do not affect future tax either.

	Group		Parent Company	
	2022	2021	2022	2021
Tax cost, SEK M				
Recognised income before tax	2,237	11,869	1,321	3,551
Tax according to current tax rate	-461	-2,445	-272	-732
Tax effects due to:				
non-deductible income from associated companies	-77	—	—	—
non-deductible change in goodwill	-91	—	—	—
non-taxable divestment of properties/Group companies	373	2,048	—	—
non-deductible interest	-252	48	-185	-62
non-taxable dividend	—	—	70	673
non-deductible impairment, shares in Group companies	—	—	-37	—
non-taxable reversal of share impairment, Group	—	—	18	121
other tax adjustments	21	308	23	-5
Tax expense recognised	-487	-41	-383	-5

Deferred tax in the balance sheet

Deferred tax liability, SEK M	2022		2021	
	Basis	Tax	Basis	Tax
Tax loss carry forwards	1,635	337	2,236	461
Properties	-83,942	-17,292	-85,633	-17,641
Derivatives	-3,113	-641	-56	-12
Untaxed reserves	-764	-157	-773	-159
Closing balance in the balance sheet	-86,185	-17,754	-84,226	-17,351
Opening balance	-84,226	-17,351	-55,223	-11,376
Acquisition/sale of company/equity	332	69	-29,643	-6,107
Change for the year in comprehensive income	-2,291	-472	640	132
Closing balance in the balance sheet	-86,185	-17,754	-84,226	-17,351

Deferred tax is accounted for in the balance sheet on all temporary differences for assets and liabilities, as well as for the tax loss carry forwards that are estimated could be utilised. It is recorded in accordance with applicable regulations based on the nominal tax rate. One exception applies to temporary differences on properties in conjunction with asset acquisition in corporate wrappers. In these cases, deferred tax on the temporary differences on the date of acquisition will not be recognised. The temporary difference between fair value and taxable residual value for Castellum's properties at 31 December 2022 totalled SEK 94,357 M (95,761), of which SEK 83,942 M (85,633) is the basis for provisions in the balance sheet.

In total, deferred tax set aside in the Group was SEK 17,754 M (17,351). Estimated fair value for the total deferred tax can be calculated as an alternative to recognised deferred tax based on applicable reporting standards. The aggregate fair value of temporary differences for the four existing situations is estimated as a total liability of SEK 3,860 M (3,160); refer to the section on net reinstatement value in Note 18.

Deferred tax in the Parent Company balance sheet

Deferred tax liability in the Parent Company balance sheet at 31 December 2022 totalled SEK -321 M (—) and is attributable to temporary differences on financial instruments of SEK -382 M (—) and tax loss carry forwards of SEK 61 M (—).

Note 10 Personnel and Board of Directors

	Group		Parent Company	
	2022	2021	2022	2021
Number of employees				
Average number of employees	534	443	87	85
of which women	233	189	54	55
of which Finland (of which women)	10 (5)	8 (4)	—	—
of which Denmark (of which women)	12 (2)	12 (3)	—	—

Salaries, remuneration and benefits

	Group		Parent Company	
	2022	2021	2022	2021
Salaries, remuneration, and benefits, SEK M				
Chairman of the Board	1.0	1.2	1.0	1.2
Other Board members	3.1	3.2	3.1	3.2
Chief Executive Officer and Deputy CEO				
Base salary (including severance package) ¹	13.0	6.9	13.0	6.9
Variable remuneration ² (only bonuses)	6.4	-1.0	6.4	-1.0
Benefits	0.2	0.1	0.2	0.1
Other senior executives				
Group: 14 (7), Parent Company: 8 (3)				
Base salary	25.0	12.8	13.2	5.1
Variable remuneration ²	5.7	8.0	1.6	3.2
Benefits	0.9	0.6	0.3	0.2
Employees excluding executive management	330.6	293.2	64.4	67.6
Total	385.9	325.1	103.2	86.5
Contractual pensions costs				
Chief Executive Officer and Deputy CEO	2.9	1.7	2.9	1.7
Other senior executives ¹ , for Group 14 (7); for Parent Company 8 (3)	8.1	4.1	4.4	1.7
Employees excluding executive management	40.7	44.4	9.5	8.7
Total	51.6	50.2	16.8	12.1
Statutory social security expenses including payroll tax				
Chairman of the Board	0.3	0.4	0.3	0.4
Other Board members	1.0	1.0	1.0	1.0
Chief Executive Officer and Deputy CEO	5.6	2.3	5.6	2.3
Other senior executives ¹ , for Group 14 (7); for Parent Company 8 (3)	11.9	7.7	5.8	3.0
Employees excluding executive management	103.6	102.9	20.3	23.4
Total	122.4	114.3	33.0	30.1
Total	559.9	489.6	153.0	128.7

1. For 2022 pertains to Rutger Arnhult, Biljana Pehrsson, Henrik Saxborn, and Ylva Sarby Westman.

2. Pertains to bonuses paid in 2022.

In 2022, the Parent Company had 6 (7) Board members, of whom 2 (3) were women, while the total number of Board members in the Group's subsidiaries was 24 (23), of whom 11 (12) were women. At year end, the Group had 13 (8) senior executives, of whom 6 (4) were women. The total number of senior executives in the management groups of all the subsidiaries, and senior executives of the Group, was 50 (47), of whom 21 (23) were women.

Board remuneration

Board remuneration was set by the 2022 Annual General Meeting at KSEK 4,155 (3,565), of which KSEK 1,075 (1,015) was allocated to the Chairman of the Board and KSEK 440 (425) to each of the remaining Board members. Additional remuneration totalling KSEK 680 (750) is also due. These amounts apply from the Annual General Meeting on 31 March 2022 to the Annual General Meeting on 23 March 2023.

Board fees 2022, KSEK	2022	2021
Per Berggren	1,206	673
Rutger Arnhult	445	1,020
Anna-Karin Celsing	743	625
Christina Karlsson Kazeem	121	500
Anna Kinberg Batra	599	447
Zdravko Markovski	127	525
Joacim Sjöberg	515	447
Henrik Käll	404	—
Total	4,160	4,237

Executive Management

At year end, the CEO, Chief Financial Officer, Chief Operating Officer, Chief Information Officer, Head of Treasury, Chief Legal Officer, Communications Director, and Head of People & Culture – as well as the five Regional Managing Directors – 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 the incentive plan described below. At present, Castellum has two ongoing earnings and share price-related incentive plans. One plan is valid for the period from 2020 to 2023, and one plan is valid for the period from 2022 to 2024. The incentive plan for 2020–2023 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 cent per year. When growth is in the 0–10 per cent 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 2022 was 97 per cent (56), representing a cost of SEK 3 M (6) including social security contributions.

Note 10 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 Eurozone and the UK. For full outcome of the incentive plan, the total return must be at least 50 per cent during the period and the total return has to exceed index development by at least 5 percentage points during the period. When growth is in the 0-50 per cent 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 SEK 20 M including social security expenses. As of December 2022, the time-adjusted outcome was 86 per cent (75), representing a cost of SEK 3 M (8) including social security contributions. Final reading and set-offs will occur in May 2023, but capitalisation will occur over the vesting period with a new assessment yearly.

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.

The incentive plan for 2022-2024 comprises two components:

- A profit-based component that is based on growth in income from property management per share as well as individually determined factors. In order to receive full variable remuneration linked to the income from property management, 10 per cent annual growth of income from property management is required. For the respective Regional Managing Directors, the comparison will pertain to both the entire Castellum Group and the parent company in the sub-group for which the Regional Managing Director is responsible. 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.
- A three-year share price-based remuneration that is related to the total return on the Castellum share in absolute numbers over the measurement period, as well as the total return on the Castellum share in comparison to real estate share indexes in Sweden during the measurement period. Full variable remuneration under the three-year plan requires the total return to be at least 50 per cent during the period and the total return has to exceed the index performance by at least 5 percentage points during the period. Share price-based remuneration has a three-year performance and vesting period, and the maximum outcome for the three-year earnings-based remuneration totals one half of the annual salary for the three-year period. Payment will occur in the form of salary, whereupon the executive will undertake to purchase Castellum shares for at least half of the net amount of the remuneration to be paid. Capitalisation will occur over the vesting period with a new assessment yearly.

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 SEK 1.5 M (1.5). 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 preliminary consolidation level for 2022 was 172 per cent (172). 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 11 Investment properties

Schedule of the changes during the year, SEK M	Group	
	2022	2021
Opening balance	153,146	103,042
New construction, extensions and reconstructions	5,548	3,799
of which capitalised interest costs	101	50
Acquisitions	363	56,147
Sales	-3,080	-16,350
Change in value	-3,563	6,307
Currency translation	1,149	201
Closing balance	153,563	153,146
Schedule of tax assessment value		
Buildings	41,215	39,450
Land	16,238	17,572
Total tax assessment value	57,452	57,022
Income from investment properties	8,544	6,184
Property costs for investment properties	2,181	1,813

The year's change per category is shown in the table below.

Change for the year by category, SEK M	Offices		Public sector properties		Warehouse/light industry	
	2022	2021	2022	2021	2022	2021
Opening balance	89,273	49,332	21,587	21,879	20,996	20,798
Category adjustments	1,096	1,942	1,212	-2,604	-189	79
New construction, extensions and reconstructions	1,710	1,099	550	256	1,068	307
Acquisitions	47	38,488	31	3,161	179	7,202
Sales	-361	-4,803	-2,177	-2,292	-346	-8,529
Change in value	-2,826	3,038	-416	1,166	-408	1,137
Currency translation	1,035	177	98	21	16	2
Closing balance	89,974	89,273	20,885	21,587	21,316	20,996

Change for the year by category, SEK M	Retail		Developments and land		
	2022	2021	2022	2021	
Opening balance		9,502	7,552	11,788	3,481
Category adjustments		-155	-183	-1,962	766
New construction, extensions and reconstructions		147	86	2,070	2,051
Acquisitions		2	2,545	104	4,751
Sales		-83	-785	-113	59
Change in value		0	287	87	680
Currency translation		—	—	—	—
Closing balance		9,413	9,502	11,974	11,788

The Parent Company owns no properties.

Investments during the year

In 2022, Castellum invested a total of SEK 5,911 M (59,946) in properties, of which SEK — M (47,258) pertained to business combinations, SEK 363 M (8,889) pertained to property acquisitions and SEK 5,548 M (3,799) 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 around SEK 2.1 Bn above and beyond the amounts reported in the balance sheet.

Larger ongoing investments

Property	Investment, SEK M	Remaining to invest, SEK M	Completed
Sjustjärnan E.ON, Malmö	1,362	181	Q1 2023
Godsfinkan, Malmö	1,350	157	Q1 2023
Backa 20:5, Gothenburg	490	450	Q1 2025
Tusenskönan 2, Mölndal	453	344	Q3 2024

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 a 10 to 20-year cash flow model as the total present value of net operating income minus remaining investments on ongoing projects, during the calculation period of 10 to 20 years, and the present value of the estimated residual value after the cash-flow period. The residual value comprises the present value of all future net operating income after the cash-flow period. 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 assessment pertaining to the future earnings and the required yield, which are the weightiest value-driving factors in the valuation model, are crucial for the calculated value of the property portfolio. The required yield is derived from market transactions on objects of equal value, known as the local price method. The earnings are based on existing contracts and the most likely lettings scenarios in the respective properties.

Internal valuation

Castellum records its investment properties at fair value and has internally appraised all its properties as of 31 December 2022. The valuation was carried out in a uniform manner, and was based on the cash flow model that 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. The valuations were carried out centrally by Castellum's valuation team and quality assured through a second opinion on roughly 50 per cent of the property value in Q4 2022.

Note 11 cont.

Assumptions of cash flow

In assessing a property's future earnings capacity, we took into account an assumed level of inflation of 4 per cent (1.5) for 2023 and 2 per cent over the long term, 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. Achieving the estimated market rent in the respective property often requires tenant adaptations, which was taken into account in conjunction with the assessed need in the calculations. The cash flow is based on existing contracts and long-term vacancies are estimated individually by property, which become apparent in the calculations when all of the contracts have expired. Included in property costs are operating expenses, maintenance, site leasehold fee, property tax, and leasing and property administration. The property costs are based on a combination of outcome, budget, and standard amounts for periodic maintenance and property administration.

Assumptions of required yield

The required yield is individual to each property and based on comparable transactions in the property market, known as the local pricing method. 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 macro-economic factors. The individual required yield 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. When the required yield is set on the respective individual property, the willingness to pay of the most likely purchaser - which is impacted by factors including the sustainability profile and sustainability certifications of the property - is taken into account. The present value of all future cash flows is calculated in the model using a cost of capital corresponding to the assumed required yield plus the assumption of average inflation during the calculation period. In certain cases, Castellum distinguishes between the cost of capital during the cash flow period and the residual value, for example, in cases where the risk in the cash flow is deemed to be lower than the residual value.

The average valuation yield for Castellum's property portfolio, excluding developments, land and building rights, can be estimated at 5.0 per cent (4.7).

Changes in value

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 (6,307) in unrealised changes in value for the year, attributable primarily to a 31-point upswing in the average required yield to 5.01, 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 at year-end.

Projects and building rights

Ongoing projects are valued using the same principle, but with reduction for remaining investment. Building rights were measured on the basis of an estimated market value for comparable transactions in combination with building rights calculations.

The value of the property portfolio

The internal valuation indicates a fair value of SEK 153,563 M (153,146), corresponding to a change in value of -2.3 per cent (4.9). Fair value distributed by property category and region is shown below.

Property value, SEK M, 31 Dec 2022	Offices	Public sector properties	Warehouse/Light industry	Retail	Developments/Land	Total
Stockholm	32,829	5,150	4,123	3,179	4,330	49,611
West	14,011	3,240	8,753	1,454	962	28,420
Central	11,335	9,140	1,198	2,328	1,293	25,294
Mälardalen	10,347	1,026	3,853	844	1,121	17,191
Öresund	9,354	1,204	3,217	1,609	3,973	19,357
Denmark	5,422	663	172	—	—	6,257
Finland	6,676	462	—	—	295	7,433
Total	89,974	20,885	21,316	9,413	11,974	153,563

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 per cent, 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 per cent means a range in value of the property portfolio of SEK 161,241-145,885 M, corresponding to +/- SEK 7,678 M.

Sensitivity analysis +/- 1% (point)	Offices	Public sector properties	Warehouse/light industry	Retail	Projects	Total
Net operating income	869	190	132	94	131	1,489
Economic occupancy rate	915	200	139	99	138	1,567
Required yield +	-14,727	-3,242	-2,033	-1,393	-2,354	-24,770
Required yield	22,275	4,923	2,935	1,980	3,670	37,123

The sensitivity analysis shown above illustrates how a change of +/- 1 percentage point in net operating income 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.

Note 11 cont.

External valuation

In order to confirm the valuation, a total of 265 properties, equivalent in value to 50 per cent of the portfolio, were valued externally by Cushman & Wakefield with 31 December 2022 as the valuation date. 10 per cent of the property portfolio, of which the majority was overlapping, was also externally assessed on a desktop basis by Newsec. Nearly 75 per cent of the property value was externally assessed by Cushman & Wakefield on various dates in 2022. 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 2022.

Note 12 Equipment

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Opening cost	437	361	93	87
Purchases	85	94	49	8
Sales/retirement of assets	-39	-18	—	-2
Closing acquisition cost	483	437	142	93
Opening depreciation	-233	-191	-48	-38
Sales/retirement of assets	14	10	—	1
Depreciation for the year	-54	-52	-8	-11
Closing depreciation	-273	-233	-56	-48
Carrying amount	210	204	86	45

Note 13 Leases, right-of-use and lease liabilities

Leases, right-of-use, SEK M	2022	2021
Carrying amount at beginning of year	1,741	888
Capitalisation for the year	146	297
Acquisitions for the year	100	625
Changes in commitments	-257	—
Depreciation and impairment	-139	-69
Carrying amount at year-end	1,591	1,741

Lease liabilities, SEK M	2022	2021
Carrying amount at beginning of year	1,741	888
New lettings and renegotiated leases	146	297
Leases acquired	100	625
Leases terminated	-63	-19
Changes in commitments in calculating lease liability	-257	—
Repayment of lease liability	-76	-50
Carrying amount at year-end	1,591	1,741

Long-term lease liabilities	1,575	1,704
Short-term lease liabilities	16	37

Lease liability maturity structure, SEK M	2022	2021
Falling due for payment within one year	16	37
Falling due for payment within one to five years	378	259
Falling due for payment later than five years	1,198	1,445
Total	1,591	1,741

Items affecting earnings attributable to leases, SEK M	2022	2021
Depreciation of leases, right-of-use	-110	-95
Interest costs on lease liabilities	-80	-30
Total costs attributable to leases	-190	-125

Note 14 Goodwill

Castellum recognises goodwill of SEK 4,969 M (5,544), of which SEK 3,844 M (4,064) is attributable to the acquisition of Kungsleden in 2021 and SEK 25 M (193) to the acquisition of United Spaces in 2019. Goodwill of SEK 1,100 M (1,287) pertaining to deferred tax has been recognised from the acquisition of CORHEL and Norrporten in 2016. For Norrporten, CORHEL, and Kungsleden, the cash-generating units are deemed to be the properties where the difference between management of deferred tax on temporary differences due to business combinations and asset acquisitions becomes goodwill. Indication of needs for impairment on these could arise upon divestment of the cash-generating unit, decreased temporary differences on properties, or amended tax legislation. Impairments totalling SEK -440 M (-194) were implemented during the year. Of this, SEK -200 M (-194) was the result of divested properties and SEK -72 M (-) was attributable to decreases in the property values.

Goodwill attributable to the United Spaces cash-generating unit was impaired by SEK -168 M (-). The impairment was the result of increased yield requirements as a consequence of both increased interest rates and higher risk premiums. In addition to this, the acquisition analysis for Kungsleden was adjusted, which reduced goodwill by SEK 135 M. No retroactive adjustments were made to the scope of the amount.

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Opening cost	5,544	1,673	—	—
Acquisitions	—	4,064	—	—
Adjustment to acquisition analysis	-135	—	—	—
Change in goodwill	-440	-194	—	—
Carrying amount	4,969	5,544	—	—

Note 15 Financial assets

In conjunction with the sale of an asset portfolio containing 16 properties to Oscar Properties in the preceding financial year, a partial payment was received in the form of a block of approximately 16.7 million shares in Oscar Properties valued at SEK 200 M. The holding corresponds to a participation of approximately 12.3 per cent. The closing price at 31 December 2021 was SEK 11.42 per share, which is why an unrealised change in value of SEK -10 M has been recognised. The block of shares was divested in 2022 with a capital loss of SEK -57 M.

Note 16 Associated companies

Associated companies	Corporate ID No.	Registered office	Share of equity, %	
Entra ASA	999,296,432	Oslo	33.3	

Participations in associated companies, SEK M	Group		Parent Company	
	2022	2021	2022	2021
Opening cost	13,571	—	12,690	3
Acquisition/reclassification	—	12,177	—	12,177
Revaluation of previously owned participation	—	509	—	509
Share of associated company earnings	-195	880	—	—
Dividend received	-333	-147	—	—
Impairment	-178	-246	—	—
Currency	420	398	3	—
Closing cost/carrying amount	13,286	13,571	12,693	12,690

In 2021, 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 per cent. The acquisition meant that the character of Castellum's ownership in Entra, from a reporting perspective, changed at the end of August 2021 from a financial holding to an associated company, meaning that Castellum's share of the earnings in Entra is reported in Castellum's statement of profit or loss as of the date the company switched over to an associated company. Reporting of income from participations in associated companies is based on Entra's latest published report.

Entra

At the end of the period, Castellum owned 60,710,624 shares (60,710,624) in Entra, corresponding to 33.3 per cent (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. For further information, visit the company's web site at www.entra.no. Entra's total assets at 31 December 2022 totalled NOK 82,162 M, of which investment properties totalled NOK 77,404 M. The debt/equity ratio was 39 per cent (48). EPRA NRV at the balance-sheet date totalled NOK 207 per share (218).

Note 17 Other fixed assets

Other fixed assets consist of holdings in smaller associated companies that are not material to the Group as well as participations in other companies, long-term receivables, and capital insurance.

Note 18 Equity and net asset value

Items in equity

Share capital

The share capital as of 31 December 2022 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). 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 around 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 (5,187,967), corresponding to 5 per cent of the number of shares registered.

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 Mar 1997	+49,000,000	2.00	—
IPO	23 May 1997	50,000,000	2.00	100,000,000
New share issue, C shares	12 Jul 2000	+7,142,857	2.00	+14,285,714
Redemption, A shares	12 Jul 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 Apr 2006	+129,005,031	0.50	—
New issue of shares	14 Jun 2016	+82,000,000	0.50	+41,000,000
Share issue in kind	15 Jun 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 2022	345,731,968	0.50	172,865,984

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, and hybrid bonds as well as 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 per cent 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 per cent is equal to SEK +/- 7,678.

Net asset value	SEK M	SEK/share
Equity according to the balance sheet	78,983	240
Reversed		
Hybrid bonds	-10,169	-31
Non-controlling interest	—	—
Declared, undistributed dividend	624	2
Derivatives according to the balance sheet	-2,747	-8
Goodwill attributable to deferred tax	-4,944	-15
Deferred tax according to the balance sheet	17,754	54
Net reinstatement value (EPRA NRV)	79,501	242
Deduction		
Goodwill due to acquisition of United Spaces	-25	-0
Estimated real liability, deferred tax 4% ¹⁾	-3,860	-12
Net tangible assets (EPRA NTA)	75,616	230
Reversed		
Derivatives according to above	2,747	8
Deferred tax	-13,894	-42
Net disposal value (EPRA NDV)	64,467	196

1. The net estimated real deferred tax liability is 4 per cent based on a discount rate of 4 per cent. Further, assessments have been made that tax loss carry forwards are realised with a nominal tax of 20.6 per cent, 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 per cent.

Capital structure

Castellum should have a stable capital structure with low financial risk, meaning a loan-to-value ratio not permanently exceeding 40 per cent and an interest coverage ratio of at least 3.

The property industry therefore uses the loan-to-value ratio as a key metric for capital structure instead of the debt/equity ratio. 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, meaning income from property management per share, of at least 10 per cent.

Appropriation of profits

The Board has proposed that the earnings at the Annual General Meeting's disposal, SEK 40,258,021,531, are to be appropriated as follows: SEK 40,258,021,531 to be carried forward.

Note 19 Liabilities

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Non-interest bearing liabilities due within one year of the balance sheet date	4,038	3,473	842	224
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	12,233	18,832	20,729	21,965
1-5 years after balance-sheet date	49,708	35,188	39,221	25,194
later than five years after the balance-sheet date	14,908	16,809	10,798	9,188
Total liabilities excluding deferred tax liability, leases, other provisions and derivatives	80,887	74,302	71,591	56,571
Credit agreements/limits, SEK M			Amount	Utilised
Long-term credit agreements in bank			42,628	31,277
Short-term credit agreements in bank			860	860
Overdraft facility			950	0
Total credit agreements			44,438	32,137
MTN programme (SEK 40,000 M facility)			19,278	19,278
EMTN programme (EUR 3,000 M + NOK 3,000 M facility)			25,224	25,224
Commercial paper (SEK 12,000 M facility)			209	209
Total			89,150	76,849

Debt maturity structure for credit agreements, presented in the table below, shows when in time the credit agreements fall due for renegotiation or repayment. Group financial risks are shown on pages 107-110, and other risk management is shown on pages 111-118.

Credit agreement maturity structure, SEK M	Bank	Bonds	Commercial paper	Total interest-bearing liabilities	Share, %	Unutilised credits	Total available credit facilities
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
Total	32,137	44,503	209	76,849	100	12,301	89,150

Note 20 Financial instruments

2022, SEK M	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					
Interest rate derivatives	—	2,096	—	—	—
Currency derivatives	—	682	437	—	—
Long-term receivables	8	—	—	—	—
Rent receivables	135	—	—	—	—
Other receivables	373	—	—	—	—
Cash and bank	858	—	—	—	—
Liabilities					
Interest rate derivatives	—	—	—	196	—
Currency derivatives	—	—	272	—	—
Interest-bearing liabilities	—	—	—	—	76,849
Accounts payable	—	—	—	—	394
Other liabilities	—	—	—	—	2,670
Total	1,374	2,778	165	196	79,913
2021, SEK M	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	13	—	—	—	—
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	1,875	190	433	130	73,076

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 carrying amount. Long-term interest-bearing liabilities are reported at amortised cost. Fair value of long-term MTNs totalled SEK 27,984 M, while fair value for short-term MTNs totalled SEK 10,904 M.

Note 21 Reconciliation of liabilities arising from financing activities

Group, SEK M	31 Dec 2021	Cash flow	Non-cash items				31 Dec 2022
			Business combinations	Change in value	Amended exchange rate	Periodisation premium/discount	
Long-term interest-bearing liabilities	51,997	10,810	—	—	1,822	-13	64,616
Short-term interest-bearing liabilities	18,832	-6,615	—	—	16	—	12,233
Derivatives	563	-733	—	-2,576	—	—	-2,746
Total liabilities attributable to financing activities	71,392	3,462	—	-2,576	1,838	-13	74,103
Group, SEK M	31 Dec 2020	Cash flow	Non-cash items				31 Dec 2021
			Business combinations	Change in value	Amended exchange rate	Periodisation premium/discount	
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
Parent company, SEK M	31 Dec 2021	Cash flow	Non-cash items				31 Dec 2022
			Change in value	Amended exchange rate	Periodisation premium/discount		
Long-term interest-bearing liabilities	28,387	8,646	—	258	-10	37,281	
Short-term interest-bearing liabilities	13,869	-3,862	—	16	—	10,023	
Long-term interest-bearing liabilities to Group companies	6,596	5,186	—	953	—	12,735	
Short-term interest-bearing liabilities to Group companies	7,493	3,215	—	—	—	10,708	
Derivatives	619	-733	-1,741	—	—	-1,855	
Total liabilities attributable to financing activities	56,966	12,452	-1,741	1,227	-10	68,892	
Parent company, SEK M	31 Dec 2020	Cash flow	Non-cash items				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	

Note 22 Other provisions

Other provisions relate to pension provisions as well as rental guarantees issued in conjunction with transactions that have a maximum commitment assessed at SEK 18 M (31).

Note 23 Derivatives

Valuation and changes in value

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, primarily as a result of changes in market interest rates. 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. Castellum's derivatives are impacted primarily by changes to long-term market interest rates as well as 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.

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. When calculating the fair value of derivatives, adjustments are made for counterparty risk in the form of Credit Value Adjustments (CVA) and Debit 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 2022, the market value of the interest rate and currency derivatives portfolio amounted to SEK 2,746 M (-563) where fair value is -established according to level 2, IFRS 13.

Parent Company

Total change in value on derivatives in the Parent Company during the year amounted to SEK 2,474 M, of which SEK 1,489 M (-75) 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. As of 31 December 2022, the market value of the interest rate derivatives portfolio amounted to SEK 1,009 M (-154), and of the currency derivatives portfolio amounted to SEK 847 M (-465) where fair value is established according to level 2, IFRS 13.

Counterparty risk

In order to limit counterparty risk, Castellum's derivative contracts are covered by general agreement with derivative contracts (ISDA). This allows Castellum to offset positive and negative market values in the event of default.

SEK M	31 Dec 2022			31 Dec 2021		
	Asset	Liability	Net	Asset	Liability	Net
Interest rate derivatives	2,096	-196	1,899	205	-303	-98
Currency derivatives	1,119	-272	847	99	-564	-465
Gross value derivatives	3,215	-467	2,746	304	-867	-563

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, SEK M		
	Interest to pay	Interest to receive	Net
2023	-1,103	1,296	194
2024	-937	1,129	192
2025	-781	867	86
2026	-730	782	52
2027	-268	377	109
2028+	-355	669	314
Total	-4,173	5,120	947

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 change of +/- 1 percentage point 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, SEK M	Acquisition cost, SEK M	Market value, SEK M	Average interest rate, %	Market value, interest rate +1 pp	Market value, interest rate -1 pp
2023	5,666	—	77	2.72	84	70
2024	6,450	—	305	3.15	390	225
2025	6,000	—	360	2.40	470	295
2026	3,300	—	130	1.13	176	7
2027	1,350	—	-56	-0.93	-81	-30
2028+	10,938	—	1,010	1.68	1,478	519
Total	33,705	—	1,826	2.11	2,517	1,085

Currency derivatives with a market value of SEK 920 M (-381) 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 Accrued expenses and prepaid income

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Pre-paid rents	1,226	1,134	—	—
Accrued interest	277	148	147	148
Other	858	753	30	31
Total	2,362	2,035	177	179

Note 25 Pledged assets

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Pledged mortgages	37,385	35,147	—	—
Long-term receivables, Group companies	—	—	22,681	20,000
Total	37,385	35,147	22,681	20,000

Note 26 Contingent liabilities

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Guarantee commitments for Group companies	—	—	26,503	6,647
Total	—	—	26,503	6,647

Normally the Parent Company is the borrower, but when the property-owning company borrows directly, the Parent Company provides guarantee commitments for subsidiaries.

Note 27 Participations in Group companies

Directly owned subsidiaries are listed below. Other companies in the Group are included in each respective subsidiary's annual report.

Directly owned subsidiaries	Corporate ID 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	971
United Spaces Network Offices AB	556668-1069	Stockholm	100	158
Fastighets AB Regeringsgatan	556571-4051	Gothenburg	100	6
Castellum Finland AB	559154-9828	Gothenburg	100	0
Castellum Projektutveckling AB	559249-3430	Gothenburg	100	14
Castellum Kalasatama Holding 1 AB	559401-5793	Gothenburg	100	851
Castellum Innovation AB	559110-6538	Gothenburg	100	89
Kungsleden AB	556545-1217	Stockholm	100	26,340
Castellum Mälardalen AB	559292-6678	Västerås	100	20
Total				47,342

Principles for consolidation of Group companies are described in the accounting policies.

Participations in Group companies, SEK M	Parent Company	
	2022	2021
Opening cost	46,239	20,957
Acquisitions	855	25,266
Shareholders' contributions paid, and Group contributions	345	89
Reversal of previous impairments	84	—
Impairment	-181	-73
Closing cost/carrying amount	47,342	46,239

Note 28 Long-term receivables, Group companies

SEK M	Parent Company	
	2022	2021
Opening cost	35,578	31,051
New borrowing/amortisation from Group companies	2,501	4,450
Currency translation	844	77
Closing cost/carrying amount	38,923	35,578

Note 29 Related-party transactions

The Group was involved in a dispute with Wästbygg AB, of which former Board member and former CEO Rutger Arnhult is the principal owner and current Acting CEO 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. A decision has been announced in the arbitration.

Remuneration to Board members and senior executives pertaining to work performed is indicated in Note 10. Apart from these remunerations, no related-party transactions have taken place with any related company or private individual. The Parent Company's related-party transactions pertain solely to transactions with related companies within the Group, as well as transactions with associated companies in the form of dividends.

Note 30 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 the Board of Directors of Castellum announced that, to strengthen the company's financial position, it would propose that the Annual General Meeting authorise the Board to decide on a preferential rights issue of around SEK 10 Bn.

Not for release, distribution or publication in the United States, the United Kingdom, Australia, Japan, Canada, New Zealand, South Africa, Switzerland or any other jurisdiction in which the release, distribution or publication would be unlawful or require registration or any other measure in accordance with applicable law.

Proposed appropriation of profits

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

Retained earnings	SEK 39,320,984,565
Net income for the year	SEK 937,036,965
Total	SEK 40,258,021,531

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

Carried forward	SEK 40,258,021,531
Total	SEK 40,258,021,531

The company has 345,731,968 registered shares, of which 17,331,000 shares are currently treasury shares not entitled to a dividend.

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 as well as the significant risks and factors of uncertainty facing the companies within the Group.

Gothenburg, 27 February 2023

Per Berggren
Chairman of the Board

Anna-Karin Celsing
Board member

Henrik Käll
Board member

Joacim Sjöberg
Board member
and Acting CEO

Leiv Synnes
Board member

Our Auditor's Report regarding these annual accounts was submitted on 27 February 2023.

Deloitte AB

Harald Jagner
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Castellum AB (publ) (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) (publ) for the financial year 2022-01-01-2022-12-31 with the exception of the corporate governance report included on the pages 119-137. The annual accounts and consolidated accounts of the company are included on pages 102-174 and 180 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 2022 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 2022 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 153,563 million as of December 31, 2022 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 111, the Group's accounting policies and critical assessment areas on page 149 and Note 11.

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.
- 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.
- We have reviewed relevant disclosure notes to the financial statements.

Other information than the annual accounts and consolidated accounts

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 1-100, 119-137 and 181-182. 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 Chief Executive Officer

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".

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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) (publ) for the financial year 2022-01-01-202X-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 administration 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report**Opinion**

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) (publ) for the financial year 2022-01-01-2022-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report 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 Auditors' responsibility section. We are independent of Castellum AB (publ) (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 firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable 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 validation that the Esef report has been prepared in a valid XHTML format 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 consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the Corporate Governance Statement

The Board of Directors is responsible for that the corporate governance statement on pages 119-137 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 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.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Castellum AB (publ) by the general meeting of the shareholders on the 2022-03-31 and has been the company's auditor since 2017-03-17.

Deloitte AB
Signature on Swedish Original

Harald Jagner
Authorised Public Accountant



Other

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 property costs in the form of lettings 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 excluded entirely. 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.

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.

Hybrid bond

Castellum has issued hybrid bonds with a maturity to the first potential redemption of 5.5 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, owner's information and contact details

Financial calendar

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

Annual General Meeting

The Annual General Meeting (AGM) of shareholders in Castellum AB (publ) will be held on Thursday, 23 March 2023 in Stockholm. 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.com

Contact details

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