



Year-end report 2023

Q4

# The year in brief

## October–December 2023

- Income totalled SEK 2,477 M (2,247), an increase of 10.2 per cent.
- Net operating income for the quarter totalled SEK 1,627 M (1,368), an increase of 18.9 per cent.
- Income from property management for the quarter totalled SEK 1,030 M (912), corresponding to an increase of 12.9 per cent.
- Changes in value of investment properties for the quarter totalled SEK -6,304 M (-6,394).

## January–December 2023

- Income totalled SEK 9,806 M (8,928). In the like-for-like portfolio, rental income increased 8.9 per cent (7.2).
- Net operating income totalled SEK 6,566 M (5,838), corresponding to an increase of 12.5 per cent.
- Income from property management totalled SEK 4,373 M (4,510), corresponding to a decrease of 3.0 per cent.
- Property sales of SEK 5,206 M (3,080) were concluded, in line with the carrying amounts.
- Changes in value of investment properties for the year totalled SEK -14,534 M (-3,537).
- The loan-to-value ratio was 37.4 per cent (42.3).
- The interest coverage ratio totalled 3.0 (3.9) during the year, and interest-rate hedging had been applied to over 73 per cent of the loan portfolio at the end of the year.

## Important events during the year

- During the year, Castellum conducted a fully subscribed rights issue of approximately SEK 10 Bn with preferential rights for existing shareholders for the purpose of strengthening the company's financial position.
- In light of the changes in the capital market and the preferential rights issue that was conducted, the Board of Directors will not propose that the Annual General Meeting resolve on any dividends for 2023.
- At the end of the year, Castellum inaugurated the hundredth solar PV system in its property portfolio, thereby achieving one of its sustainability targets two years ahead of schedule. Moreover, 50 per cent of the portfolio is sustainability certified, which means that the company also achieved this sustainability goal two years ahead of schedule.
- During the year, Castellum decreased its net debt by approximately SEK 16 Bn and refinanced bonds and credit facilities totalling SEK 21 Bn, which increased the debt maturity in the loan portfolio from 3.3 to 4.2 years.

*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.*

	2023 Oct–Dec	2022 <sup>1</sup> Oct–Dec	2023 Jan–Dec	2022 <sup>1</sup> Jan–Dec
Income, SEK M	2,477	2,247	9,806	8,928
Net operating income, SEK M	1,627	1,368	6,566	5,838
Income from property management, SEK M	1,030	912	4,373	4,510
SEK/share	2.09	2.33	9.69	11.45
Growth, %	-10	-1	-15	10
Net income for the period, SEK M	-6,302	-4,903	-11,592	1,750
SEK/share	-12.79	-12.54	-25.68	4.44
Growth, %	2	49	-678	-87
Net investment, SEK M	-397	1,339	-1,460	2,868
Net leasing, SEK M	-51	44	-67	161
Loan-to-value ratio (%)	37.4	42.3	37.4	42.3
Interest coverage ratio, multiple	2.9	2.9	3.0	3.9
EPRA NRV, SEK/share	154.22	203.36	154.22	203.36
EPRA NTA, SEK/share	149.48	193.43	149.48	193.43
EPRA NDV, SEK/share	126.90	164.97	126.90	164.97

1. The comparison year has been restated. Previous years included gross income and costs attributable to United Spaces; these have now been eliminated.

Shares outstanding, average number of shares and key metrics based on these years were restated by an adjustment factor of 1.1904 for all comparison years corresponding to the dilution attributable to the bonus issue element in the preferential rights issue for the year.

# Strong net operating income in a still-turbulent business environment

**Despite a whole succession of crises in 2023, Castellum delivered stable earnings. Inflation clearly gave way at the end of the year, and the interest-rate hikes left a mark on the real economy, as expected, with somewhat poorer general demand as a result. With solid tenants, a diversified body of assets and hard work, Castellum's income increased to SEK 9.8 Bn. Whether or not we have seen the peak of the interest-rate curve, 2024 will be a year with challenges. It is with respect, but also confidence, that we enter the new year.**

Castellum delivered an increased net operating income of 12.5 per cent for 2023; for the last quarter alone, it was a full 18.9 per cent. A large part of the increase in income depended, of course, on the indexed leases, but our assiduous efforts at leasing and cost control, as well as lower energy prices, gave net operating income a major boost in the last quarter.

During the year, Castellum had non-recurring costs attributable to property and central administration expenses of approximately SEK 180 M. Apart from these, the cost trends going forward are expected to remain unchanged.

## **High turnover in the rental market**

We noted continued strong demand for offices and logistics throughout the year, but also higher turnover. New leases in the existing portfolio are on a par with the preceding year. The volatile net leasing was a negative SEK 67 M owing to major vacancies, above all in the final quarter. However, total income increased approximately 10 per cent.

Bankruptcies increased to SEK 59 M from lower levels. Padel halls account for one third of that amount. The remaining tenants showed good ability to pay, and we noted stable – and in some cases, rising – market rents. Castellum's tenants comprise a cross-section of Swedish business and the public sector. No lease accounts for more than 1.2 per cent of rental income, which creates good stability and a large risk spread in the cash flow. Despite this, we are preparing for a tougher rental market, with more tenants potentially being impacted by a weaker business climate in the wake of the fight against inflation. Key priorities in 2024 are close dialogue with tenants, leasing and continued cost control.

## **Completed projects yield growth – but new investments decreasing**

In 2023, Castellum completed eight major projects with a total annual rental value of SEK 326 M. Castellum's historic growth is built largely on investments in new construction, extensions and reconstructions as well as acquisitions. In the years ahead, investment volumes will decrease compared to recent years owing to the rapidly changing capital market. It is therefore

not likely that the targets of increasing income from property management by 10 per cent per share and investments corresponding to 5 per cent of the property value will be fully achieved in 2024 either.

*After the new share issue and a number of divestments, Castellum repaid approximately SEK 16 Bn of its net debt. This has given us a more stable financial ground, helped it retain its investment grade rating, and provided it with good conditions for continued strengthened financing, says Joacim Sjöberg.*



Investment requirements in the judicial system are extensive. The Swedish Police is Castellum's largest tenant, but we cannot meet public sector demand alone. One possibility is for the shared pension capital to be more actively directly invested in Swedish social development as part of its mandate. Castellum is open to alternate solutions. Together, we have a good possibility of more rapidly providing the new facilities being demanded. We still have a great deal of potential in our development portfolio, and currently believe that going forward, projects corresponding to approximately 700,000 square metres can be started given improved market conditions and proper progress in detailed development plans.

#### **Improvements in the portfolio and increased yield requirements**

The transaction market was sluggish throughout the year, with small transaction volumes. Despite this, Castellum was able to continue improving its portfolio, with SEK 5.2 Bn being divested in locations including Halmstad, Nyköping, Uddevalla and Lund. The sales enabled a better concentration of the company's priority locations while strengthening the balance sheet.

The increased yield requirements continued to push property values down. Castellum conducted an external valuation of its entire portfolio in the first quarter, ahead of the new share issue, and in the last quarter 45 per cent was externally evaluated again, which confirmed the company's internal evaluations. There were further impairments of 4.3 per cent, corresponding to SEK 6.3 Bn, in the fourth quarter. In total, there have been impairments of approximately 14 per cent made from the peak in Q3 2022.

#### **Sustainability goals reached ahead of schedule**

In the final quarter, two of the company's sustainability goals were reached ahead of schedule: the goal of installing 100 solar PV systems in the portfolio and at least half of the property portfolio being sustainability certified by the end of 2025. In total 106 solar PV systems have been installed, generating 17 per cent of the Group's own electricity consumption. At the same time, we have successfully enhanced efficiency by 4 per cent, which greatly exceeded the annual efficiency target of 2.5 per cent.

#### **On stable ground**

After the new share issue and divestments, the company repaid approximately SEK 16 Bn of its net debt. This has given the company a more stable financial ground, helped it retain its investment grade rating, and provided it with good conditions for continued strengthened financing. During the final quarter, the company extended its debt maturity to 4.2 years, compared with 3.8 years at the end of the third quarter. Castellum has conducted refinancing in both the banking and bond markets. Even if the conditions are now acceptable, we prefer to see lengthier maturities and, of course, lower interest-rate levels over the long term. There are signs that the bond market might open up again to the entire property industry, which will yield a more stable trend going forward.

Castellum's average interest rate increased by 0.4 percentage points compared with the year-earlier period, and is stable at 3.0 per cent. During the same period, the underlying market rate rose by nearly 1.4 percentage points.

#### **Respectful, but with a good starting point**

The property industry has a tough year behind it, and we should expect a weaker rental market going forward. Despite this, I look forward with equal amounts of respect and confidence to the coming year. Castellum will continue to be well equipped for both challenges and new business opportunities. Our properties and our organisation provide us with a good starting point and, if correctly managed, difficulties can create opportunities. The past year has put us all to the test. Investors, tenants, partners and employees all encountered a completely different market in 2023 than we were used to. My deepest thanks go to everyone who brought Castellum into calmer waters with their resoluteness, ingenuity and perseverance.

#### **Joacim Sjöberg**

Chief Executive Officer

# Condensed consolidated statement of comprehensive income

SEK M	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
<b>Income</b>	<b>2,477</b>	<b>2,247</b>	<b>9,806</b>	<b>8,928</b>
Operating costs	-333	-452	-1,517	-1,490
Maintenance expenses	-136	-93	-349	-286
Property tax	-144	-147	-590	-580
Lease and property administration expenses	-237	-187	-784	-734
<b>Net operating income</b>	<b>1,627</b>	<b>1,368</b>	<b>6,566</b>	<b>5,838</b>
Central administrative expenses	-124	-57	-403	-270
Acquisition costs	—	-3	—	-7
Income from associated companies	-828	-46	-2,284	-373
Net financial items				
Net interest costs	-545	-486	-2,168	-1,531
Leasing costs/Site leasehold fees	-22	-24	-67	-76
<b>Income including associated companies</b>	<b>108</b>	<b>752</b>	<b>1,644</b>	<b>3,581</b>
<b>of which income from property management<sup>1</sup></b>	<b>1,030</b>	<b>912</b>	<b>4,373</b>	<b>4,510</b>
Changes in value				
Properties	-6,304	-6,394	-14,534	-3,537
Financial holdings	—	1	-9	-57
Goodwill	-183	-289	-474	-440
Derivatives	-1,767	-22	-1,235	2,690
<b>Income before tax</b>	<b>-8,146</b>	<b>-5,952</b>	<b>-14,608</b>	<b>2,237</b>
Current tax	85	170	-12	-15
Deferred tax	1,759	879	3,028	-472
<b>Net income for the year</b>	<b>-6,302</b>	<b>-4,903</b>	<b>-11,592</b>	<b>1,750</b>

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
<b>Other comprehensive income</b>				
Net income for the year	-6,302	-4,903	-11,592	1,750
<i>Items that will be reclassified to net income for the year</i>				
Translation difference of currencies, etc.	-695	-11	-921	530
Changes in values on derivatives, currency hedge	770	-319	1,059	-694
<b>Comprehensive income for the year</b>	<b>-6,227</b>	<b>-5,233</b>	<b>-11,454</b>	<b>1,586</b>
Average number of shares, thousand <sup>2</sup>	492,601	390,929	451,377	393,849
Earnings, SEK/share <sup>2</sup>	-12.79	-12.54	-25.68	4.44

1. For calculation, refer to Alternative Performance Measures on page 28.

2. Shares outstanding, average number of shares and key metrics based on these years were restated by an adjustment factor of 1.1904 for all comparison years corresponding to the dilution attributable to the bonus issue element in the preferential rights issue for the year.

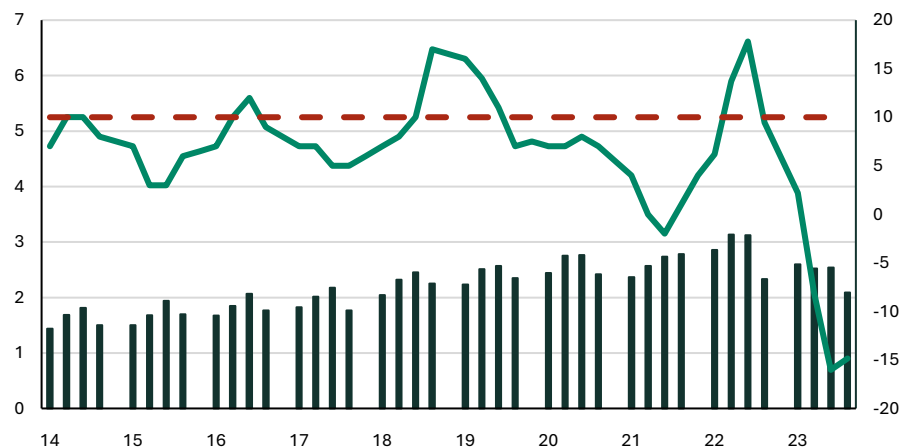
# Performance analysis, January–December 2023

## Income from property management

Increased financing costs in 2023 together with a lower share of profits from the associated company Entra, decreased income from property management for the year to SEK 4,373 M (4,510), corresponding to SEK 9.69 per share (11.45). The decrease in the per-share comparison is attributable primarily to the dilution effect of the figures from 2023. Castellum's participation in Entra added SEK 445 M (550) to income from property management. Income from property management in the Castellum Group for the quarter totalled SEK 1,030 M (912).

## Income from property management per share

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



## Income

Total income increased 9.8 per cent during the year to SEK 9,806 M (8,928). Income was divided between rental income of SEK 8,790 M (7,971) and service income of SEK 1,016 M (957). Coworking comprised SEK 266 M (233) of rental income. The increase is attributable primarily to indexing of leases and completed projects. For the like-for-like portfolio of investment properties, the increase corresponded to 8.9 per cent. The economic occupancy rate for the year was 92.1 per cent (93.4).

## Development of income

SEK M	2023	2022	Change, %
	Jan–Dec	Jan–Dec	
Like-for-like portfolio	8,596	7,895	8.9
Development properties	782	408	
Transactions	241	461	
Coworking	266	232	
Group adjustment	-79	-68	
<b>Total</b>	<b>9,806</b>	<b>8,928</b>	<b>9.8</b>

## Segment information

SEK M	Income		Net operating income	
	2023 Jan–Dec	2022 Jan–Dec	2023 Jan–Dec	2022 Jan–Dec
Stockholm	2,543	2,409	1,868	1,738
West	1,829	1,685	1,265	1,164
Central	1,759	1,632	1,198	1,049
Mälardalen	1,254	1,123	813	757
Öresund	1,563	1,305	1,100	861
Finland	671	609	353	316
Coworking	266	232	-31	-35
Group adjustment	-79	-68	—	-12
<b>Total</b>	<b>9,806</b>	<b>8,928</b>	<b>6,566</b>	<b>5,838</b>

## Costs

Direct property costs totalled SEK 2,456 M (2,356). For the like-for-like portfolio of investment properties, the increase corresponded to 6.8 per cent. Property administration for the year totalled SEK 566 M (522), corresponding to SEK 107 per square metre (99). Central administrative expenses totalled SEK 403 M (270). The change in central administrative expenses is attributable in part to a decision to divest Castellum's innovation company, and in part to expensed capitalised administration projects, the latter of which had been previously announced. In addition, Castellum conducted a project review in pace with more limited investment volumes, whereupon some projects were postponed and some were terminated. This resulted in non-recurring costs that were recognised in property administration and maintenance expenses.

## Development of costs

SEK M	2023	2022	Change, %
	Jan-Dec	Jan-Dec	
Like-for-like portfolio	2,180	2,042	6.8
Development properties	221	198	
Transactions	55	116	
<b>Direct property costs</b>	<b>2,456</b>	<b>2,356</b>	<b>4.2</b>
Property administration	566	522	
Coworking	297	280	
Group adjustment	-79	-68	
<b>Total lease and property administration expenses</b>	<b>784</b>	<b>734</b>	
Central administration	403	270	
<b>Total costs</b>	<b>3,643</b>	<b>3,360</b>	<b>8.4</b>

## Property costs, SEK/sq. m.

SEK M	Office	Public sector			Total
		properties	Warehouse/Light industry	Retail	
Operating costs	344	243	191	164	275
Maintenance expenses	76	46	35	42	58
Property tax	154	109	28	85	107
<b>Property costs</b>	<b>574</b>	<b>398</b>	<b>254</b>	<b>291</b>	<b>440</b>
Property administration	—	—	—	—	107
<b>Total</b>	<b>574</b>	<b>398</b>	<b>254</b>	<b>291</b>	<b>547</b>
NOI Q4 2022	537	402	229	301	511

## Income from associated companies

Income from associated companies consists of Castellum's share of Entra's earnings. The income includes 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 445 M (550) for the period. This means that changes in value, tax, and other items (which pertain primarily to changes in value of financial instruments) are excluded from income from property management for the Group.

Each quarter, Castellum also impairment tests participations in associated companies. As of the balance-sheet date, a need for impairment totalling SEK 451 M had been identified owing to a lower net reinstatement value for Entra. The accumulated exchange-rate impact on Castellum's holding in Entra is recognised in other comprehensive income. For further information on Entra, refer to page 10.

SEK M	2023	2022
	Jan-Dec	Jan-Dec
Income from property management	445	550
Change in values on properties	-2 676	-863
Tax	427	-35
Other	-29	153
<b>Castellum's share of associated company earnings</b>	<b>-1 833</b>	<b>-195</b>
Impairment	-451	-178
<b>Total impact on net income for the year</b>	<b>-2 284</b>	<b>-373</b>
Currency translation	-847	420
Hedging	847	-333
<b>Total impact on comprehensive income for the year</b>	<b>-2 284</b>	<b>-286</b>

## Net financial items

Net financial items totalled SEK -2,235 M (-1,607). The change is attributable primarily to a higher underlying market rate. The average closing interest rate for the loan portfolio was 3.0 per cent (2.6) on the balance-sheet date.

SEK M	2023	2022
	Jan-Dec	Jan-Dec
Financial income	39	0
Interest costs	-2,197	-1,593
Less: capitalised interest	42	101
Site leasehold fees	-67	-76
Other financial costs	-52	-39
<b>Total net financial items</b>	<b>-2,235</b>	<b>-1,607</b>

## Changes in value

### Properties

During the year, Castellum reported unrealised change in value of SEK -14,325 M (-3,563), attributable primarily to the fact that required market yields in general had risen during the year. The average yield requirement for Castellum's stock totalled 5.62 per cent at the end of the year, corresponding to an increase of 43 basis points over the preceding quarter and 61 basis points over the start of the year.

Castellum's completed property sales during the year results in a realised change in value of SEK -209 M. Less deferred tax and transaction costs of SEK -219 M, the net sale price totalled SEK 5,206 M. Total underlying property value in the sales was thus SEK 5,425 M, a difference of SEK 10 M compared with the latest assessment of SEK 5,415 M.

## Changes in values on properties

SEK M	2023	2022
	Jan–Dec	Jan–Dec
Cash flow	-2,936	6,380
Project gains/building rights	-920	582
Yield requirement	-10,469	-10,529
Acquisitions	—	4
<b>Unrealised changes in value</b>	<b>-14,325</b>	<b>-3,563</b>
%	-9.3	-2.3
Sales	-209	26
<b>Total</b>	<b>-14,534</b>	<b>-3,537</b>
%	-9.5	-2.3

## Goodwill

Goodwill during the period was impaired by a total of SEK -474 M, of which SEK -156 M is attributable to divestments. The negative value trend in properties linked to goodwill had an impact of SEK -293 M, and goodwill attributable to United Spaces was impaired by SEK -25 M.

## Derivatives

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 period was SEK -1,394 M (3,309), of which SEK -1,235 M (2,690) was recognised in profit or loss and the remainder in other comprehensive income as the result of hedging relationships. The negative changes in value are attributable to the fall in interest rates on longer maturities during the period as well as changes in currency exchange rates.

## Tax

Total tax for the year was SEK 3,016 M (-487), of which SEK 12 M (-15) pertained to current tax. Applying the nominal tax rate of 20.6 per cent to income before tax, the total theoretical tax is SEK 3,009 M. The difference of SEK 6 M against total tax for the year is due to the reversal of SEK 702 M in deferred tax on properties sold. Moreover, this difference was reduced by tax of SEK -472 M not being paid on earnings items for Entra or goodwill of SEK -98 M, as well as SEK -189 M in non-deductible interest costs and SEK 63 M in other items.

## Tax calculation Jan–Dec 2023

SEK M	Basis current tax	Basis deferred tax
Income from property management	4,373	
<i>In associated companies</i>	-445	
Deductions for tax purposes		
depreciation	-2,556	2,556
reconstructions	-1,206	1,206
Hybrid bond	-349	
Non-deductible interest	-916	
Other tax items	-297	-265
<b>Taxable income from property management</b>	<b>436</b>	<b>3,497</b>
<i>Tax on income from property management</i>	-90	
Divestment of properties		-3,564
Change in values on properties		-13,775
Change in values on derivatives	348	-1,583
<b>Taxable income before tax loss carry forwards</b>	<b>784</b>	<b>-15,425</b>
Tax loss carry forwards, opening balance	-1,635	1,635
Tax loss carry forwards, closing balance	907	-907
<b>Taxable income</b>	<b>56</b>	<b>-14,697</b>
<b>Tax according to the income statement for the period</b>	<b>-12</b>	<b>3,028</b>



# Condensed consolidated balance sheet

SEK M	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>		
Investment properties	137,552	153,563
Goodwill	4,495	4,969
Right-of-use assets, site leasehold	1,441	1,591
Associated companies	10,008	13,286
Derivatives	1,948	3,215
Other fixed assets	224	312
Other receivables	1,580	1,937
Cash and cash equivalents	2,088	858
<b>Total assets</b>	<b>159,336</b>	<b>179,731</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	77,177	78,983
Deferred tax liability	14,810	17,754
Other provisions	26	28
Derivatives	596	468
Interest-bearing liabilities	61,671	76,849
Lease liability	1,441	1,591
Non-interest bearing liabilities	3,615	4,058
<b>Total equity and liabilities</b>	<b>159,336</b>	<b>179,731</b>

# Comments on the balance sheet

## Investment properties

The property portfolio is concentrated in the capitals of the Nordic region and attractive growth regions in Sweden, Denmark and Finland. Through the associated company Entra, Castellum is also exposed to robust areas in Norway. The properties are located in city centre locations and well-situated business districts, with excellent public transportation and services.

As of 31 December 2023, after the divestment of 48 properties, six property settlements and two acquired properties during the year, Castellum owns a total of 709 properties (excluding holdings in Entra) at a carrying amount of SEK 138 Bn.

## Changes in the property portfolio

SEK M	Carrying amount, SEK M	Number
Property portfolio on 1 Jan. 2023	153,563	749
+ Acquisitions	336	2
+ New construction, extensions and reconstructions	3,410	—
– Divestments	-5,415	-48
+/- Property settlements	—	6
+/- Unrealised changes in value	-14,325	—
+/- Currency translation	-17	—
<b>Property portfolio on balance-sheet date</b>	<b>137,552</b>	<b>709</b>

## Goodwill

Castellum recognises goodwill of SEK 4,495 M (4,969), of which SEK 3,422 M (3,844) is attributable to the acquisition of Kungsleden, and the remaining SEK 1,073 M (1,100) is attributable to the acquisitions of CORHEI and Norrporten. Goodwill attributable to the acquisition of United Spaces was fully impaired during the year, compared to SEK 25 M at the start of the year. For Norrporten, CORHEI, and Kungsleden, 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.

## Goodwill

	2023	2022
SEK M	Jan–Dec	Jan–Dec
Opening acquisition cost	4,969	5,544
Adjustment to acquisition analysis	—	-135
Change in goodwill	-474	-440
<b>Closing balance on balance-sheet date</b>	<b>4,495</b>	<b>4,969</b>

## Associated companies

At the end of the year, Castellum owned 60,710,624 shares in Entra ASA, corresponding to 33.3 per cent of the voting rights and capital. Castellum recognises its holdings in Entra in accordance with the equity method and conducts an impairment test on the participation every quarter. The participation is measured at the higher of the value in use and fair value after sales costs. Fair value after sales costs was determined based on the current share price, while value in use was calculated and determined based on EPRA NRV.

Participations in associated companies, SEK M	31 Dec 2023	31 Dec 2022
Opening acquisition cost	13,286	13,571
Share of associated company earnings	-1,833	-195
Dividend received	-146	-333
Impairment	-451	-178
Currency translation	-848	420
<b>Closing cost</b>	<b>10,008</b>	<b>13,286</b>

	2023	2022
Entra	Jan–Dec	Jan–Dec
Rental income, NOK M	3,418	3,158
Income from property management, NOK M	1,356	1,603
Castellum's share of income from property management, NOK M	452	534
Net income for the year, NOK M	-5,582	-569
Of which minority, NOK M	-133	65

Entra	31 Dec 2023	31 Dec 2022
Number of properties	99	102
Property value, NOK M	68,470	77,404
Leasable area, thousand sq. m.	1,376	1,396
Contract length, years	6.1	6.3
Economic occupancy rate, %	95.3	96.5
Interest-bearing liabilities, NOK M	39,114	40,515
Debt maturity, years	3.8	4.3
Fixed interest rate, years	4.2	4.7
Loan-to-value ratio (%)	57.1	52.3
EPRA NRV, NOK/share	167	207
Share price, NOK/share	115.40	105.80

## Deferred tax liability

In total, deferred tax in the Group was SEK 14,810 M (17,754). Estimated fair value of deferred tax liability can be calculated as an alternative to recognised deferred tax based on applicable accounting policies. The fair value is estimated to amount to a liability of SEK 2,337 M (3,860).

SEK M	Basis	Nominal tax liability	Real tax liability
Tax loss carry forwards	907	187	184
Derivatives	-1,389	-286	-269
Untaxed reserves	-641	-132	-124
Properties	-80,303	-16,565	-2,128
<b>Total</b>	<b>-81,426</b>	<b>-16,796</b>	<b>-2,337</b>
Properties, asset acquisitions	9,641	1,986	—
<b>Closing balance on balance-sheet date</b>	<b>-71,785</b>	<b>-14,810</b>	<b>-2,337</b>

## Derivatives

As of December 31, 2023, the market value of the interest rate and currency derivatives portfolio amounted to SEK 1,352 M (2,747), where fair value is established according to level 2, IFRS 13.

# Change in equity

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		
<b>Equity, 31 Dec 2021</b>	<b>340,544</b>	<b>173</b>	<b>29,027</b>	<b>779</b>	<b>-780</b>	<b>10,164</b>	<b>43,581</b>	<b>693</b>	<b>83,637</b>
Dividend 2022 (SEK 7.60/share)	—	—	—	—	—	—	-2,496	—	-2,496
Repurchase of own shares	-12,143	—	—	—	—	—	-2,752	—	-2,752
Dividend, hybrid capital	—	—	—	—	—	5	-167	—	-162
Transactions with non-controlling interests	—	—	—	—	—	—	-137	-693	-830
Net income 2022	—	—	—	—	—	—	1,750	—	1,750
Other comprehensive income, 2022	—	—	—	530	-695	—	—	—	-164
<b>Equity, 31 Dec 2022</b>	<b>328,401</b>	<b>173</b>	<b>29,027</b>	<b>1,309</b>	<b>-1,475</b>	<b>10,169</b>	<b>39,779</b>	<b>—</b>	<b>78,983</b>
Dividend, hybrid capital	—	—	—	—	—	—	-349	—	-349
New issue of shares	164,200	82	9,915	—	—	—	—	—	9,997
Cancellation own shares	—	-9	—	—	—	—	9	—	—
Net income 2023	—	—	—	—	—	—	-11,592	—	-11,592
Other comprehensive income 2023	—	—	—	-921	1,059	—	—	—	138
<b>Equity, 31 Dec 2022</b>	<b>492,601</b>	<b>246</b>	<b>38,942</b>	<b>388</b>	<b>-416</b>	<b>10,169</b>	<b>27,847</b>	<b>—</b>	<b>77,177</b>

# Property portfolio

Category	31 Dec 2023				January–December 2023						
	Number	Area, 000 sq. m.	Property value, SEK M	NOI SEK/sq. m.	Rental 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
<b>OFFICES</b>											
Stockholm	55	699	30,720	43,919	2,015	2,881	89.9	1,772	406	581	1,366
West	78	475	13,540	28,532	955	2,012	90.9	867	225	475	642
Central	72	520	10,636	20,437	937	1,800	90.7	842	240	461	602
Mälardalen	33	410	10,226	24,959	819	1,999	92.6	751	196	479	554
Öresund	32	260	8,488	32,689	622	2,396	91.6	556	140	538	417
Denmark	14	143	4,952	34,684	379	2,656	90.5	373	100	700	273
Finland	18	203	6,693	32,938	739	3,639	89.3	649	248	1,219	401
<b>Total Office</b>	<b>302</b>	<b>2,710</b>	<b>85,255</b>	<b>31,462</b>	<b>6,466</b>	<b>2,386</b>	<b>90.6</b>	<b>5,810</b>	<b>1,555</b>	<b>574</b>	<b>4,255</b>
<b>PUBLIC SECTOR PROPERTIES</b>											
Stockholm	7	126	4,684	37,106	291	2,310	97.4	280	51	403	230
West	19	146	2,893	19,882	232	1,594	96.4	222	49	337	172
Central	28	292	8,547	29,312	610	2,092	93.9	570	121	414	449
Mälardalen	7	37	974	26,283	71	1,920	98.7	69	11	312	58
Öresund	7	71	2,826	39,726	179	2,513	95.6	170	34	474	136
Denmark	1	12	636	52,065	38	3,153	93.3	37	6	521	31
<b>Total Public sector properties</b>	<b>69</b>	<b>684</b>	<b>20,560</b>	<b>30,070</b>	<b>1,421</b>	<b>2,080</b>	<b>95.4</b>	<b>1,348</b>	<b>272</b>	<b>398</b>	<b>1,076</b>
<b>WAREHOUSE/LIGHT INDUSTRY</b>											
Stockholm	35	208	3,956	19,062	289	1,394	91.2	263	53	254	211
West	89	610	8,278	13,580	630	1,035	95.1	582	133	218	450
Central	18	97	1,042	10,696	96	988	91.3	87	21	217	65
Mälardalen	27	310	3,379	10,889	362	1,167	94.9	343	116	373	227
Öresund	38	258	2,795	10,831	244	945	91.2	219	53	206	165
Denmark	1	17	150	8,631	14	827	94.2	13	4	256	9
Finland	1	0	81	0	9	0	87.5	8	1	0	7
<b>Total Warehouse/Light industry</b>	<b>209</b>	<b>1,500</b>	<b>19,681</b>	<b>13,118</b>	<b>1,644</b>	<b>1,097</b>	<b>93.5</b>	<b>1,515</b>	<b>381</b>	<b>264</b>	<b>1,134</b>
<b>RETAIL</b>											
Stockholm	18	108	2,829	26,103	204	1,880	96.7	194	22	203	172
West	12	56	1,259	22,333	93	1,645	96.7	88	20	363	68
Central	18	105	1,652	15,785	156	1,492	94.2	144	33	311	112
Mälardalen	11	44	727	16,552	60	1,364	95.8	55	12	265	43
Öresund	17	72	1,372	19,045	125	1,736	95.6	115	25	354	89
<b>Total Retail</b>	<b>76</b>	<b>385</b>	<b>7,839</b>	<b>20,342</b>	<b>638</b>	<b>1,655</b>	<b>95.8</b>	<b>596</b>	<b>112</b>	<b>291</b>	<b>484</b>
<b>Total investment properties</b>	<b>656</b>	<b>5,279</b>	<b>133,335</b>	<b>25,258</b>	<b>10,169</b>	<b>1,927</b>	<b>92.1</b>	<b>9,269</b>	<b>2,320</b>	<b>440</b>	<b>6,949</b>
Lease and property administration expenses									566	107	566
<b>Total after lease and property administration expenses</b>	<b>656</b>	<b>5,279</b>	<b>133,335</b>	<b>25,258</b>	<b>10,169</b>	<b>1,927</b>	<b>92.1</b>	<b>9,269</b>	<b>2,886</b>	<b>547</b>	<b>6,383</b>
Project(s)	23	206	3,415	—	229	—	—	98	52	—	46
Undeveloped land	30	—	802	—	31	—	—	30	16	—	14
<b>Total</b>	<b>709</b>	<b>5,485</b>	<b>137,552</b>		<b>10,429</b>			<b>9,397</b>	<b>2,954</b>		<b>6,443</b>

The difference between the net operating income of SEK 6,443 M reported above and the net operating income of SEK 6,566 M in the consolidated statement of comprehensive income is attributable to the deduction of the net operating income of SEK 142 M in properties divested during the year, and the SEK 57 M upward adjustment of the net operating income for properties acquired/completed during the year as if they had been owned or been completed during the entire year. Non-property related costs of SEK 38 M have also been deducted from the table.

## Asset portfolio

Castellum's ownership is characterised by sustainability and a long-term perspective, and 64 per cent of the value of the asset portfolio is certified for sustainability. The company is continually engaged in developing, refining, modernising and customising its properties. Castellum is the Nordic region's leading commercial property company, and one of the companies that owns the most properties in the Nordic region. The property portfolio is concentrated in the capitals of the Nordic region and attractive growth regions in Sweden, Denmark and Finland. Through the associated company Entra, Castellum is also exposed to robust areas in Norway. During the year, Castellum continued its geographic concentration and reduced exposure to the retail segment in order to deliver on its strategy while strengthening its financial position. Going forward, Castellum intends to grow in its strongest markets.

Castellum's geographical focus combined with stable tenants – state and municipal operations, for example – provides good conditions for stability and long-term growth. Our commercial portfolio consists largely of offices (62 per cent), followed by public sector properties (15 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 3 per cent consists of developments and undeveloped land.

Castellum's property portfolio at 31 December 2023 comprised 709 properties (749) with a total contract value of SEK 9,243 M (9,063) and a total leasable area of 5,485,000 square metres (5,696,000).

### Transactions

The transaction market remains active in Castellum's segment, but closing is taking longer. The divestments that Castellum signed in 2023 were sold at 7 per cent less than the carrying amounts as reported for Q3 2022, when Castellum's carrying amounts were at their highest. The sales values are thus higher than the average impairment for the entire portfolio, which totalled approximately 14 per cent during the same period.

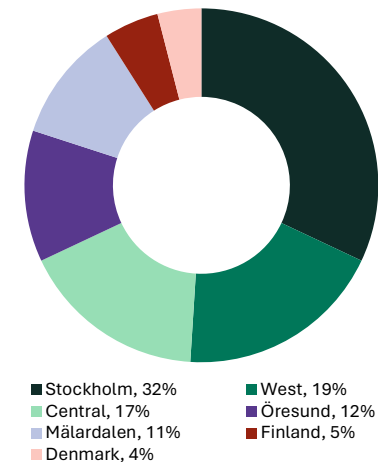
### Investments

Castellum invests in its asset portfolio primarily through new construction, extensions and reconstructions of properties in the existing portfolio, but also through acquisitions. The prevailing market conditions mean that planning activity has been dialled back. During the year, investments in property totalled SEK 3,746 M (5,911), of which SEK 336 M (363) pertained to acquisitions and SEK 3,410 M (5,548) to new construction, extensions and reconstructions. After sales of SEK -5,206 M (-3,080), net investments amounted to SEK -1,460 M (2,831).

## Net investments per region



## Property value by region



# Larger projects

Castellum has an ongoing development portfolio that encompasses larger projects totalling approximately SEK 2.5 Bn, with SEK 1.4 Bn remaining to be invested. The average occupancy rate totalled 81 per cent. A larger office project in Stockholm was completed during the quarter. This means that eight larger projects were completed during the year, with a total rental value of SEK 326 M and an average occupancy rate of 93 per cent.

## Project pipeline

With increased inflation and rising market rates, the conditions during the year for investments in our in-house development portfolio were challenging. That is why Castellum has chosen to postpone certain larger project starts until more stable market conditions are present. This

means that the volume of estimated project starts will decrease compared to previous years. Castellum still has a great deal of potential in its development portfolio, which will create major opportunities when the commercial and financial markets allow. This is a position to be safeguarded.

Given improved market conditions and advances in detailed development plans, Castellum feels that projects corresponding to approximately 700,000 square metres can be started going forward.

Through good capital discipline and divestment of non-priority assets, the company has created scope for investment that allows starts to the Bågaren 5, Amperen 1 and Gladan 6 projects.

Projects approved but not started	Category	Inv. type	Location	Project start	Area, sq. m.	Rental value, SEK M	Economic occupancy rate, %	Total investment, SEK M	Of which invested, SEK M	Remaining to invest, SEK M
Bågaren 5	P	R	Norrköping	Q1 2024	6,400	18	100	134	9	125
Amperen 1	Lo	N	Västerås	Q1 2024	36,000	28	100	413	9	404
Gladan 6	O	R	Stockholm	Q1 2024	3,900	15	0	167	9	158
<b>Total projects not started, &gt;SEK 100 M</b>					<b>46,300</b>	<b>61</b>	<b>75</b>	<b>714</b>	<b>27</b>	<b>687</b>

Ongoing projects	Category	Inv. type	Location	Completed	Area, sq. m.	Rental value, SEK M	Economic occupancy rate, %	Total investment, SEK M	Of which invested, SEK M	Remaining to invest, SEK M
Finnslätten 1 (part)	O/I	R	Västerås	Q4 2023	21,000	28	72	213	183	30
Bollbro 15	P	R	Helsingborg	Q4 2023	5,000	7	92	125	92	33
Tistlarna 9	Lo	N	Malmö	Q1 2024	11,300	13	97	195	188	7
Werket	O	R	Jönköping	Q2 2024	21,000	47	58	302	208	94
Tusenskönan 2	P	N	Mölnadal	Q4 2024	10,600	29	100	443	219	224
Backa 20:6	P	N	Gothenburg	Q4 2025	9,000	40	100	490	162	328
<b>Total ongoing projects, &gt;SEK 100 M</b>					<b>77,900</b>	<b>163</b>	<b>83</b>	<b>1,768</b>	<b>1,052</b>	<b>716</b>

Developments completed/partly occupied										
	Category	Inv. type	Location	Completed	Area, sq. m.	Rental value, SEK M	Economic 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	1,289	73
Godsfinkan 1	O/P	N	Malmö	Q1 2023	26,500	85	100	1,385	1,385	0
Götaland 9 <sup>1</sup>	P	N	Jönköping	Q2 2023	9,200	23	100	340	340	0
Åseby 1:5	I	N	Gothenburg	Q2 2023	14,800	21	100	254	245	9
Borgarfjord 5	O	R	Stockholm	Q2 2023	9,300	28	45	131	131	0
Effekten 13	O	N	Västerås	Q3 2023	15,400	34	100	412	409	3
Kungsängen-Tibble 1:648	W	N	Stockholm	Q3 2023	15,200	20	86	303	299	4
Hornsberg 10	O	R	Stockholm	Q4 2023	8,700	32	85	268	245	23
<b>Total completed projects &gt;SEK 100 M</b>					<b>130,600</b>	<b>326</b>	<b>93</b>	<b>4,456</b>	<b>4,344</b>	<b>112</b>
<b>Sum total projects &gt;SEK 100 M</b>					<b>254,800</b>	<b>550</b>	<b>88</b>	<b>6,937</b>	<b>5,423</b>	<b>1,514</b>

1. Götaland 9 was divested and vacated at the conclusion of the project.

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

Investment type: N=New construction, R=Reconstruction

# Tenants

Castellum's exposure to individual tenants is extremely low, with a lease portfolio that is broadly diversified across many different tenants, customer sizes and industries. This spreads the risk for rent losses and vacancies. The Group has approximately 8,000 commercial leases and 500 residential leases, and their distribution in terms of size is presented in the table below. The single largest lease accounts for 1.2 per cent of the Group's total rental income, while the corresponding figure for the single largest customer is 2.3 per cent. As of 31 December 2023, the remaining average length of contract was 3.8 years (3.9).

## Lease maturity structure

SEK M	No. of leases	Contract value, SEK M	Proportion of value, %
Commercial, term			
2024	3,009	1,739	19
2025	1,744	1,640	17
2026	1,504	1,678	18
2027	855	1,282	14
2028	275	805	9
2029+	382	1,852	20
<b>Total commercial</b>	<b>7,769</b>	<b>8,996</b>	<b>97</b>
Residential	480	49	1
Parking spaces and other	6,378	198	2
<b>Total</b>	<b>14,627</b>	<b>9,243</b>	<b>100</b>

## Lease size

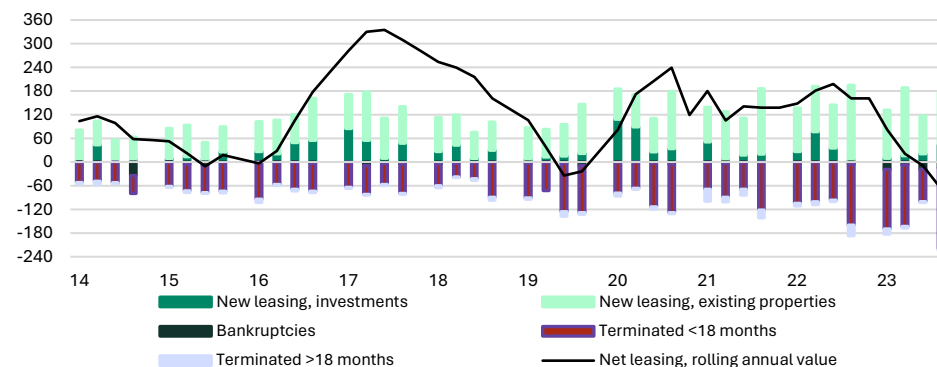
SEK M	No. of leases	Contract value, SEK M	Proportion of value, %
Commercial			
<0.25	3,430	236	3
0.25–0.5	1,145	423	5
0.5–1.0	1,242	878	9
1.0–3.0	1,277	2,172	23
>3.0	675	5,287	57
<b>Total</b>	<b>7,769</b>	<b>8,996</b>	<b>97</b>
Residential	480	49	1
Parking spaces and other	6,378	198	2
<b>Total</b>	<b>14,627</b>	<b>9,243</b>	<b>100</b>

## Net leasing

During the year, Castellum signed leases with an annual rental value of SEK 612 M (666). Notices of termination amounted to SEK -679 M (-505), of which SEK -59 M (-8) were bankruptcies and SEK -4 M (-43) were notices of termination with more than 18 months left of contract. Net leasing thus totalled SEK -67 M (161) for the year, and SEK -50 M (8) for the quarter. The time difference between reported net leasing 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 leasing per region

SEK M	Sthlm	West	Central	Mälardalen	Öresund	Finland	Total
<b>NEW LEASINGS</b>							
Existing prop.	106	97	120	40	132	26	521
Investments	41	2	19	10	19	—	91
<b>Total</b>	<b>147</b>	<b>99</b>	<b>139</b>	<b>50</b>	<b>151</b>	<b>26</b>	<b>612</b>
<b>TERMINATED</b>							
Existing prop.	-166	-85	-91	-49	-176	-53	-620
Bankruptcies	-16	-29	-6	-3	-3	-2	-59
<b>Total</b>	<b>-182</b>	<b>-114</b>	<b>-97</b>	<b>-52</b>	<b>-179</b>	<b>-55</b>	<b>-679</b>
<b>Net leasing</b>	<b>-35</b>	<b>-15</b>	<b>42</b>	<b>-2</b>	<b>-28</b>	<b>-29</b>	<b>-67</b>
<i>NOI Q4 2022</i>	<i>-3</i>	<i>90</i>	<i>10</i>	<i>38</i>	<i>23</i>	<i>3</i>	<i>161</i>



## Largest tenants

	Contract value, SEK M
The Swedish Police Authority	212
AFRY	177
ABB	147
The Swedish National Courts Administration	145
Svenska Handelsbanken	122
The Swedish Social Insurance Agency	118
Northvolt	116
The Swedish Migration Board	85
Region Stockholm	83
Hedin	75
<b>Total contract value, largest tenants</b>	<b>1,280</b>

# Financing

During the quarter, secured financing totalling SEK 5.7 Bn was contracted, of which SEK 1.9 Bn is new financing and the remainder is new re-financing and extension of existing credits.

Castellum also issued unsecured bonds totalling SEK 1.65 Bn in the Swedish market, with a maturity of 2.5–3 years. The bonds were issued at a credit spread of 1.95–2.00 per cent. An additional unsecured bond totalling SEK 1.0 Bn was also issued after the end of the quarter, with a maturity of 5 years. The bond runs with a credit spread of 2.30 per cent.

At the end of the fourth quarter, interest-bearing liabilities totalled SEK 61,671 M (76,849). The interest-bearing liabilities consist of bond loans of SEK 35,783 M (44,503), loans in banks of SEK 25,101 M (32,137) and commercial paper of SEK 787 M (209). Unsecured liabilities correspond to 59 per cent (58) of interest-bearing liabilities. The interest coverage ratio amounted to 3.0, compared to 3.9 for full-year 2022, and the loan-to-value ratio was 37.4 per cent (42.3). The average remaining fixed interest rate period totalled 3.3 years (2.7) and the debt maturity including unutilised credit facilities was 3.6 years (3.1). Cash and unutilised credit facilities on the balance-sheet date totalled SEK 27.3 Bn (13.2).

## Interest rate maturity structure, 31 December 2023

Maturity date	SEK M	Share, %	Average interest rate, %	Average fixed interest rate term, years
0–1 yr	16,894	27	6.4	0.4
1–2 yrs	10,227	17	1.2	1.3
2–3 yrs	8,358	14	1.6	2.7
3–4 yrs	4,749	8	4.4	3.7
4–5 yrs	3,896	6	1.5	4.8
>5 years	17,547	28	1.5	7.1
<b>Total</b>	<b>61,671</b>	<b>100</b>	<b>3.0</b>	<b>3.3</b>

## Credit maturity structure, 31 December 2023

Credit agreements	Bank balances, SEK M	Bonds, SEK M	Commercial paper, SEK M	Total interest-bearing liabilities, SEK M	Share, %	Unutilised credits, SEK M	Total available credit facilities, SEK M
2024	—	3,750	787	4,537	7	950	5,487
2025	3,347	11,680	—	15,027	24	7,150	22,177
2026	4,530	8,523	—	13,053	21	15,588	28,641
2027	2,591	2,699	—	5,290	9	0	5,290
2028	5,424	1,096	—	6,520	11	1,500	8,020
>2028	9,209	8,035	—	17,244	28	0	17,244
<b>Total</b>	<b>25,101</b>	<b>35,783</b>	<b>787</b>	<b>61,671</b>	<b>100</b>	<b>25,188</b>	<b>86,859</b>

Key metrics – interest-bearing financing	31 Dec 2023	31 Dec 2022
Interest-bearing liabilities, SEK M	61,671	76,849
Bonds outstanding, SEK M	35,783	44,503
Commercial paper outstanding, SEK M	787	209
Bank loans, SEK M	25,101	32,137
Cash and cash equivalents, SEK M	2,088	858
Unutilised credit facilities, SEK M	25,188	12,301
Share of unsecured assets, %	47	52
Share of secured borrowing/property value, %	19	21
Share of secured borrowing/total assets, %	16	18
Loan-to-value ratio (%)	37.4	42.3
Interest coverage ratio, multiple	3.0	3.9
Net debt to EBITDA, mult	9.7	13.6
Average debt maturity including unutilised credit facilities, years	3.6	3.1
Average debt maturity excluding unutilised credit facilities, years	4.2	3.3
Average fixed interest rate term, years	3.3	2.7
Credit rating	Baa3, Stable Outlook	Baa3, Stable Outlook
Average effective rate excluding pledges, %	3.0	2.6
Average effective rate including pledges, %	3.2	2.7
Market value interest rate derivatives, SEK M	765	1,899
Market value currency derivatives, SEK M	587	847

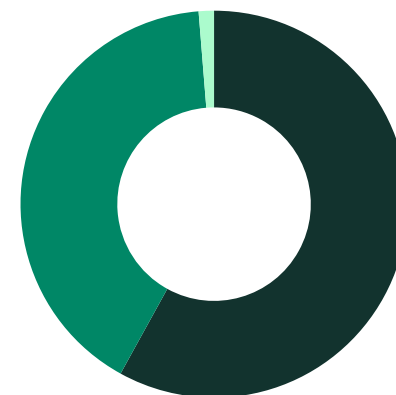


## Financial policy and commitments in credit agreements

	Policy	Commitments	Outcome
<b>Loan-to-value ratio</b>	Not to permanently exceed 40 per cent	Not exceeding 65 per cent	<b>37.4%</b>
<b>Interest coverage ratio, LTM</b>	>3	>1.5	<b>3.0</b>
<b>The share of secured borrowing/total assets</b>		Not exceeding 45 per cent	<b>16%</b>
<b>Funding risk</b>			
• average debt maturity including unutilised credit facilities, years	At least 2 years		<b>3.6 years</b>
• proportion maturing within 1 year	No more than 30 per cent of loans outstanding and unutilised credit agreements		<b>4%</b>
• Liquidity reserve	Liquidity reserve corresponding to 12 months' impending loan maturities		<b>Achieved</b>
<b>Interest rate risk</b>			
• average interest duration	1.5–4.5 yrs		<b>3.3 yrs</b>
• maturing within 6 months	No more than 50 per cent		<b>18%</b>
<b>Credit and counterparty risk</b>			
• rating restriction	Credit institutions with high ratings, at least S&P BBB+		<b>Achieved</b>
<b>Currency risk</b>			
• net exposure in foreign currency	Maximum 10 per cent of balance sheet total		<b>Achieved</b>

Sensitivity analysis	Change, %	Effect on	Amount, SEK M
Economic occupancy rate	+/- 1 ppt	Income from property management	+102/-102
Rental income	+/- 1%	Income from property management	+93/-93
Property costs	+/- 1%	Income from property management	-29/+29
Effect on interest costs in the event of a change of underlying market rates	+/- 1 ppt	Income from property management	-169/+169
Yield requirement	+/-0.25 ppt	Investment properties	-5,712/+6,243

## Allocation of interest-bearing liabilities, 31 December 2023



■ Bonds, 58,0% ■ Bank loans, 40,7% ■ Commercial papers, 1,3%

## Secured and unsecured credits, 31 December 2023



■ Unsecured credits, 59% ■ Secured credits, 41%

# Condensed consolidated cash flow statement

SEK M	2023 Oct– Dec	2022 Oct– Dec	2023 Jan– Dec	2022 Jan– Dec
Net operating income	1,627	1,368	6,566	5,838
Central administrative expenses	-124	-57	-403	-270
Adjustments for non-cash items	125	126	274	188
Interest received	21	—	39	—
Interest paid	-625	-359	-2,293	-1,579
Tax paid	3	-108	-92	-144
<b>Cash flow from operating activities before change in working capital</b>	<b>1,027</b>	<b>970</b>	<b>4,091</b>	<b>4,033</b>
Change in current receivables	526	247	326	153
Change in current liabilities	1,002	86	396	101
<b>Cash flow from operating activities</b>	<b>2,555</b>	<b>1,303</b>	<b>4,813</b>	<b>4,287</b>
Investments in new construction, extensions and reconstructions	-1,083	-1,829	-3,368	-5,446
Property acquisitions	-9	-18	-336	-72
Property acquisitions in corporate wrappers	—	-31	—	-286
Sales of properties	47	20	120	21
Sales of properties in corporate wrappers	1,373	553	4,354	3,022
Acquisition of machinery and equipment	-26	-6	-93	-85
Sale of investments held as long-term assets	—	—	—	133
Dividend received from associated companies	—	168	146	333
Other investments	-23	-26	-23	-26
<b>Cash flow from investment activities</b>	<b>279</b>	<b>-1,169</b>	<b>800</b>	<b>-2,406</b>
Preferential rights issue	—	—	9,997	—
Repurchase of own shares	—	—	—	-2,752
Dividend paid	—	-624	-624	-1,872
Dividend paid, hybrid bond	—	—	-349	-167
Transactions with non-controlling interests	—	—	—	-830
Drawn loans	6,481	7,249	16,186	29,196
Repayment of loans	-9,158	-7,541	-29,994	-24,999
Derivatives	625	-363	407	-733
Change in long-term receivables	-3	3	-3	5
<b>Cash flow from financing activities</b>	<b>-2,055</b>	<b>-1,276</b>	<b>-4,380</b>	<b>-2,152</b>
Cash flow for the period	779	-1,142	1,233	-271
Cash and cash equivalents opening balance	1,397	2,101	858	1,197
Exchange-rate difference in cash and cash equivalents	-88	-101	-3	-68
<b>Cash and cash equivalents, closing balance</b>	<b>2,088</b>	<b>858</b>	<b>2,088</b>	<b>858</b>
Average number of shares, thousand	492,601	390,929	451,377	393,849
Cash flow, SEK/share	1.58	-2.92	2.73	-0.69

## Comments on the cash flow

The cash flow statement has been prepared according to the indirect method, which means that net profit or loss is adjusted for effects of non-cash transactions during the year as well as for income or costs associated with the cash flow from investment or financing activities.

According to the new policy, acquisitions and sales of properties are divided up into direct acquisitions/sales and acquisitions/sales in corporate wrappers, which means that corporate transactions are recognised with net proceeds in underlying transactions. The reclassification also impacts certain other items in the cash flow statement. Comparative periods have been restated.

Operating cash flow after change in working capital was SEK 4,813 M (4,287).

SEK -3,368 M has been invested in existing properties and projects. 48 properties were divested during the year, which resulted in proceeds of SEK 4,474 M. Two properties were acquired during the year with a purchase consideration of SEK 336 M.

Ongoing currency hedging during the year impacted the cash flow by SEK 407 M, while the preferential rights issue that was carried out during the second quarter contributed positively to the cash flow with SEK 9,997 M. A dividend of SEK -349 M pertaining to the hybrid bond, and a disbursement of SEK -624 M pertaining to the dividend to shareholders – the last disbursement of the dividend for financial year 2021 – were paid out. Net debt as of 31 December 2023 totalled SEK 59,583 M after a decrease of SEK 15,178 M in liabilities and an increase of SEK 1,230 M in cash and bank balances during the year.

# Key metrics

	2023	2022	2021	2020	2019	2018
	Jan–	Jan–	Jan–	Jan–	Jan–	Jan–
	Dec	Dec	Dec	Dec	Dec	Dec
<b>Property-related key metrics</b>						
Rental value, SEK/sq. m.	1,927	1,758	1,648	1,538	1,495	1,407
Property costs, SEK/sq. m.	547	511	425	369	384	378
Net operating income, SEK/sq. m.	1,209	1,048	1,008	1,039	1,001	933
Surplus ratio, %	69	68	71	74	72	71
Economic occupancy rate, %	92.1	93.4	93.2	93.1	92.6	93.2
Leasable area at the end of the period, 000 sq. m.	5,485	5,696	5,853	4,447	4,255	4,283
Number of properties at the end of the period	709	749	762	642	632	647
Property value on the balance-sheet date, SEK/sq. m	25,258	26,737	26,667	23,549	22,363	20,417
<b>Financial key metrics</b>						
Return on total capital, %	-6.6	0.6	8.6	7.5	8.4	10.6
Return on equity, %	-14.8	2.2	22.7	13.0	14.5	22.6
Loan-to-value ratio, Property, %	43.3	49.5	45.5	44.1	42.6	45.1
Average closing interest rate, %	3.0	2.6	1.8	1.9	2.0	2.0
<b>Data per share</b>						
Share price at end of period, SEK	143.30	126.25	243.80	208.70	222.00	163.35
Equity, SEK	157	239	296	176	160	145
Net income for the year, SEK <sup>1</sup>	-25.68	4.44	35.12	17.24	17.37	22.92
Income from property management, SEK <sup>2</sup>	9.69	11.45	10.46	10.38	9.67	9.08
Cash flow, SEK	2.73	-0.69	3.08	-0.04	-0.22	0.12
Dividend per share, SEK	—	—	7.60	6.90	6.50	6.10
Number at end of period, thousands <sup>1</sup>	492,601	390,929	405,384	329,852	325,218	325,218
Average number of shares, thousand <sup>1</sup>	451,377	393,849	336,784	325,727	325,218	325,218

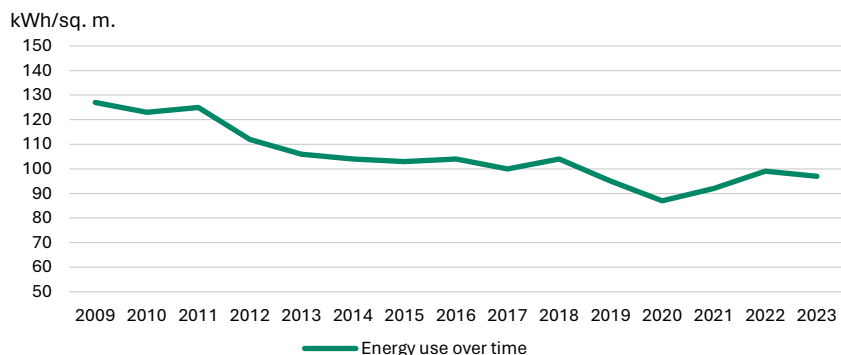
	2023	2022	2021	2020	2019	2018
	Jan–	Jan–	Jan–	Jan–	Jan–	Jan–
	Dec	Dec	Dec	Dec	Dec	Dec
<b>Key metrics according to EPRA<sup>1</sup></b>						
EPRA EPS (income from property management after nominal tax), SEK <sup>2</sup>	9.49	11.09	9.73	9.46	8.77	8.11
EPRA NRV (Long-term net reinstatement value), SEK <sup>2</sup>	154	203	211	180	163	148
EPRA NTA (current net reinstatement value), SEK <sup>2</sup>	149	193	202	172	156	142
EPRA NDV (equity), SEK <sup>2</sup>	127	165	166	142	129	117
EPRA LTV, % <sup>2</sup>	52.1	55.6	51.4	46.0	44.6	46.1
EPRA vacancy rate, %	7.9	6.7	7.8	6.8	6.7	6.4

1. Outstanding and average shares, and key metrics, based on these years were restated by an adjustment factor of 1.1904 for all comparison years corresponding to the dilution attributable to the bonus issue element in the preferential rights issue for the year.

2. For calculation, refer to Alternative Performance Measures on page 28.

# Sustainability

Castellum’s ambition is to work sustainably. The company’s environmental impact is decreasing, and ecosystem services are being developed to promote biodiversity. Half of Castellum’s property portfolio is now certified for sustainability, and energy efficiency is continually being improved. Carbon emissions will decrease, 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. For more detailed information, refer to Castellum’s Annual Report and Sustainability Report for 2022, which was published in February 2023.



## Sustainability goals and strategy

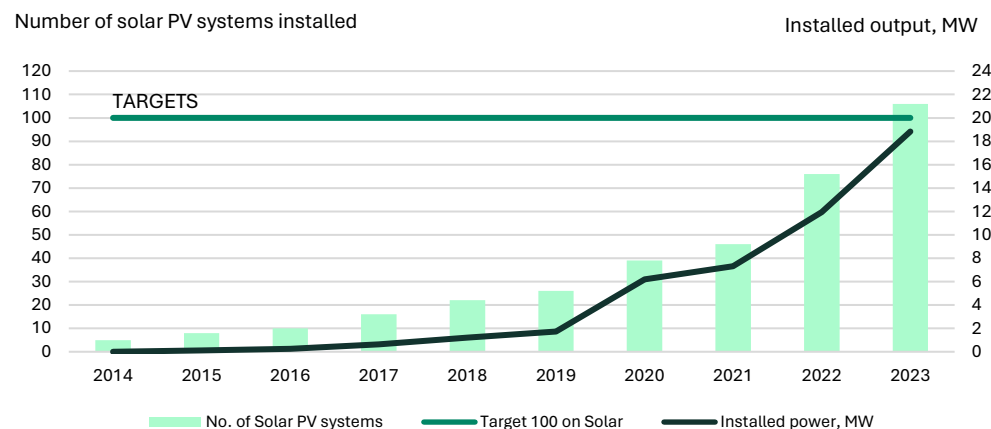
Castellum will be one of the most sustainable property companies in the Nordic region. Castellum’s sustainability strategy, “The sustainable city 2030,” is divided into four areas of focus: The Planet, Future-Proofing, Well-being and Social Responsibility. The strategy is intended to ensure that the company is a relevant, responsible and successful company – not just for today, but for the long term, by promoting sustainable development. The sustainability strategy, which comprises 21 measurable targets, is updated annually and integrated into the business strategy. The climate-related goals are scientifically grounded and have been approved by the Science Based Targets initiative (SBTi). 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.

## Sustainability results

In the fourth quarter, Castellum received top marks for the eighth consecutive year in the S&P Corporate Sustainability Assessment (S&P CSA), thereby retaining its position as one of the most sustainable companies in its industry and placing fourth among property companies globally. Castellum is the only Nordic construction and property company to be included in the Dow Jones Sustainability Indices.

On 11 December, Castellum inaugurated the hundredth solar PV system in its property portfolio, thereby achieving one of its sustainability goals two years ahead of schedule. This solar power

initiative now generates 17 per cent of the company’s annual energy consumption, corresponding to 18.8 GWh. At the end of 2023, Castellum had built 106 solar PV systems. In total, Castellum has installed 130,000 square metres of solar panels, corresponding to the area of 24 football pitches, in its property portfolio. The company’s largest solar PV system – one of the largest in northern Europe – is in Gothenburg. The surface area of this solar PV system is 30,000 square metres, and it produces 3.3 GWh per year. Of Castellum’s turnover, 38 per cent is aligned with the EU Taxonomy Regulation in terms of the climate change mitigation requirements. There is a sharp focus on reducing energy consumption, and in the like-for-like asset portfolio the savings LTM total 4 per cent. During the year, 157 larger energy optimisation projects were carried out, with an investment of approximately SEK 380 M. 50 per cent of the company’s stock is now sustainability certified, and Castellum thereby has also reached this goal two years ahead of schedule.



As a stage in achieving the company’s climate goals, emissions from projects need to be reduced, since they account for the lion’s share of the company’s emissions. One key link in this is the increased use of circular construction materials. In partnership with Castellum, Vasakronan and Platzer, Kålltorp Bygg is opening a re-use hub – Kålltorp REbygg – to promote sustainable construction. Located on Castellum’s premises in Högsbo, the hub is planned to go into operation in January, 2024.

The EU Taxonomy Regulation – contextual information for environmental objective 1	Taxonomy-aligned proportion of property management portfolio, 2023 (%)
Share of total sales (Turnover), %	34
Share of total operational costs (OpEx), %	31
Share of total investments and acquisitions (CapEx), %	22

1. Complete information on reporting under Article 8 in the Taxonomy Regulation is available in Castellum’s Annual Report and Sustainability Report for 2022.

	2023	2022	2021
<b>Resource efficiency</b>			
Total energy use, kWh/sq. m., year	98	96	91
Total energy use, degree-day corrected, kWh/sq. m., year	97	99	92
1. of which actual heating	67	64	65
2. of which degree-day corrected heating	66	67	66
3. of which electricity and cooling	31	32	26
Energy savings/yr, like-for-like portfolio, LTM, % (deg. day corrected)	-4	-4	0
Energy savings/yr, like-for-like portfolio, LTM, % (actual energy use)	-1	-9	13
Total water use, m <sup>3</sup> /sq. m., year	0.2	0.3	0.2
Water savings/yr, like-for-like portfolio, LTM, %	-5	1	-6
<b>Fossil-free</b>			
Share of non-fossil energy, %	97	95	95
Fossil-free vehicles, %	98	96	100
Number of charging posts for electric vehicles	1,189	922	674
Number of large solar PV systems installed	106	76	46
<b>Road map to climate neutrality by 2030</b>			
Property management - CO <sub>2</sub> emissions in kg/sq. m., year (market-based)	1.9	2.3	1.5
of which Scope 1	0.1	0.1	0.1
of which scope 2 – market-based	1.8	2.2	1.4
of which scope 2 – location-based	5.4	5.5	4.3
Project Development – reduced emissions in project development portfolio (scope 3), %	-37	-29	-15
<b>Sustainability certification</b>			
Sustainability certification, % of sq. m.	50	45	48
Sustainability certificates	263	249	206
Sustainability certification, % of rental income	61	56	61
Sustainability certification, % of property value	64	61	63
<b>ESG benchmarks</b>			
GRESB points (0–100)	92	92	95
DJSI points (0–100)	77	82	80
CDP mark (A to D-)	A-	B	A-
<b>Social key metrics</b>			
Sick leave, % (long- and short-term)	2.4	2.9	2.9
Equality, women/men, %	41/59	42/58	43/57
Diversity, international background, %	12	10	9
Interns, % of employees <sup>1</sup>	9	—	—

1. New sustainability goal from 2023 that 10 per cent of all employees on an annual basis will be interns.

Ratings	
<p>Member of</p> <p><b>Dow Jones Sustainability Indices</b></p> <p>Powered by the S&amp;P Global CSA</p>	<p>Castellum's rating:</p> <p><b>82/100</b></p> <p>(the only Nordic property company to be included)</p>
<p>MSCI ESG RATINGS</p> <p><b>AAA</b></p> <p>CCC B BB BBB A AA AAA</p>	<p>Castellum's rating:</p> <p><b>AAA</b></p>
<p>GRESB REAL ESTATE</p> <p>sector leader 2023</p>	<p>Castellum's rating:</p> <p><b>92/100</b></p> <p>(global sector leader)</p>
<p>EPRA SBPR GOLD</p>	<p>Castellum's rating:</p> <p><b>Gold</b></p>
<p>CDP DISCLOSURE INSIGHT ACTION</p>	<p>Castellum's rating:</p> <p><b>A</b></p>
<p>SUSTAINALYTICS</p> <p>a Morningstar company</p>	<p>Castellum's rating:</p> <p><b>Region Top-Rated</b></p>
<p>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.</p>	



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

# The Castellum share

Castellum is listed on Nasdaq Stockholm Large Cap. At the end of the year the company had approximately 110,400 shareholders. The 15 individual largest shareholders as of 31 December 2023 are presented in the table below.

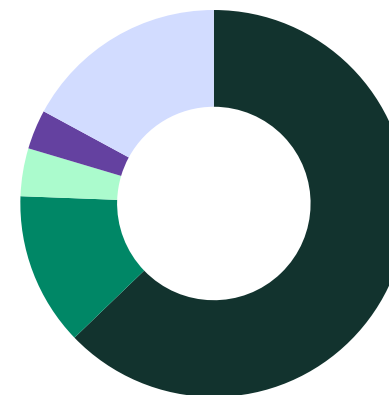
## Shareholders as of 31 December 2023

Shareholders	Number of shares, thousand	Share of votes/capital, %
Akelius Residential Property	66,601	13.5
Länsförsäkringar Fonder	20,576	4.1
Gösta Welandson, with companies	19,638	4.0
Swedbank Robur Fonder	18,667	3.8
Vanguard	17,860	3.6
Nordea Fonder	17,812	3.6
BlackRock	17,004	3.5
Handelsbanken Fonder	16,719	3.4
Folksam	8,398	1.7
Clients Fonder	7,702	1.6
Norges Bank	7,513	1.5
APG Asset Management	6,437	1.3
Third Swedish National Pension Fund	6,279	1.3
Cardano Asset Management	5,500	1.1
State Street Global Advisors	4,743	1.0
<b>15 largest owners</b>	<b>241,449</b>	<b>49.0</b>
Foreign owners, other	106,773	21.7
Swedish owners, other	144,379	29.3
<b>Total shares outstanding</b>	<b>492,601</b>	<b>100.0</b>

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

The share	31 Dec 2023	31 Dec 2022
Share price, SEK	143.30	126.25
Market capitalisation, SEK Bn	70.6	43.6
Sales, millions	487	386
Turnover rate, %	108	115
Dividend yield	—	6.0

## Shareholders by country, 31 December 2023



■ Sweden, 63% ■ USA, 13% ■ Finland, 4% ■ Netherlands, 3% ■ Other, 17%

## Preferential rights issue

At the Annual General Meeting in March 2023, Castellum's Board of Directors was authorised to decide on a new share issue with or without derogation of the shareholders' preferential rights. The Annual General Meeting resolved to authorise the Board to decide, on one or more occasions during the time up until the next AGM, on a new share issue corresponding to a maximum of 10 per cent of the company's share capital at the point in time the authorisation is first exercised, with or without derogation of the shareholders' preferential rights. The total issue price during the preferential rights issue carried out in June 2023 was SEK 62 per share, corresponding to approximately 52 per cent of the fair value of the share as of the day before the separation of the subscription rights.

## Reduction of the share capital through cancellation of Castellum's own shares

The 2023 Annual General Meeting resolved on a reduction of Castellum's share capital by an amount of SEK 8,665,500 through the cancellation of 17,331,000 treasury shares. The reduction amount has been earmarked for non-restricted equity. The Board has exercised this authority in conjunction with the preferential rights issue, which means that Castellum no longer holds any treasury shares.

## Dividend

To safeguard the company's credit rating, the Board decided on a tightened financial policy and a savings programme with reduced scope for investments in 2023 and 2024, for the purpose of strengthening the company's balance sheet. The 2023 Annual General Meeting resolved that no dividend would be paid out for financial year 2022. The Board of Directors will propose to the 2024 AGM that no dividend be paid out for financial year 2023.

# Parent Company

Condensed income statement, SEK M	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Income	209	71	325	211
Central administrative expenses	-120	-91	-459	-360
Financial items	829	414	4,630	-20
<b>Income before changes in value and tax</b>	<b>918</b>	<b>394</b>	<b>4,496</b>	<b>-169</b>
Impairment of participations in Group companies	-2,295	—	-3,848	—
Impairment of participations in associated companies	-1,202	—	-2,678	—
Changes in value on financial instruments	-1,019	-154	-99	1,489
<b>Income before tax</b>	<b>-3,598</b>	<b>240</b>	<b>-2,129</b>	<b>1,320</b>
Tax	240	44	46	-383
<b>Net income for the year</b>	<b>-3,358</b>	<b>284</b>	<b>-2,083</b>	<b>937</b>
<b>Items that will be reclassified to net income for the year</b>				
Translation difference of currencies	—	—	—	240
Unrealised change, currency hedge	9	-99	30	-326
<b>Comprehensive income for the year</b>	<b>-3,349</b>	<b>185</b>	<b>-2,053</b>	<b>852</b>

## Comments on Parent Company earnings

The Parent Company is Castellum Aktiebolag (publ). The object of the Parent Company's operations is to own and manage shares in the operating subsidiaries and to be responsible for issues relating to the stock market, such as Group reporting and stock market information, and related to the credit market in the form of borrowing and financial risk management.

Income before tax for the year totalled SEK -2,129 M (1,320). The increase in central administrative expenses is largely attributable to expensed, previously capitalised administration projects. Financial items pertain to dividends and Group contributions from subsidiaries totalling SEK 4,788 M and other financial items totalling SEK -158 M. An impairment of participations in Group companies was also charged to earnings, justified by the downturn in the property value of Group companies. Income before tax was also impacted by impairment of participations in associated companies, which is attributable primarily to a downturn in the assessed value in use.

Condensed balance sheet, SEK M	31 Dec 2023	31 Dec 2022
	Participations in Group companies	46,347
Participations in associated companies	10,008	12,693
Receivables, Group companies	43,722	50,209
Derivatives	1,390	2,183
Other assets	238	252
Cash and cash equivalents	942	10
<b>Total assets</b>	<b>102,647</b>	<b>112,689</b>
Equity	48,046	40,451
Deferred tax liability	171	321
Derivatives	596	327
Interest-bearing liabilities	31,910	47,304
Liabilities, Group companies	21,650	23,444
Other liabilities	274	842
<b>Total equity and liabilities</b>	<b>102,647</b>	<b>112,689</b>

The Parent Company's assets for the year totalled SEK 102,647 M (112,689). The debt/equity ratio was 47 per cent (36), an increase attributable primarily to the new share issue of approximately SEK 10 Bn in the second quarter.

The Parent Company's contingent liabilities increased by SEK 1.6 Bn during the year, totalling SEK 28.1 Bn at 31 December 2023. The contingent liabilities are attributable to sureties for subsidiaries.

# Other information

## Risks and uncertainties

Castellum's operations, earnings and financial position are impacted by a number of risk factors. These are related primarily to properties, tax and financing. The company works actively to identify and manage the risks and opportunities that are of material significance to its operations. Castellum manages these risks in relation to a changing market by having a strong balance sheet and keeping the loan-to-value ratio low. Combined with active asset management, we reduce the risk for increased cost of capital. On the operational side, we are working with a carefully composed tenant portfolio with a spread across notice periods, industries, tenant size and geographic location concentrated in growth markets. To facilitate risk management, Castellum has chosen to classify risks into the categories of business environment risks, operational risks, financial risks, and sustainability risks. More information on Castellum's risks and their management can be found in the Annual Report and Sustainability Report for 2022.

## Forward-looking information

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

## Accounting policies

Castellum's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, and for the Parent Company in accordance with Chapter 9 of the Annual Accounts Act. Moreover, the relevant provisions in the Annual Accounts Act and the Securities Markets Act have been applied. For the Group and the Parent Company, the same accounting policies and bases for calculation as in the latest annual report have been applied. In addition to the financial statements, disclosures in accordance with IAS 34.16A appear in the remainder of this interim report. Preparation of the interim report requires company management to make assessments and estimates, and to make assumptions that have impacted the application of the accounting policies and the recognised amounts of assets, liabilities, income and costs. The actual outcome may deviate from these estimates and assessments. The critical assessments made and the sources of uncertainty in existing estimates are the same as those in the latest published annual report.

## Valuation of the asset portfolio

Castellum internally assesses its entire property holdings on a quarterly basis, corresponding to level 3 in IFRS 13. 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 present value of net operating income minus remaining investments of 10 to 20 years on projects ongoing during the calculation year, and the present value of the estimated residual value after the cash-flow year. The residual value comprises the present value of all future net operating income after the cash-flow year. 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 yield requirement, which are the weightiest value-driving factors in the valuation model, are crucial for the calculated value of the property portfolio. The yield requirement 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 lease scenarios in the respective properties. For further information on Castellum's valuation of its property portfolio, refer to Note 11 in the Sustainability Report for 2022.

## Valuation of financial assets and liabilities

To calculate the fair value of our interest-rate and currency 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.

## Related-party transactions

Remuneration has been paid to Board members and senior executives pertaining to work performed. Additional related-party transactions also took place with Sweco, which is deemed to be a related party since one of Castellum's Board members holds an executive position within the company. The total value of related-party transactions with Sweco is deemed to be SEK 2 M, net.

In conjunction with the private placement in 2023, a related-party transaction of SEK 55 M arose in relation to Castellum's largest shareholder, Akelius Residential Property, with Akelius Residential Property acting as guarantor for the share issue. All related-party transactions took place at arm's length. The Parent Company's related-party transactions, aside from the aforementioned transaction with Akelius Residential Property, pertain solely to transactions with related companies within the Group, as well as transactions with associated companies in the form of dividends.



## Events after balance sheet date

- An unsecured bond totalling SEK 1.0 Bn was issued during the quarter, with a maturity of 5 years.
- For the eighth consecutive year, Castellum was included in the Sustainability Yearbook, which ranks the world's foremost companies in sustainability. As a property company, Castellum is ranked first in the Nordic region, first in Europe, and fourth globally.

# Signing of the Report

Gothenburg, 14 February 2024

Joacim Sjöberg  
Chief Executive Officer

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

This information is information that Castellum Aktiebolag is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact person set out above at 8:00 a.m. CET on 14 February 2024.

# Definitions

## Alternative performance measures

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 LTV, EPRA NRV, EPRA NTA, EPRA NDV, and EPRA vacancy rate are reported.

### Dividend yield

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

### Return on equity

Net 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 interest 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.

### Economic occupancy rate

Rental income excluding discounts reported during the year, as well as properties acquired/completed during the period that have been restated as if they had been owned or completed during the whole year. Sold properties, development projects and undeveloped land have been excluded.

### EPRA EPS – Earnings Per Share

Income from property management adjusted for nominal tax, divided by the average number of shares. The estimate of current tax takes into account factors such as depreciation and reconstruction that are deductible for tax purposes.

### EPRA LTV – Loan to Value

Interest-bearing liabilities with the addition of hybrid bonds, adjusted for the currency portion of hedging for loans in foreign currencies, and less cash and cash equivalents. Negative working capital increases interest-bearing liabilities, whereas positive working capital is added to the value of investment properties. Principal associated companies are included in proportion to the share owned.

### EPRA NRV – Net Reinstatement Value

Equity as recognised adjusted for hybrid bonds, declared and undistributed dividends, carrying amounts of derivatives, goodwill pertaining to deferred tax and nominal deferred tax.

### EPRA NTA – Net Tangible Assets

Equity as recognised adjusted for hybrid bonds, declared and undistributed dividends, carrying amounts of derivatives and goodwill adjusted for the fair value of deferred tax instead of nominal deferred tax.

### EPRA NDV – Net Disposal Value

Equity as recognised adjusted for hybrid bonds, declared and undistributed dividends and carrying amounts of goodwill.

### EPRA Vacancy rate

The estimated market rent for vacant leases divided by the rental value on an annual basis for the entire asset portfolio excluding properties classified as development properties.

### Income from property management

Income before tax adjusted for acquisition costs, impairment of goodwill and changes in value as well as Castellum's share of associated company earnings excluding income from property management.

### Rental value

Rental and service income with the addition of estimated market rent for vacant spaces.

### Contract value

Rental and service income on an annual basis for Castellum's leases.

### Net leasing

Rental and service income for leases signed during the year for the entire property portfolio, less rental income for leases terminated during the year. All discounts are included for newly signed leases, and are restated at an annual value based on the length of the lease.

### 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.

### Surplus ratio

Net operating income adjusted for coworking as a percentage of rental income and service income.

## Other definitions

### 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 any 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.

### Property type

The property's primary rental value with regard to the type of premises. Premises for purposes other than the primary use may therefore be found within a property type. Castellum's property types are: office, public sector properties (customers that are directly or indirectly tax funded), warehouse/light industry, retail and development projects.

### Property costs

This item includes both direct property costs, such as operating expenses, maintenance, site leasehold fees and property tax, as well as indirect costs for leasings and property administration.

### 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 year. Properties acquired/completed during the year have been restated as if they had been owned or completed for the whole year, while properties disposed of have been completely excluded. Development projects and undeveloped land have been excluded. In the interim accounts key metrics have been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

# Alternative performance measures

A number of the financial alternative performance measures 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 key 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 pages 26–27.

	2023		2022		2023		2022	
	Oct–Dec		Oct–Dec		Jan–Dec		Jan–Dec	
<b>Average number of shares, thousand<sup>1</sup></b>	492,601		390,929		451,377		393,849	
<b>Income from property management</b>	<b>SEK M</b>	<b>SEK/share</b>	<b>SEK M</b>	<b>SEK/share</b>	<b>SEK M</b>	<b>SEK/share</b>	<b>SEK M</b>	<b>SEK/share</b>
Income before tax	-8,146	-16.54	-5,952	-15.23	-14,608	-32.36	2,237	5.68
Reversed:								
Acquisition costs	—	—	3	0.01	—	—	7	0.02
Income from associated companies excluding income from property management	922	1.87	157	0.40	2,729	6.05	922	2.34
Change in values on properties	6,304	12.80	6,394	16.36	14,534	32.20	3,537	8.98
Change in values on financial holdings	—	—	-1	—	9	0.02	57	0.14
Change in values on derivatives	1,767	3.59	22	0.06	1,235	2.74	-2,690	-6.83
Changes in value on goodwill	183	0.37	289	0.74	474	1.05	440	1.12
<b>= Income from property management</b>	<b>1,030</b>	<b>2.09</b>	<b>912</b>	<b>2.33</b>	<b>4,373</b>	<b>9.69</b>	<b>4,510</b>	<b>11.45</b>
<b>EPRA Earnings (Income from property management after tax)</b>								
Income from property management	1,030	2.09	912	2.33	4,373	9.69	4,510	11.45
Current tax on income from property management	250	0.51	174	0.45	-90	-0.20	-141	-0.36
<b>EPRA Earnings/EPRA EPS</b>	<b>1,280</b>	<b>2.60</b>	<b>1,086</b>	<b>2.78</b>	<b>4,283</b>	<b>9.49</b>	<b>4,369</b>	<b>11.09</b>

	2023		2022		2023		2022	
	Oct–Dec		Oct–Dec		Jan–Dec		Jan–Dec	
<b>Interest coverage ratio</b>								
Income from property management, SEK M	1,030		912		4,373		4,510	
Reversed:								
Net interest items, SEK M	545		486		2,168		1,531	
<b>Income from property management excluding net interest, SEK M</b>	<b>1,575</b>		<b>1,398</b>		<b>6,541</b>		<b>6,041</b>	
Interest coverage ratio, multiple	2.9		2.9		3.0		3.9	

1. Outstanding and average shares, and key metrics, based on these years were restated by an adjustment factor of 1.1904 for all comparison years corresponding to the dilution attributable to the bonus issue element in the preferential rights issue for the year.

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
<b>Surplus ratio</b>				
Net operating income	1,627	1,368	6,566	5,838
Reversed:				
Coworking income	-69	-68	-266	-232
Coworking expenses	85	70	297	280
<b>Net operating income excluding coworking</b>	<b>1,643</b>	<b>1,370</b>	<b>6,597</b>	<b>5,886</b>
Rental income excluding coworking	2,122	1,891	8,524	7,739
Service income	286	288	1,016	957
<b>Rental and service income excluding coworking</b>	<b>2,408</b>	<b>2,179</b>	<b>9,540</b>	<b>8,696</b>
Surplus ratio, %	68.2	62.9	69.2	67.7

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
<b>Return on total capital</b>				
Income before tax	-8,146	-5,952	-14,608	2,237
Reversed:				
Net interest items	545	486	2,168	1,531
Change in values on derivatives	1,767	22	1,235	-2,690
<b>Net, adjusted to a full-year basis</b>	<b>-23,336</b>	<b>-21,776</b>	<b>-11,205</b>	<b>1,078</b>
Average total capital	164,664	183,102	169,534	178,682
<b>Return on total capital, %</b>	<b>-14.2</b>	<b>-11.9</b>	<b>-6.6</b>	<b>0.6</b>

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
<b>Return on equity</b>				
Earnings after tax, adjusted to a full-year basis	-25,208	-19,612	-11,592	1,750
Average equity	80,292	81,535	78,080	81,310
<b>Return on equity, %</b>	<b>-31.4</b>	<b>-24.1</b>	<b>-14.8</b>	<b>2.2</b>

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
<b>Net investment, SEK M</b>				
Acquisitions	9	51	336	363
New construction, extensions and reconstructions	1,089	1,861	3,410	5,548
<b>Total investments</b>	<b>1,098</b>	<b>1,912</b>	<b>3,746</b>	<b>5,911</b>
Sales	-1,495	-573	-5,206	-3,043
<b>Net investments</b>	<b>-397</b>	<b>1,339</b>	<b>-1,460</b>	<b>2,868</b>
Proportion of the property value, %	-0.3	0.9	-1.1	1.9

	31 Dec 2023	31 Dec 2022
Number of shares outstanding, thousand <sup>1</sup>	492,601	390,929

	SEK M	31 Dec 2023 SEK/share	SEK M	31 Dec 2022 SEK/share
<b>Net asset value</b>				
Equity according to the balance sheet	77,177	156.67	78,983	202.04
Reversed:				
Hybrid bonds	-10,169	-20.64	-10,169	-26.01
Declared, undistributed dividend	—	—	624	1.60
Derivatives according to the balance sheet	-1,352	-2.74	-2,747	-7.03
Goodwill attributable to deferred tax	-4,495	-9.13	-4,944	-12.65
Deferred tax according to the balance sheet	14,810	30.06	17,754	45.41
<b>Net reinstatement value (EPRA NRV)</b>	<b>75,971</b>	<b>154.22</b>	<b>79,501</b>	<b>203.36</b>
Deduction				
Goodwill due to acquisition of United Spaces	—	—	-25	-0.06
Estimated real deferred tax, 4%	-2,337	-4.74	-3,860	-9.87
<b>Net tangible assets (EPRA NTA)</b>	<b>73,634</b>	<b>149.48</b>	<b>75,616</b>	<b>193.43</b>
Reversed:				
Derivatives according to above	1,352	2.74	2,747	7.03
Deferred tax	-12,473	-25.32	-13,870	-35.48
<b>Net disposal value (EPRA NDV)</b>	<b>62,513</b>	<b>126.90</b>	<b>64,493</b>	<b>164.97</b>

	31 Dec 2023	31 Dec 2023	31 Dec 2023	31 Dec 2022
<b>EPRA LTV</b>	<b>Group, according to reporting</b>	<b>Our participation in Entra</b>	<b>Total Castellum, including Entra</b>	<b>Total Castellum, including Entra</b>
Interest-bearing liabilities, SEK M	61,671	12,869	74,540	91,124
Hybrid bonds, SEK M	10,169	0	10,169	10,169
Currency portion of market value on hedging for loans in foreign currencies	-1,065	0	-1,065	-1,586
Working capital, net (if liabilities greater than receivables)	2,035	0	2,035	2,192
Cash and cash equivalents, SEK M	-2,088	-56	-2,144	-938
<b>Net liabilities, SEK M</b>	<b>70,722</b>	<b>12,813</b>	<b>83,535</b>	<b>100,961</b>
Investment properties, SEK M	137,552	22,685	160,237	181,437
Working capital, net (if receivables greater than liabilities)	0	55	55	0
<b>Total assets, SEK M</b>	<b>137,552</b>	<b>22,740</b>	<b>160,292</b>	<b>181,437</b>
EPRA LTV, %	51.4	56.3	52.1	55.6

	31 Dec 2023	31 Dec 2022
<b>Loan-to-value ratio</b>		
Interest-bearing liabilities, SEK M	61,671	76,849
Cash and cash equivalents, SEK M	-2,088	-858
<b>Net interest-bearing liabilities, SEK M</b>	<b>59,583</b>	<b>75,991</b>
<b>Total assets, SEK M</b>	<b>159,336</b>	<b>179,731</b>
Loan-to-value ratio (%)	37.4	42.3

1. Outstanding and average shares, and key metrics, based on these years were restated by an adjustment factor of 1.1904 for all comparison years corresponding to the dilution attributable to the bonus issue element in the preferential rights issue for the year.

<b>Loan-to-value ratio, Property</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Net interest-bearing liabilities, SEK M	59,583	75,991
Investment properties, SEK M	137,552	153,563
<b>Loan-to-value ratio, Property, %</b>	<b>43.3</b>	<b>49.5</b>
<b>Net debt to EBITDA</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
<b>Net interest-bearing liabilities, SEK M</b>	<b>59,583</b>	<b>75,991</b>
Net operating income, SEK M	6,566	5,838
Central administration expenses, SEK M	-403	-270
<b>Operating income, SEK M</b>	<b>6,163</b>	<b>5,568</b>
Net debt to EBITDA, mult	9.7	13.6
<b>Dividend yield</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Approved dividend	—	7.60
Share price at end of period	143.30	126.25
<b>Dividend yield, %</b>	<b>—</b>	<b>6.0</b>

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### Financial calendar

Interim report January–March 2024	3 May 2024
Annual General Meeting 2024	7 May 2024
Half-year report January–June 2024	16 July 2024
Interim report January–September 2024	25 October 2024

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### Contact details

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### About Castellum

Castellum is one of the largest listed property companies in the Nordic region that develops flexible workplaces and smart logistics solutions. As of 31 December 2023, the property value, including the ownership share of the Norwegian company Entra ASA, totalled approximately SEK 160 Bn. We are active in attractive Nordic growth regions. One of our sustainability goals is to become entirely climate neutral by 2030. Castellum is the only Nordic property and construction company elected to the Dow Jones Sustainability Index (DJSI). The Castellum share is listed on Nasdaq Stockholm Large Cap and is classified as green under the Green Equity Designation.

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