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Interim report
January–March 2022



Castellum reports largest increase in earnings in its history

Important events during the quarter

- The Board of Directors proposed raising the dividend to SEK 7.60 per share (6.90), an increase of 10 per cent. The dividend resolution was passed at the Annual General Meeting held on 31 March 2022 at Chalmers University in Gothenburg.
- During the quarter, Castellum sold twelve properties in Gävle. The sale price totalled SEK 2.3 billion less overheads and tax. The sale of two properties in Helsingborg was also finalised and the properties were vacated.
- The journey of success continued for Castellum's sustainability initiatives during the quarter. Castellum was listed in the Sustainability Yearbook, which ranks the world's foremost companies in sustainability, for the sixth consecutive year. Among property companies, Castellum is first in the Nordic region, second in Europe and sixth worldwide.
- During the period, 12,143,033 shares were repurchased at an average price of SEK 226.
- On 10 January 2022, Castellum's Board of Directors appointed then-Chairman of the Board Rutger Arnhult as the new Chief Executive Officer, to take office that same day. Per Berggren succeeded Rutger Arnhult as Chairman of the Board of Directors.
- On 28 January 2022, Castellum's newly appointed CEO Rutger Arnhult presented the company's new Executive Management, consisting of 13 members.

- Income for the period January–March 2022 totalled MSEK 2,193 (1,502).
- Income from property management totalled MSEK 1,151 (779), corresponding to SEK 3.40 per share (2.82).
- Change in value on properties amounted to MSEK 442 (1,607) and on derivatives to MSEK 1,366 (19).
- Net income for the period amounted to MSEK 3,613 (3,840), corresponding to SEK 10.68 (13.90) per share.
- Long-term net reinstatement value (EPRA NRV) amounted to SEK 259 per share (220), an increase of 18 per cent.
- After new construction, extensions and reconstructions totalling MSEK 1,195 (688) in existing portfolios, acquisitions of MSEK 75 (177) and sales of MSEK 2,302 (9,879), net investments for the period totalled MSEK –1,032 (–9,014).
- Net lettings for the period were MSEK 25 (40).

KEY METRICS	2022 Jan–March	2021 Jan–March	2021 Jan–Dec
Income, MSEK	2,193	1,502	6,353
Net operating income, MSEK	1,406	1,019	4,346
Income from property management, MSEK	1,151	779	3,522
NOI SEK/share	3.40	2.82	12.45
NOI growth, %	21	–3	1
Net income after tax, MSEK	3,613	3,840	11,828
NOI SEK/share	10.68	13.90	41.81
NOI growth, %	–23	8	104
Net investment, MSEK	–1,032	–9,014	42,718
Net lettings, MSEK	25	40	162
Loan-to-value ratio, % ¹	39.6	38.0	39.2
Adjusted loan-to-value ratio, % ²	37.3	38.0	37.8
Interest coverage ratio, multiple	4.7	5.0	5.2
EPRA NRV, SEK/share	259	220	251
EPRA NTA, SEK/share	248	211	241
EPRA NDV, SEK/share	209	179	197

1. The definition of loan-to-value ratio was amended in Q2 2021 to adapt the key metric to investment in financial assets (Entra).

2. An adjusted loan-to-value ratio has been introduced as of Q1 2022 in order to adapt the key metric to future cash and cash equivalents found in treasury shares. The shares have been measured at market value as of the balance-sheet date.

Castellum posts record increase of 48% in income from property management

The acquisitions of the previous year supported the record increase in income from property management, which rose a full 48 per cent in the first quarter to MSEK 1,151. Income from property management per share amounted to SEK 3.40, corresponding to an increase of 21 per cent. The underlying business is strong, with 4 per cent higher rental income in the like-for-like portfolio and positive net lettings of MSEK 25.

Despite serious turbulence in the business environment, Castellum started the year with the largest increase in earnings to date in the company's history. We have seen a stable market and clear signs of a return to the office environment. Our successful acquisition strategy in the Nordic region – Kungsleden in Sweden, increased holdings in Entra in Norway, and Kielo in Finland – has yielded results.

Early on in the year, a new Management Group was appointed that is fully focused on coordinating and optimising administration after the acquisition of Kungsleden. After the previous year's acquisitions, we have become a significantly larger company and are undoubtedly the largest commercial property company in the Nordic region. I am convinced that our size and strong financial position will benefit us as a company going forward. There are many advantages in Castellum's growth for both shareholders and customers. A larger size and expanded diversification in the Nordic region lowers the material income risks in our business. At the same time, with lower risk we also become a more attractive counterparty in the financial markets, which will especially benefit us going forward in a somewhat more selective capital market.

Robust net lettings

Demand in our core markets remains favourable, particularly in Region West, which made a strong contribution in the first

quarter. In Regions Stockholm and Finland, the market is somewhat more cautious. We expect higher demand in pace with the general return to the office environment. All together, our occupancy rate in the first quarter increased to 93.6 per cent (92.9).

Rental income in the like-for-like portfolio increased by 4 per cent to MSEK 1,827 in the first quarter. Despite the drastic rise in energy prices, net operating income increased by 2 per cent owing to our successful renegotiations and new lettings. Castellum has index-linked its leases up to 99 per cent, which in principle means that we will be fully compensated for inflation.

Income from property management increased a full 48 per cent to MSEK 1,151, the largest increase in Castellum's history. Income from property management per share amounted to SEK 3.40, corresponding to an increase of 21 per cent, which is well over the target of 10 per cent annual growth.

Major potential in the development portfolio

In addition to successful acquisitions, Castellum is growing through development of its own projects. The project volume totalled SEK 10.9 billion with projects such as the Sjöstjärnan office project in Malmö for E.ON, the Götaland 5 public sector property for the Swedish National Courts Administration in Jönköping and the Effekten 13 office building in Västerås for Northvolt. These projects all have excellent sustainability ratings – one Platinum level and the others Gold. We have tremendous potential in our development portfolio, in which it is estimated that approximately 1 million sq.m. can be started within the next five years depending on the pace of lettings and the progress in detailed development plans.

Solar cells and sustainability certifications increasing rapidly

The installation of solar cells is increasing rapidly. At the end of the first quarter, we had completed 66 solar cell installations on our properties, with production

corresponding to 6 per cent of Castellum's total electricity requirements.

The number of sustainability certifications is also increasing. 246 properties are currently certified for sustainability, corresponding to 61 per cent of the value in the portfolio.



“Castellum’s reports the largest increase in earnings in its history.”

After the acquisition of Kungsleden, Castellum's energy performance declined in the first quarter but remains 41 per cent lower in energy consumption per sq.m. than the industry average. The focus now is on improving energy performance in the acquired properties through optimising operation and increasing the profitable energy investments in order to achieve our target of climate neutrality by 2030.

Financial position remains strong after major acquisitions

Castellum works with a low loan-to-value ratio and a borrowing structure that is stable over the long term. At the end of the first quarter, the loan-to-value ratio was 37.3 per cent. The interest coverage ratio on a rolling twelve-month basis amounted to a multiple of 5.0.

During the quarter, Castellum repurchased a total of 12 million shares at an average price of SEK 226, which is 15 per cent under our NRV per share of SEK 259.

High level of activity in the transaction market

Interest and activity levels on the transaction market remain high. In summing up the quarter, we can state that property transactions totalling SEK 53 billion were conducted, which is a new record-high level. With both positive unrealised changes in value and profitable investments in projects and rent adjustments, the value of the asset portfolio remains unchanged despite the sale of our entire stock in Gävle. The property value at the end of the quarter totalled SEK 182 billion, including our holdings in Entra (based on Entra's value as of 31 March 2022).

Stable market despite geopolitical turbulence

After a challenging start to the year with geopolitical turbulence, rising energy and materials prices and the increasingly austere capital market that accompanied them, I still look forward to the business opportunities that a somewhat tougher business climate may offer us. As a company, we are extremely strong both organisationally and financially.

The rental market is growing, and we are experiencing continued high levels of demand for new property projects. Support from robust economic growth provides property companies that have a large share of indexed income with strong protection against rising inflation and interest rates.

I take satisfaction in what we have achieved during the first quarter of the year, and I am convinced that the year as a whole will be a strong performer for Castellum. As the foremost and largest commercial property company in the Nordic region with a strong financial position, we have attractive investments in the right locations and a strong underlying business with a low vacancy rate, a high-quality portfolio and an efficient administrative organisation.

Rutger Arnhult

Chief Executive Officer, Castellum AB

The Nordic region's leading commercial property company

Castellum's rapid expansion in the Nordic region in the preceding year made it the Nordic region's leading commercial property company with a property value of SEK 182 billion and a total lettable area of approximately 6,300,000 sq.m., including the holdings in Entra.

Total property value
SEK 182 Bn
including holdings in Entra

Kungsleden and Castellum are being integrated, and completion is expected by the summer of 2022.

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

The asset portfolio for the combined company comprises primarily offices and warehouse/light industry, where the former segment has a large element of government agencies and departments. For the purpose of facilitating focus on priority growth cities, the sale of properties in lower-priority areas is planned. During the quarter, Castellum sold twelve properties in Gävle for SEK 2.3 billion and closed the divestment of two properties in Helsingborg.

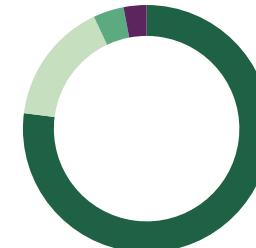
The property industry is in a phase of change, where size together with sustainable and innovative service development is playing a greater role. The combination with Kungsleden has created a player with a property value of SEK 182 billion including Castellum's share of Entra's asset portfolio combined with a healthy balance sheet that, together with a maintained rating (Baa2 from Moody's) facilitates attractive financing terms and thereby strengthened competitiveness. The combined company will continue to focus on creating shareholder value and achieving the long-term goal of increasing income from property management per share by 10 per cent annually, while maintaining a dividend of at least 50 per cent of income from property management.

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

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



PROPERTY VALUE BY COUNTRY*



- Sweden, 77%
- Norway, 16%
- Finland, 4%
- Denmark, 3%

LETTABLE AREA BY COUNTRY



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

*incl. Castellum's holdings in Entra 31 March 2022

Condensed consolidated statement of comprehensive income

MSEK	2022 Jan–March	2021 Jan–March	R12	
			April 2021– March 2022	2021 Jan–Dec
Rental income	2,043	1,373	6,489	5,723
Service income	100	100	365	461
Coworking income	50	29	190	169
Income	2,193	1,502	7,044	6,353
Operating costs	–407	–229	–1,018	–840
Maintenance expenses	–52	–31	–176	–155
Property tax	–129	–94	–436	–401
Coworking expenses	–65	–35	–224	–194
Lettings and property administration expenses	–135	–94	–458	–417
Net operating income	1,406	1,019	4,732	4,346
Central administrative expenses	–67	–38	–203	–174
Acquisition costs	–2	—	–78	–76
Income from associated companies	938	—	2,080	1,142
Net financial items				
Net interest costs	–314	–195	–964	–845
Dividend	—	—	61	61
Financing fees, etc. for acquisitions	—	—	–27	–27
Letting cost/Site leasehold fee	–17	–7	–37	–27
Income including associated companies	1,944	779	5,564	4,400
<i>of which income from property management¹⁾</i>	1,151	779	3,894	3,522
Changes in value				
Properties	442	1,607	6,020	7,185
Financial holdings	171	491	–278	42
Goodwill redeemed	–151	—	–345	–194
Revaluation of earnings due to stepwise acquisition	—	—	111	111
Derivatives	1,366	19	1,672	325
Income before tax	3,772	2,896	12,744	11,869
Current tax	–97	–23	–247	–173
Deferred tax	–62	967	–897	132
Net income for the period²⁾	3,613	3,840	11,600	11,828
Other comprehensive income				
<i>Items that can be reclassified to net income for the period</i>				
Translation difference of currencies, etc.	–300	155	209	629
Change in values on derivatives, currency hedge	310	–36	–162	–508
Comprehensive income for the period	3,623	3,959	11,647	11,949
Average number of shares, thousand	338,434	276,172	298,320	282,917
Earnings, SEK/share	10.68	13.90	38.88	41.81

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

2. MSEK 3,601 (–) of net profit for the period and MSEK 3,611 (–) of comprehensive income for the period is assignable to the Parent Company's shareholders.

Performance analysis, January–March 2022

Income from property management

The acquisitions of the previous year enable a 21 per cent increase in income from property management per share despite temporary increased administrative costs, which were a result of the combination with Kungsleden as well as drastic price increases for electricity and heating in early 2022. Income from property management for the quarter totalled MSEK 1,151 (779), corresponding to SEK 3.40 per share (2.82).

SEGMENT INFORMATION

MSEK	Income		Income from property management	
	2022 Jan–March	2021 Jan–March	2022 Jan–March	2021 Jan–March
Stockholm North	614	398	402	256
West	408	328	240	186
Central	399	407	210	221
Mälardalen	269	—	175	—
Öresund	312	301	191	165
Finland	141	39	24	7
Coworking	50	29	-15	-7
Total income from property management by region	2,193	1,502	1,227	828
Inc. from property management, Entra	—	—	144	—
Central unallocated costs	—	—	-220	-49
Total	2,193	1,502	1,151	779

Income

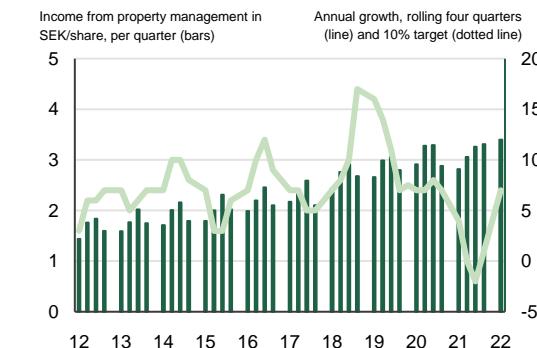
During the period, total income increased by MSEK 691 to MSEK 2,193 (1,502). In the like-for-like portfolio of the investment properties, rental income increased by 4 per cent. This increase is attributable to continued robustness in new lettings, successful renegotiation and indexation. After the combination 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 increased to 93.6 per cent (92.9).

DEVELOPMENT OF INCOME

MSEK	2022 Jan–March	2021 Jan–March	2021 Jan–March incl. KL	Change in combined company, %
Like-for-like portfolio	1,827	1,162	1,761	4
Development properties	103	51	82	
Transactions	213	260	262	
Coworking	50	29	29	
Total	2,193	1,502	2,134	3

INCOME FROM PROPERTY MANAGEMENT PER SHARE



Costs

Direct property costs totalled MSEK 588 (354), corresponding to SEK 412/sq. m. (364). The property costs for the like-for-like portfolio of investment properties have increased 7 per cent, primarily as a result of the drastic price performance for electricity and heating. Consumption for heating during the period has been calculated to 90 per cent (97) of a normal year per cent according to the degree day statistics. 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 MSEK 135 (94), corresponding to SEK 104 per sq.m. (105), which is on par with the same period in 2021 for both companies together. Central administrative expenses were MSEK 67 (38). A large part of the cost increase is attributable to the combination with Kungsleden.

COST TRENDS

MSEK	2022 Jan–March	2021 Jan–March	2021 Jan–March incl. KL	Change in combined company, %
Like-for-like portfolio	469	270	438	7
Development properties	41	18	33	
Transactions	79	67	68	
Direct property costs	588	354	538	9
Coworking	65	35	35	
Property administration	135	94	121	
Central administration	67	37	56	
Total costs	855	475	750	

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

	Offices	Public sector properties	Warehouse/light industry	Retail	Total
Operating costs	336	275	209	285	280
Maintenance expenses	49	38	27	29	40
Property tax	133	93	23	25	92
Property costs	518	406	259	339	412
Lettings & property administration	-	-	-	-	104
Total	518	406	259	339	516
<i>NOI Q1 2021</i>	<i>469</i>	<i>384</i>	<i>236</i>	<i>236</i>	<i>460</i>

Income from associated companies and value changes in financial holdings

Income from associated consists of Castellum's share of Entra's earnings. The income includes both income from property management, tax and value changes in Entra's property portfolio. It is only Castellums share of the associated company's income from property management that is included in the line item "whereof income from property management" in the consolidated statement of comprehensive income. This means that tax and value changes are excluded. Each quarter Castellum impairment test the share. As of 31 March 2022 a revaluation of previous impairment has been done and totals to MSEK 171 (-). In other comprehensive income the impact of change in currency is recognised. For further information on Entra, refer to page 19.

INCOME FROM ASSOCIATED COMPANIES

	2022 MSEK	2022 Jan– March
Income from property management	144	
Change in values on properties	946	
Tax	–256	
Other	104	
Castellum's share of associated company earnings	938	
Revaluation of participations in associated companies	653	
Impairment of participations in associated companies	171	
Earnings from associated companies	1,763	

Net financial items

Net financial items totalled MSEK –331 (–202). The increase is attributable primarily to a larger loan portfolio after the acquisition of Kungsleden. The increase was reduced somewhat by a decrease in the average interest rate, which as of 31 March 2022 was 1.7 per cent (1.7).

Changes in value – property

The property market was stable during the quarter, displaying robust resistance to the ongoing prevailing uncertainty. Interest in property investments remained high while access to capital was good. Castellum recognised unrealised changes in value of MSEK 405 (1,048), which is largely attributable to a strong cash flow and project gains/building rights.

Moreover, realised changes in value of MSEK 37 (559) were recognised, MSEK 52 of which is attributable to the sale of twelve properties in Gävle and the remainder to the final settlement of previously concluded transactions. Apart from transaction costs, the

realised profits were charged with deductions of MSEK –90 for deferred tax for the purchasers. As a result of the sales, goodwill of MSEK –151 related to fully provisioned deferred tax has been settled over profit or loss, and previously provisioned deferred tax of MSEK 317 was added back to the tax line item.

CHANGES IN VALUE – PROPERTY

MSEK	2022 Jan– March	2021 Jan– March
Cash flow	165	–93
Project gains/building rights	203	405
Required yield	37	736
Acquisitions	0	0
Unrealised change in value	405	1,048
%	0.3	1.1
Sales	37	559
Total	442	1,607
%	0.3	1.7

AVERAGE VALUATION YIELD

(excluding projects/land and building rights)	MSEK
Net operating income, properties	1,504
+ Real occupancy rate, 94% at the lowest	86
+ Property costs at annual rate	77
– Property admin, SEK 30/sq. m.	–42
Normalised net operating income (3 months)	1,625
Valuation (excluding building rights of MSEK 1,139)	139,631
Average valuation yield, %	4.7

Changes in value – 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 for derivatives during the quarter totalled MSEK 1,676 (–17), of which MSEK 1,366 (19) was recognised in profit or loss and the remainder in other comprehensive income. The positive changes in value are attributable primarily to the rise in interest rates on longer maturities during the period.

Tax

Total tax expenses for the period were MSEK 159 (–944), of which MSEK 97 (23) pertains to current tax. Applying the tax rate of 20.6%, total tax expense is MSEK 574. The difference of MSEK 415 at 20.6 per cent tax on income before tax pertains primarily to the add-

back of deferred tax of MSEK 317 for properties sold and changes in values on derivatives of MSEK 133 in other comprehensive income.

TAX CALCULATION JAN–MARCH 2022

MSEK	Basis current tax	Basis deferred tax
Income from property management	1,160	
In associated holdings	–153	
Non-deductible interest	16	
Deductions for tax purposes		
depreciation	–486	486
reconstructions	–210	210
Transfers to tax allocation reserve	–8	8
Other tax adjustments	134	–83
Taxable income from property management	449	738
<i>Current tax if tax loss carry forwards not utilised</i>	–92	
Sales of properties		–1,539
Change in values on properties	—	405
Change in values on derivatives	269	452
Taxable income before tax loss carry forwards	718	56
Tax loss carry forwards, opening balance	–2,236	2,236
Tax loss carry forwards, closing balance	2,006	–2,006
Taxable income	472	302
Tax according to the income statement for the period	–97	–62

NET DEFERRED TAX LIABILITY, 31 MARCH 2022

MSEK	Basis	Nominal tax liability	Real tax liability
Tax loss carry forwards	1,996	411	411
Derivatives	–508	–105	–105
Untaxed reserves	–782	–161	–161
Properties	–95,415	–19,655	–3,437
Total	–94,709	–19,510	–3,292
Properties, asset acquisitions	10,158	2,092	—
In the balance sheet	–84,551	–17,418	—

Condensed Consolidated Balance Sheet

MSEK	31 March 2022	31 March 2021	31 Dec 2021
ASSETS			
Investment properties			
	152,666	95,816	153,146
Goodwill	5,392	1,673	5,544
Leases, right-of-use	1,800	1,056	1,741
Associated companies	15,334	—	13,571
Financial assets	—	3,540	—
Derivatives	1,569	—	—
Other fixed assets	496	227	467
Current receivables	2,185	6,089	1,966
Cash and cash equivalents	1,505	1,203	1,197
Total assets	180,947	109,604	177,632
EQUITY AND LIABILITIES			
Equity			
	81,845	49,921	83,637
Deferred tax liability	17,449	10,416	17,351
Other provisions	34	10	38
Interest-bearing liabilities	73,088	42,824	70,829
Derivatives	456	720	563
Lease liability	1,800	1,056	1,741
Non-interest bearing liabilities	6,275	4,657	3,473
Total equity and liabilities	180,947	109,604	177,632

Condensed Changes in Equity

MSEK	31 March 2022	31 March 2021	31 Dec 2021
Equity at start of period	83,637	48,243	48,243
Dividend	-2,496	-1,898	-1,888
Repurchase of own shares	-2,752	-383	-1,038
Dividend, hybrid capital	-167	—	—
Share issue in kind	—	—	26,371
Net income for the period	3,613	3,840	11,828
Other comprehensive income for the period	10	119	121
Equity at end of period	81,845	49,921	83,637

Customers

Castellum's exposure to the credit risks of individual tenants is extremely low, with a lease portfolio that has a large spread across many different tenants, customer sizes and industries. This spreads the risk for rent losses and vacancies. The Group has approximately 7,700 commercial leases and approximately 500 residential leases, and their distribution in terms of size is presented in the table below. The single largest lease accounts for 1.2 per cent of the Group's total rental income, while the corresponding figure for the single largest customer is 2.3 per cent. As at 31 March 2022, the remaining average length of contract was 3.6 years (3.9).

LEASE MATURITY STRUCTURE, 31 MARCH 2022

MSEK	Number of leases	Lease value, MSEK	Proportion of value, %
Commercial, term			
2022	1,992	787	10
2023	2,186	1,523	19
2024	1,473	1,583	19
2025	1,129	1,273	15
2026	320	730	9
2027+	550	2,098	25
Total commercial	7,650	7,994	97
Residential	507	49	1
Parking spaces and other	6,322	176	2
Total	14,479	8,218	100

LEASE SIZE, 31 MARCH 2022

MSEK	Number of leases	Share, %	Lease value, MSEK	Proportion of value, %
Commercial				
<0.25	3,533	24	254	3
0.25–0.5	1,167	8	432	5
0.5–1.0	1,161	8	822	10
1.0–3.0	1,227	8	2,099	26
>3.0	562	4	4,387	53
Total	7,650	53	7,994	97
Residential	507	3	49	1
Parking spaces and other	6,322	44	176	2
Total	14,479	100	8,218	100

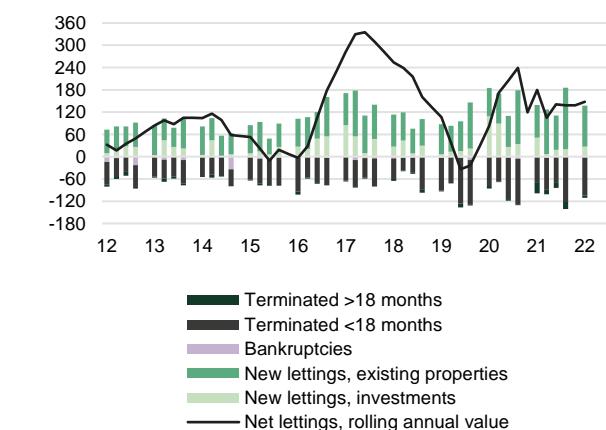
NET LETTINGS JAN–MARCH 2022

MSEK	Sthlm	West	Central	Mälardalen	Öresund	Finland	Total
NEW LETTINGS							
Existing property	24	32	18	22	11	2	109
Investments	1	7	4	3	12	—	27
Total	25	39	22	25	23	2	136
TERMINATED							
Existing property	-32	-17	-21	-8	-20	-12	-110
Bankruptcies	—	—	—	—	—	-1	-1
Total	-32	-17	-21	-8	-20	-13	-111
Net lettings	-7	22	1	17	3	-11	25
NOI Q1 2021	-7	25	6	—	9	7	40

During the period, Castellum signed leases with an annual rental value of MSEK 136 (139). Notices of termination amounted to MSEK 111 (99), of which bankruptcies were MSEK 1 (1) and MSEK 6 (30) were notices of termination with more than 18 months left of contract.

Net lettings for the period thus totalled MSEK 25 (40). 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.

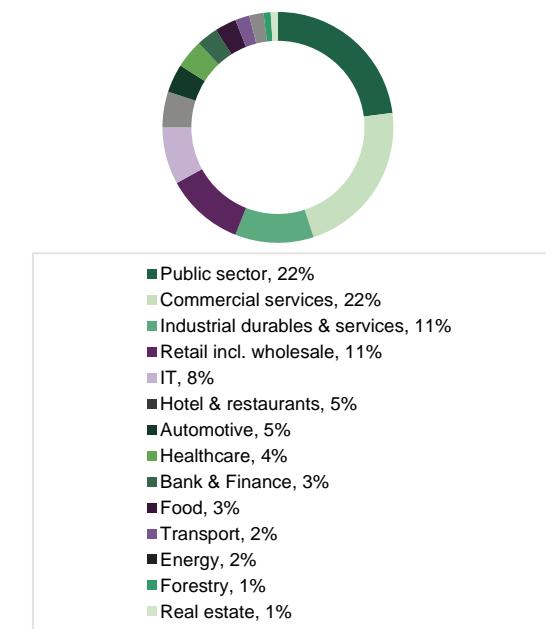
NET LEASING



CASTELLUM'S LARGEST TENANTS

Largest tenants:	Rental value, MSEK
ABB	192
AFRY Group	182
The Swedish Police Authority	150
The Swedish National Courts Administration	130
Svenska Handelsbanken	112
The Swedish Social Insurance Agency	92
The Swedish Migration Board	84
Region Stockholm	72
Axis Communications	71
E.ON Sverige	69
Total	1,154

COMMERCIAL LEASES DISTRIBUTED BY SECTOR



Castellum's property portfolio

Category	31 March 2022				January–March 2022						
	Number	Area, 000 sq. m.	Property value, MSEK	NOI SEK/sq. m.	Rental value, MSEK	NOI SEK/sq. m.	Econ. occ. rate, %	Income, MSEK	Property costs, MSEK	NOI SEK/sq. m.	Net operating income, MSEK
OFFICES											
Stockholm	57	679	34,304	50,516	437	2,576	92.5	392	90	532	302
West	77	453	13,915	30,719	207	1,828	92.7	188	47	417	141
Central	76	512	10,718	20,950	210	1,645	92.6	196	56	438	140
Mälardalen	29	374	10,218	27,340	174	1,865	91.5	156	46	487	111
Öresund	40	277	8,734	31,578	144	2,079	92.6	130	32	468	98
Denmark	15	148	5,165	34,869	81	2,200	92.6	73	22	594	51
Finland	14	181	6,678	36,926	135	2,981	92.8	123	46	1,027	76
Total Office	308	2,623	89,732	34,211	1,389	2,118	92.5	1,259	340	518	919
PUBLIC SECTOR PROPERTIES											
Stockholm	7	125	5,283	42,129	65	2,058	97.2	62	11	363	50
West	18	136	2,565	18,888	45	1,313	95.9	42	12	350	31
Central	27	287	8,917	31,071	139	1,941	93.8	130	32	440	98
Mälardalen	8	40	1,025	25,921	16	1,593	99.3	16	3	347	12
Öresund	6	44	1,234	28,009	21	1,896	98.0	20	4	360	17
Denmark	1	12	636	52,654	8	2,673	98.5	8	2	553	6
Finland	4	27	440	16,485	12	1,780	95.6	11	4	623	7
Total Public sector properties	71	670	20,098	29,976	305	1,819	95.6	289	68	406	221
WAREHOUSE/LIGHT INDUSTRY											
Stockholm	35	180	3,969	22,082	57	1,275	94.5	53	11	251	42
West	86	627	9,188	14,659	142	906	93.8	138	33	211	105
Central	21	109	1,231	11,249	27	985	95.3	22	6	235	16
Mälardalen	29	309	3,944	12,783	87	1,127	97.0	78	31	407	47
Öresund	36	223	2,590	11,594	37	660	89.2	44	12	215	32
Denmark	1	18	178	9,798	4	820	75.8	3	2	342	1
Total Warehouse/Light industry	208	1,466	21,100	14,393	354	966	94.2	338	95	259	243
RETAIL											
Stockholm	22	120	3,212	26,840	50	1,666	98.9	48	6	189	43
West	18	78	1,574	20,308	28	1,436	94.3	26	8	390	18
Central	19	130	2,325	17,921	44	1,357	94.6	40	11	337	29
Mälardalen	12	48	802	16,682	15	1,248	97.3	14	3	290	10
Öresund	17	78	1,555	19,921	29	1,501	95.0	27	6	323	20
Total Retail	88	453	9,469	20,898	166	1,465	96.2	155	34	300	121
Total investment properties	675	5,212	140,399	26,937	2,214	1,699	93.6	2,041	538	412	1,504
Lettings and property administration expenses	—	—	—	—	—	—	—	—	135	104	135
Total after lettings and property administration expenses	675	5,212	140,399	26,937	2,214	1,699	93.6	2,041	673	516	1,369
Project	51	535	11,259	—	112	—	—	53	31	—	22
Undeveloped land	26	—	1,007	—	8	—	—	8	3	—	6
Total	752	5,747	152,666	—	2,335	—	—	2,102	708	—	1,397

The net operating income of MSEK 1,397 reported above and the net operating income of MSEK 1,406 in the income statement are attributable to the deduction of the net operating income of MSEK -29 in properties sold during the period, the MSEK 5 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 MSEK -15 from the coworking company in the table.

PROPERTY VALUE BY CATEGORY



- Office, 58%
- Public sector properties, 14%
- Warehouse/Light industry, 14%
- Retail, 6%
- Project and land, 8%

PROPERTY VALUE BY REGION



- Stockholm, 33% ■ West, 19%
- Central, 16% ■ Öresund, 12%
- Mälardalen, 11% ■ Finland, 5%
- Denmark, 4%

Investment properties

As of 31 March 2022, after the acquisition of Kungsleden the previous year, Castellum owns a total of 752 properties at a carrying amount of SEK 153 billion. The property portfolio is located in growth areas in Sweden as well as Copenhagen and Helsinki. The properties are located in city centre locations and well-situated business districts, with excellent public transportation and services. Our ownership is characterised by sustainability and a long-term perspective, and 61 per cent of the value of the asset portfolio is certified for sustainability. We work continually on developing, refining, modernising and customising our properties.

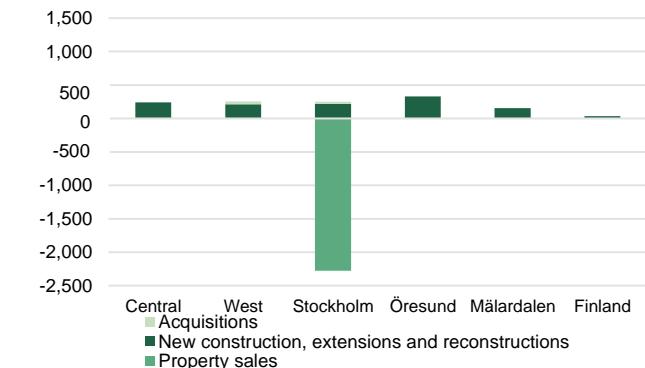
CHANGES IN THE PROPERTY PORTFOLIO

	Carrying amount, MSEK	Number
Property portfolio on 1 Jan. 2022	153,146	762
+ Acquisitions	75	2
+ New construction, extensions and reconstructions	1,195	—
– Sales	-2,302	-12
+/- Unrealised changes in value	405	—
+/- Currency translation	146	—
Property portfolio on 31 Mar. 2022	152,666	752

Investments

During the quarter, investments totalling MSEK 1,270 (865) were made in properties, of which MSEK 75 (177) was minor acquisitions and MSEK 1,195 (688) was new construction, extensions and reconstructions. After divestments of MSEK 2,302 (9,879), net investments amounted to MSEK -1,032 (-9,014).

NET INVESTMENTS PER REGION



PROPERTY-RELATED KEY METRICS

	2022 Jan– March	2021 Jan– March	2021 Jan– Dec
Rental value, SEK/sq. m.	1,699	1,649	1,648
Economic occupancy rate, %	93.6	92.9	93.2
Property costs, SEK/sq. m.	516	469	425
Net operating income, SEK/sq. m.	1,066	1,055	1,008
Surplus ratio, %	64	68	71
Property value, SEK/sq. m.	26,937	25,638	26,667
Number of properties	752	552	762
Lettable area, thousand sq. m.	5,747	3,798	5,853
Average valuation yield, %	4.7	4.9	4.7

MAJOR PROPERTY TRANSACTIONS

	Volume, MSEK	Vacated
Sales		
Gävle, 12 properties	2,302	31 March 2022
Helsingborg, 2 properties	2,524	31 March 2022

Larger ongoing projects

Castellum has a portfolio of ongoing projects totalling approximately SEK 10.9 billion, of which SEK 5.3 billion is developed. Average economic occupancy rate for Castellum's larger ongoing projects as of April 2022 totalled 57 per cent. In the first quarter, four larger projects were either fully or partially completed with occupancy – including Verkstaden 14 in Västerås, which is yet another successful new construction project in the Kopparlunden district with the Swedish Social Insurance Agency (Försäkringskassan) as tenant. Castellum has also begun four new construction projects around the country. In Borås, a new 6,000-sq.m. building for the sale of passenger and transport vehicles is being constructed for Hedin Bil. In Malmö, Castellum has begun the new construction of approximately 1,800 sq.m. for Kärcher, a building that will house shops, offices, a repair shop, warehouses and a car wash. In Uppsala, Castellum has begun the construction of approximately 5,000 sq.m., half of which will be occupied by Lindab in 2023. Castellum has also begun two large solar cell installations on the roofs of two logistics buildings that are under production in southern Sweden, with a total output of approximately 2,400 kW.

The aftereffects of the pandemic and the ongoing crisis in Ukraine have had a major impact on the contractor market, with abnormal price increases on materials and delivery problems. Castellum's projects have been impacted as well, to varying extents. At present, we feel that ongoing projects will by and large be completed in accordance with plans. Castellum is focusing heavily on risk management based on these challenges, both in ongoing projects and projects under start-up, in order to minimise future consequences.

LARGER ONGOING PROJECTS

Property	Category	Inv. type	Location	Com- pleted	Area, sq. m.	Rental value MSEK	Econ. occ. rate, %	Total investment, MSEK	Of which invested, MSEK	Remaining to invest, MSEK
Infinity	O	N	Stockholm	Q2 2025	19,800	102.2	0	1,794	95	1,699
Godsfinkan	O/P	N	Malmö	Q1 2023	26,500	84.2	94	1,310	1,095	215
Sjöstjärnan 1	O	N	Malmö	Q1 2023	31,460	78.0	91	1,296	864	432
Effekten 13	O	N	Västerås	Q3 2023	15,400	31.2	100	445	64	381
Götaland 5, Swe. National Courts Administration	P	N	Jönköping	Q3 2022	9,200	22.9	100	323	165	158
GreenHaus	O	N	Helsingborg	Q2 2022	7,000	20.1	75	320	305	15
Kungsängen-Tibble 1:648	Lo	N	Stockholm	Q2 2023	15,150	19.5	0	301	66	235
Åseby 1:5	O	N	Gothenburg	Q3 2023	14,780	21.0	100	301	99	202
Werket	O	R	Jönköping	Q1 2026	25,469	46.9	27	281	21	260
Drevet 1	Lo	N	Helsingborg	Q4 2022	21,784	15.2	47	261	90	171
Sesamfröet 2	P	R	Mölndal	Q3 2022	5,600	24.0	100	250	188	62
Finnslätten 1 (part of)	O/I	R	Västerås	Q4 2024	21,000	27.5	18	250	120	130
Hornsberg 10	O	R	Stockholm	Q2 2023	8,680	10.7	20	238	32	206
Korsningen 1	O	N	Örebro	Q2 2022	5,650	15.4	100	227	194	33
Örnäs 1:17	W	N	Upplands Bro	Q2 2022	16,870	15.2	0	218	143	75
Borgarfjord 5	O	R	Stockholm	Q4 2024	9,300	27.5	40	162	60	102
Bollbro 15	P	R	Helsingborg	Q1 2023	3,810	6.8	92	125	67	58
Götaland 5 Länsstyrelsen	O	R	Jönköping	Q3 2022	7,968	5.8	100	114	46	68
Total larger ongoing projects					265,421	574	57	8,216	3,714	4,502

Developments completed or fully/partly occupied

Verkstaden 14	P	N	Västerås	Q1 2022	5,800	14.3	95	198	186	12
Hissmontören 4	O	N	Örebro	Q1 2022	3,400	9.1	92	118	96	22
Taktpinnen 1	O	R	Norrköping	Q3 2022	16,300	28.7	100	136	100	36
Rotterdam 1	O	R	Stockholm	Q4 2022	21,300	68.9	71	236	182	54
Total projects >MSEK 100					312,221	695	61	8,904	4,278	4,626

Smaller ongoing projects, MSEK 10–100

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

Development portfolio, 31 March 2022

	Infinity Stockholm ONGOING New construction, office Investment: approximately MSEK 1.8 billion		Åseby 1:5 Gothenburg ONGOING New construction, pub. sector Investment: MSEK 301		Örnäs 1:17 Stockholm ONGOING New construction, logistics Investment: MSEK 218		Verkstaden 14 Västerås COMPLETED OR FULLY/PARTIALLY OCCUPIED New construction, pub. sector Investment: MSEK 198
	Godsfinken 1 Malmö ONGOING New construction, pub. sect Investment: approximately SEK 1.3 billion		Werket Jönköping ONGOING New construction, pub. sector Investment: MSEK 281		Borgarfjord 5 Stockholm ONGOING Reconstruction, office Investment: MSEK 162		Hissmontören 4 Örebro COMPLETED OR FULLY/PARTIALLY OCCUPIED New construction, office Investment: MSEK 118
	Sjöstjärnan/E.ON Malmö ONGOING New construction, office Investment: approximately SEK 1.3 billion		Drevet 1/Långeberga Helsingborg ONGOING New construction, logistics Investment: MSEK 261		Bollbro 15 Helsingborg ONGOING Reconstruction, pub. sector Investment: MSEK 125		Taktpinnen 1 Norrköping COMPLETED OR FULLY/PARTIALLY OCCUPIED Reconstruction, office Investment: MSEK 136
	Effekten 13 Västerås ONGOING New construction, office Investment: MSEK 445		Sesamfröet 2 Gothenburg ONGOING Reconstruction, pub. sector Investment: MSEK 250		Götaland 5 Jönköping ONGOING Reconstruction, pub. sector Investment: MSEK 114		Rotterdam 1 Stockholm COMPLETED OR FULLY/PARTIALLY OCCUPIED Reconstruction, office Investment: MSEK 236
	Götaland 5 Jönköping ONGOING Reconstruction, office Investment: MSEK 281		Finnslätten 1 (part of) Västerås ONGOING Reconstruction, office/industry Investment: MSEK 250				
	GreenHaus Helsingborg ONGOING New construction, office Investment: MSEK 320		Hornsberg 10 Stockholm ONGOING Reconstruction, office Investment: MSEK 238				
	Kungsängen-Tibble 1:648 Stockholm ONGOING New construction, office Investment: MSEK 301		Korsnäringen 1 Örebro ONGOING New construction, pub. sector Investment: MSEK 227				

Castellum's project pipeline

Castellum has tremendous potential in its development portfolio, in which it is estimated that approximately 1 million sq.m. can be started within the next five years depending on the pace of lettings and the progress in detailed development plans. These projects correspond to an investment volume of approximately SEK 27 billion. Out of this volume, approximately 530,000 sq.m. are logistics and the rest primarily offices. The geographic distribution and the 20 largest projects by area are shown in the table below.

FUTURE POTENTIAL DEVELOPMENT PROJECTS, 20 LARGEST BY AREA

Project	Location	Type	Category	Detailed development plan	Lettable area, sq. m.
Säve Stage 2	Gothenburg	New construction	Logistics	Ongoing	221,000
Säve Stage 1	Gothenburg	New construction	Logistics	Ongoing	88,800
Vallonsmidet, Stages 2 and 3	Stockholm	New construction	Offices	Ongoing	38,000
Halvorsång Stage I*	Gothenburg	New construction	Logistics	In effect	32,500
Halvorsång Stage II*	Gothenburg	New construction	Logistics	In effect	32,500
Halvorsång Stage III*	Gothenburg	New construction	Logistics	In effect	32,500
Halvorsång Stage IV*	Gothenburg	New construction	Logistics	In effect	32,500
Part of Västerås 3:69**	Västerås	New construction	Logistics	Ongoing	32,000
Finnslätten 1 (several projects)	Västerås	New construction	Offices	In effect	31,000
Charkuteristerna 1–8	Stockholm	New/Ext/Reconstruction	Offices	Ongoing	25,000
Norr om Nordstaden**	Gothenburg	New construction	Offices	Ongoing	25,000
Hälsingland 19	Malmö	New construction	Offices	Not begun	25,000
K3	Helsinki	Conversion	Offices	In effect	17,200
Forskaren	Lund	New construction	Offices	In effect	17,200
Vallonsmidet Stage 1	Stockholm	New construction	Offices	Ongoing	16,000
Brunna Tibble 1:648	Stockholm	New construction	Logistics	In effect	15,100
Hornsberg 10	Stockholm	New construction	Offices	Ongoing	13,000
Brunna Örnäs 1:28	Stockholm	New construction	Logistics	In effect	12,700
Brunna Örnäs 1:29	Stockholm	New construction	Logistics	In effect	12,700
Viitta	Helsinki	New construction	Offices	In effect	9,600
Total					729,300

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

**Land allocation agreement

FUTURE POTENTIAL DEVELOPMENT PROJECTS BY LOCATION AND CATEGORY

Location	Category	Lettable area, sq. m.	
		Detailed development plan exists	Change to detailed development plan required
Gothenburg	Logistics*	135,000	310,000
Gothenburg	Offices	—	25,000
Gothenburg	Other	6,000	9,000
Helsinki	Offices	26,800	
Jönköping	Offices	—	5,600
Jönköping	Logistics	4,000	
Copenhagen	Logistics	7,300	
Linköping	Offices	4,000	8,400
Linköping	Other	8,500	
Lund	Offices	17,200	
Malmö	Offices	6,200	35,000
Malmö	Logistics	13,000	
Norrköping	Offices	14,900	
Stockholm	Offices	38,000	176,000
Stockholm	Logistics	33,100	
Stockholm	Other	—	12,400
Uppsala	Offices	—	12,300
Uppsala	Logistics	4,000	
Västerås	Offices	64,500	
Västerås	Logistics	—	30,000
Örebro	Offices	13,300	1,700
Örebro	Other	11,700	
Total		407,500	625,400

*130,000 sq.m. pertain to projects being carried out by JV, where Castellum's share is 50 per cent.

Key metrics – Sustainability

	2022 Q1	2021	2020	2019	2018	Targets/Comments
Resource efficiency						
Total energy use, kWh/sq. m., year	971	91	75	88	97	
Total energy use, degree-day corrected, kWh/sq. m., year	1012	92	87	95	103	
1. of which actual heating	67	65	50	60	64	
2. of which degree-day corrected heating	71	66	62	67	70	
3. of which electricity and cooling	30	26	25	28	33	
Energy savings/yr, like-for-like portfolio, LTM, % (deg. day corr.)	2	0	-12	-8	3	-2.5 per cent energy savings/year in the like-for-like portfolio
Energy savings/yr, like-for-like portfolio, LTM, % (actual energy use)	2	13	-11	-9	3	
Total water use, m ³ /sq. m., year	0.3	0.2	0.3	0.3	0.3	
Water savings/yr, like-for-like portfolio, LTM, %	-4	-6	-13	-3	-1	1 per cent water conservation/year in the like-for-like portfolio
Fossil-free						
Share of non-fossil energy, %	95	95	95	96	95	100 per cent fossil-free energy by 2030
Fossil fuel-free vehicles, %	98	100	100	86	62	100 per cent fossil fuel-free vehicles
Number of charging posts for electric vehicles	674	674	—	—	—	New measurement point, 2021
Number of solar cell panels installed	66	55	39	26	22	100 solar cell installations by 2025
Road map to climate neutrality by 2030						
Property management – CO ₂ emissions in kg/sq. m., year (market-based) ³	2.0	1.5	1.0	1.5	1.2	0 kg/sq. m. by 2030
of which Scope 1	0.1	0.1	0.1	0.1	0.2	
of which scope 2 – market-based	1.9	1.4	0.9	1.4	1	
of which scope 2 – location-based	6.9	4.3	4.1	8.8	11.3	
Project Development – Reduced emissions in project development portfolio (scope 3), %	-15	-15	—	—	—	New target from 2021. 15 per cent reduction in CO ₂ emissions per sq. m. in new production of offices
Environmental certification						
Environmental certification, % of sq. m.	43	48	39	36	33	50 per cent certified area by 2025
Environmental certifications, number	246	206	202	164	141	
Environmental certification, % of rental income	56	61	52	47	43	
Environmental certification, % of property value	61	63	55	51	48	
ESG benchmarks						
GRESB points (0–100)	95	95	91	92	92	Global Sector Leader 2021, GRESB, received 15 October 2021
DJSI points (0–100)	80	80	81	79	73	Only Nordic property company included in DJSI
CDP mark (A to D-)	A-	A-	A	A-	B	Highest marks of all Nordic property companies
Social key metrics						
Sick leave, % (long- and short-term)	4.0	2.9	2.2	2.9	3.8	Max 2 per cent short-term and 3 per cent long-term sick leave
Equality, women/men, %	43/57	43/57	40/60	39/61	42/58	Between 40–60 per cent
Diversity, international background, %	9	9	8	6	6	20 per cent 2025
Apprentices, % of employees	2	4	2	5	6	4 per cent per year
EU Taxonomy Regulation						
Contextual information with preliminary guidance ⁴						
Taxonomy-eligible proportion of property management portfolio, Q1 2022						
Sales (Turnover)	40					
Operating expenses (OpEx)	40					
Capital expenses (CapEx)	46					

Castellum will be one of the most sustainable property companies in Europe. The company's sustainability agenda, "The sustainable city," is divided into four areas of focus: The Planet, Future-Proofing, Well-Being and Social Responsibility. These areas of focus ensure that operations are conducted responsibly, creating long-term solutions from an economic, ecological and social perspective. For more detailed information, refer to Castellum's Annual Report and Sustainability Report for 2022. Kungsleden, which was acquired in late 2021, has been included in the company's sustainability key metrics as of Q1 2022.

1. The increase in total energy consumption compared with 2021 and 2020 is due primarily to the portfolio shift, including the acquisition of Kungsleden, and acquisitions in Finland that took place in 2021 as well as a colder year, to some extent.

2. The increase in degree day-corrected energy consumption compared with 2021 and 2020 is due primarily to the portfolio shift, including the acquisition of Kungsleden, and acquisitions in Finland that took place in 2021.

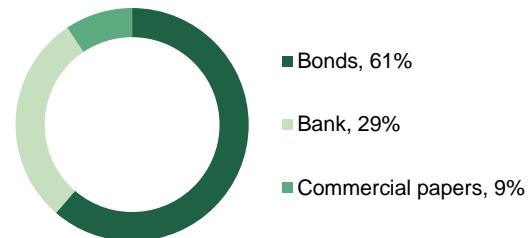
4. This list includes all CO₂ emissions from property management (i.e. scopes 1 and 2). Detailed information on Castellum's CO₂ emissions and complete Scope 3 emissions outside of property management will be made available in the 2022 Annual Report.

5. For more information on Castellum's reporting under Article 8 in the Taxonomy Regulation, refer to Castellum's 2021 Annual Report and Sustainability Report.

Financing

During the quarter, an unsecured bond was issued on the Euro market totalling MEUR 500 as part of the existing EMTN programme. The bond was issued with a credit margin of 1.55 per cent and a tenor of 3 years. The issue was heavily oversubscribed, indicating significant interest from the European investing community. At the end of the first quarter, interest-bearing liabilities totalled MSEK 73,088, compared with MSEK 70,829 at the start of the period. The interest-bearing liabilities consist of bond loans of MSEK 44,822 (43,088), loans in banks of MSEK 21,410 (17,391) and commercial paper of MSEK 6,856 (10,350). Unsecured liabilities correspond to 71 per cent (76) of interest-bearing liabilities. The interest coverage ratio was a multiple of 4.7 (5.2) and adjusted loan-to-value ratio less treasury shares totalled 37.3 per cent (37.8). The average remaining interest-rate and debt maturity totalled 3.1 years (3.3) and 3.8 years (3.8) respectively.

DISTRIBUTION OF INTEREST-BEARING FINANCING
31 MARCH 2022



INTEREST RATE MATURITY STRUCTURE, 31 MARCH 2022

Maturity date	MSEK	Share, %	Average interest rate, %	Average fixed interest rate term, yrs
0–1 year	36,801	50	1.9	0.7
1–2 years	4,492	6	2.6	1.6
2–3 years	3,534	5	1.7	2.9
3–4 years	1,200	2	–0.1	3.8
4–5 years	7,797	11	2.4	4.5
>5 years	19,265	26	0.8	7.5
Total	73,088	100	1.7	3.1

KEY METRICS – INTEREST-BEARING FINANCING

	31 Mar 2022	31 Mar 2021	31 Dec 2021
Interest-bearing liabilities, MSEK	73,088	42,824	70,829
Bonds outstanding, MSEK	44,822	28,346	43,088
Commercial paper outstanding, MSEK	6,856	8,346	10,350
Banking credit etc., MSEK	21,410	4,929	17,391
Cash and cash equivalents, MSEK	1,505	1,203	1,197
Unutilised credit facilities, MSEK	21,782	18,603	26,394
Share of unsecured assets, %	55	63	55
Share of secured borrowing/property value, %	19	14	18
Share of secured borrowing/total assets, %	12	4	9
Share of secured credits utilised, %	29	12	24
Loan-to-value ratio, % ¹	39.6	38.0	39.2
Adjusted loan-to-value ratio, % ²	37.3	38.0	37.8
Interest coverage ratio, multiple	4.7	5.0	5.2
Net liability/EBITDA, multiple	13.4	10.6	16.7
Average debt maturity, years	3.8	4.0	3.8
Average credit price tenor, years	3.1	3.1	3.1
Average fixed interest rate term, yrs	3.1	3.1	3.3
Credit rating	Baa2, Stable Outlook	Baa2, Stable Outlook	Baa2, Stable Outlook
Average effective rate excluding pledges, %	1.7	1.7	2
Average effective rate including pledges, %	1.8	1.8	1.8
Market value interest rate derivatives, MSEK	977	–365	–98
Market value currency derivatives, MSEK	137	–354	–465

1. The definition of loan-to-value ratio was amended in Q2 2021 to adapt the key metric to investment in financial assets (Entra). The definition involves net interest-bearing liabilities in relation to total assets. The comparison figures have been restated.

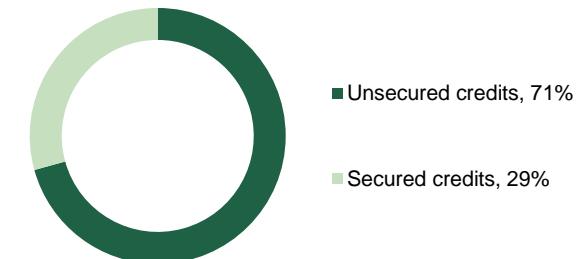
2. An adjusted loan-to-value ratio has been introduced as of Q1 2022 in order to adapt the key metric to future cash and cash equivalents found in treasury shares. The shares have been measured at market value as of the balance-sheet date.

For calculation of financial key metrics, refer to page 19; for definitions, refer to page 25.

CREDIT MATURITY STRUCTURE, 31 MARCH 2022

Credit agreements	Bank	Bonds	Comm. papers	Total interest-bearing liabilities	Share, %	Unutilised credits	Total available credit facilities
0–1 year	—	5,050	6,856	11,906	16	3,550	15,456
1–2 years	4,273	9,959	—	14,232	19	9,932	24,164
2–3 years	8,466	9,343	—	17,810	24	—	17,810
3–4 years	1,000	4,246	—	5,246	7	8,300	13,546
4–5 years	2,046	6,921	—	8,967	12	—	8,967
>5 years	5,624	9,303	—	14,927	20	—	14,927
Total	21,410	44,822	6,856	73,088	100	21,782	94,869

SECURED AND UNSECURED CREDITS, 31 MARCH 2022



CASTELLUM'S FINANCIAL POLICY AND COMMITMENTS IN CREDIT AGREEMENTS

Policy	Commitments	Outcome
LTV ratio, Property	Not exceeding 50 per cent	Not exceeding 65 per cent
Interest coverage ratio	>2	>1.5
The share of secured borrowing /total assets	Not exceeding 45 per cent	12%
Funding risk		
• average debt maturity	At least 2 years	3.8 years
• proportion maturing within 1 year	No more than 30 per cent of loans outstanding and unutilised credit agreements	10%
• average credit price tenor	At least 1.5 years	3.1 years
• liquidity reserve	Secured credit agreements corresponding to MSEK 750 and 4.5 months upcoming loan maturities	Achieved
Interest rate risk		
• average interest duration	1.5–4.5 years	3.1 years
• maturing within 6 months	No more than 50 per cent	43%
Credit and counterparty risk		
• rating restriction	Credit institutions with high ratings, at least S&P BBB+	Achieved
Currency risk		
• translation exposure	Net investments are hedged	Achieved
• transaction exposure	Handled if exceeding MSEK 25	Achieved
• currency hedging	Running exception corresponding to 1 per cent of balance sheet total	Achieved

Condensed Consolidated Cash Flow Statement

MSEK	2022 Jan–Mar	2021 Jan–Mar	2021 Jan–Dec
Net operating income	1,406	1,019	4,346
Central administrative expenses	–67	–38	–174
Reversed depreciation	43	29	139
Net interest paid	–331	–152	–835
Tax paid	–97	–3	–244
Translation difference of currencies	–398	155	45
Cash flow from operating activities before change in working capital	667	1,010	3,277
Change in current receivables	–308	–231	–493
Change in current liabilities	144	91	–181
Cash flow from operating activities	503	870	2,603
Investments in new construction, extensions and reconstructions	–1,195	–688	–3,799
Property acquisitions	–75	–177	–8,889
Change in liabilities at acquisitions of property	–45	127	187
Sales of properties	2,302	9,879	17,228
Change in receivables at sales of properties	88	–4,635	132
Business combinations	—	—	–6,484
Investment in financial assets	—	–606	–2,730
Investment in associated companies	—	—	–9,413
Other investments	–29	–57	–204
Cash flow from investment activities	1,046	3,843	–13,972
Change in long-term interest-bearing liabilities	2,259	–3,131	5,361
Change in long-term receivables	—	–1	—
Derivatives	–581	–156	–194
Repurchase of own shares	–2,752	–383	–1,038
Hybrid bond	–167	—	10,164
Dividend paid	—	—	–1,888
Cash flow from financing activities	–1,241	–3,671	12,405
Cash flow for the period	308	1,042	1,036
Cash and cash equivalents, opening balance	1,197	161	161
Cash and cash equivalents, closing balance	1,505	1,203	1,197
Average number of shares, thousand	338,434	276,172	282,917
Cash flow, SEK/share	4.45	3.77	3.66

CASTELLUM'S CASH FLOW

The cash flow statement has been prepared according to the indirect method. Net profit or loss is adjusted for effects of non-cash transactions during the period as well as for income or costs associated with the cash flow from investment or financing activities. Operating cash flow after change in operating capital was MSEK 503. MSEK 1,195 has been invested in existing properties and projects. During the first quarter, twelve properties in Gävle were sold and vacated, with a purchase consideration of MSEK 2,302 received. Ongoing currency hedging totalling MSEK 581 have during the quarter affected the cash flow. A total of MSEK 2,752 in shares was repurchased during the quarter. Net debt as of 31 March 2022 totalled MSEK 71,583 after an increase in liabilities of MSEK 2,259 and in cash and bank balances of MSEK 308.

ASSOCIATED COMPANIES

At the end of the period, Castellum owned 60,710,624 shares in Entra, corresponding to 33.3 per cent of the voting rights and capital. Entra owns and manages modern office properties in central locations in Norway close to public transportation. This, together with a strong customer base, lengthy leases and a large, high-quality development portfolio, means that the company is well positioned for the future. Castellum recognises their holdings in Entra in accordance to the equity method.

Financial key metrics

Return on equity	LTM, April 2021 – March					
	Jan–Mar 2022		2022		Jan–Dec 2021	
Return on equity, %	22.9		17.5		22.7	
Return on total capital, %	6.1		7.6		8.6	
	2022 Jan–Mar		2021 Jan–Mar		2021 Jan–Dec	
Average number of shares, thousand	338,434		276,172		282,917	
	2022 Jan–Mar		2021 Jan–Mar		2021 Jan–Dec	
Income from property management	MSEK	SEK/share	MSEK	SEK/share	MSEK	SEK/share
Income before tax	3,772	11.15	2,896	10.49	11,869	41.95
Reversed:						
Acquisition costs	2	0.01	—	—	76	0.27
Financing fees, etc. for acquisitions	—	—	—	—	27	0.10
Revaluation of earnings due to stepwise acquisition	—	—	—	—	–111	–0.39
Earnings from associated companies excluding acquired earnings	–794	–2.35	—	—	–981	–3.47
Change in values on properties	–442	–1.31	–1,607	–5.82	–7,185	–25.40
Change in values on financial holdings	–171	–0.51	–491	–1.78	–42	0.15
Change in values on derivatives	–1,366	–4.04	–19	–0.07	–325	–1.15
Goodwill redeemed	151	0.45	—	—	194	0.69
= Income from property management	1,151	3.40	779	2.82	3,522	12.45
EPRA Earnings (Income from property management after tax)						
Income from property management	1,151	3.40	779	2.82	3,522	12.45
Reversed: Current tax, income from property management	–91	–0.27	–83	–0.30	–246	–0.87
EPRA Earnings/EPRA EPS	1,060	3.13	696	2.52	3,276	11.58
	31 Mar 2022		31 Mar 2021		31 Dec 2021	
Number of shares outstanding, thousand (related to balance sheet key metrics)	328,401		275,187		340,544	
	31 Mar 2022 MSEK	SEK/share	31 Mar 2021 MSEK	SEK/share	31 Dec 2021 MSEK	SEK/share
Equity according to the balance sheet	81,845	249.22	49,921	181.41	83,637	245.60
Reversed:						
Hybrid bonds	–9,997	–30.44	—	—	–10,164	–29.85
Non-controlling interest	–407	–1.24	—	—	–693	–2.03
Declared, undistributed dividend	2,496	7.60	949	3.45		
Derivatives according to the balance sheet	–1,113	–3.39	720	2.62	563	1.65
Goodwill attributable to deferred tax	–5,199	–15.83	–1,480	–5.38	–5,351	–15.71
Deferred tax according to the balance sheet	17,449	53.13	10,416	37.85	17,351	50.95
Net reinstatement value (EPRA NRV)	85,074	259.06	60,526	219.94	85,343	250.61
Deduction:						
Goodwill due to acquisition of United Spaces	–193	–0.59	–193	–0.70	–193	–0.57
Estimated real deferred tax, 4%	–3,292	–10.02	–2,159	–7.85	–3,160	–9.28
Net tangible assets (EPRA NTA)	81,589	248.44	58,174	211.40	81,990	240.76
Reversed:						
Derivatives according to above	1,113	3.39	–720	–2.62	–563	–1.65
Deferred tax	–14,157	–43.11	–8,257	–30.01	–14,191	–41.67
Net disposal value (EPRA NDV)	68,545	208.72	49,197	178.78	67,236	197.44

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

CASTELLUM INTERIM REPORT JANUARY–MARCH 2022

	2022 Jan–Mar	2021 Jan–Mar	2021 Jan–Dec
Interest coverage ratio			
Income from property management, MSEK	1,151	779	3,522
Reversed:			
Net interest items, MSEK	314	195	845
Income from property management excluding net interest, MSEK	1,465	974	4,367
Interest coverage ratio, multiple	4.7	5.0	5.2
Loan-to-value ratio			
	31 Mar 2022	31 Mar 2021	31 Dec 2021
Interest-bearing liabilities, MSEK	73,088	42,824	70,829
Cash and cash equivalents, MSEK	1,505	1,203	1,197
Net interest-bearing liabilities, MSEK	71,583	41,621	69,632
Total assets, MSEK	180,947	109,604	177,632
Loan-to-value ratio (%)	39.6	38.0	39.2
Adjusted loan-to-value ratio			
	31 Mar 2022	31 Mar 2021	31 Dec 2021
Interest-bearing liabilities, MSEK	73,088	42,824	70,829
Cash and cash equivalents, MSEK	1,505	1,203	1,197
Treasury shares at market value	4,043	—	1,265
Net interest-bearing liabilities, MSEK	67,540	41,621	67,170
Total assets, MSEK	180,947	109,604	177,632
Adjusted loan-to-value ratio, %	37.3	38.0	37.8
LTV ratio, Property			
	31 Mar 2022	31 Mar 2021	31 Dec 2021
Net interest-bearing liabilities, MSEK	71,583	41,621	69,632
Investment properties, MSEK	152,666	95,816	153,146
Acquired properties not taken into possession, MSEK	–142	–127.0	–187
Divested properties still in Castellum's possession, MSEK	0	4,855	88
Investment properties, MSEK	152,524	100,544	153,047
Loan-to-value ratio, Property, %	46.9	41.4	45.5
Net debt to EBITDA			
	31 Mar 2022	31 Mar 2021	31 Dec 2021
Net interest-bearing liabilities, MSEK	71,583	41,621	69,632
Net operating income, MSEK	5,624	4,076	4,346
Central administration expenses, MSEK	–268	–152	–174
Operating income, MSEK	5,356	3,924	4,172
Net debt to EBITDA, mult	13.4	10.6	16.7
Direct investments in properties			
	31 Mar 2022	31 Mar 2021	31 Dec 2021
Net investment, MSEK			
Acquisitions	75	177	56,147
New construction, extensions and reconstructions	1,195	688	3,799
Total investments	1,270	865	59,946
Net sales prices	–2,302	–9,879	–17,228
Net investments	–1,032	–9,014	42,718
Proportion of the property value, %	–1	–9	28

The Castellum share

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

SHAREHOLDERS AS OF 31 MARCH 2022

Shareholders	Number of shares, thousand	Share of votes/capital, %
Rutger Arnhult with companies	60,677	18.5
APG Asset Management	17,173	5.2
BlackRock	15,676	4.8
Gösta Welandson with companies	11,668	3.6
Handelsbanken Fonder	10,406	3.2
Vanguard	10,258	3.1
Corem Property Group	8,880	2.7
Lansförsäkringar Fonder	8,668	2.6
PGG Pensioenfonds	6,633	2.0
Swedbank Robur Fonder	4,954	1.5
IJja Batljan	4,454	1.4
Folksam	3,573	1.1
Olle Florén with companies	3,533	1.1
State Street Global Advisors	3,037	0.9
BNP Paribas Asset Management	2,590	0.8
15 largest owners	172,180	52.4
Foreign owners, other	81,183	24.7
Swedish owners, other	75,038	22.8
Total shares outstanding	328,402	100.0
Repurchase of own shares	17,331	
Total shares registered	345,733	

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

Acquisitions and transfers of own shares

The 2021 AGM gave a mandate to the Board up until the next AGM to acquire and transfer shares. The acquisition may include no more than the number of shares corresponding to approximately 3.5 per cent of the number of shares outstanding, at an aggregate value of SEK 2.7 billion. During the period, 12,143,033 shares were repurchased at an average price of SEK 226. On 31 March 2022, the company's holding of treasury shares amounted to 17,331,000 shares, corresponding to 5 per cent of the number of shares registered.

Dividend yield

The recent AGM approved a dividend of SEK 7.60 per share (6.90) corresponding to a dividend yield of 3.3 per cent (2.8) based on the share price at the end of the period. The dividend will be paid out on four occasions, each at SEK 1.90 per share. The record dates for payment are 4 April, 30 June, 30 September and 30 December 2022.

The share	31 Mar 2022	31 Dec 2021
Share Price, SEK	233.3	243.8
Market capitalisation, SEK billion	80.7	84.3
Sales, millions	77	204
Turnover rate, %	90	71
Share price/EPRA NRV, %	91	97
Share price/EPRA EPS, RTM	22	21
P/E ratio	16	6
Dividend yield	3.3	2.8

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

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

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

SHAREHOLDERS BY COUNTRY, 31 MARCH 2022



■ Sweden, 61% ■ US, 14%
 ■ Netherlands, 8% ■ UK, 2%
 ■ France 2% ■ Other, 13%

Parent Company

CONDENSED INCOME STATEMENT

MSEK	2022	2021	2021
	Jan–Mar	Jan–Mar	Jan–Dec
Income	29	25	167
Central administrative expenses	–74	–58	–283
Financial items	–22	–2	3,589
Income before changes in value and tax	–67	–35	3,473
Changes in value	269	475	78
Income before tax	202	440	3,551
Tax	–58	–5	–5
Net income for the period	144	435	3,546
Items that will be reclassified to net income for the period			
Translation difference of currencies	—	69	65
Unrealised change, currency hedge	80	–37	–27
Comprehensive income for the period	223	467	3,585

CONDENSED BALANCE SHEET

MSEK	31 Mar 2022	31 Mar 2021	31 Dec 2021
Participations in Group companies	46,619	20,975	46,239
Participations in associated companies	12,691	—	12,690
Receivables, Group companies	48,796	29,549	42,903
Derivatives	605	—	—
Financial assets	190	3,540	190
Other assets	177	10,327	140
Cash and cash equivalents	4	950	37
Total assets	109,082	65,341	102,199
Equity	39,785	16,570	45,009
Derivatives	—	720	619
Interest-bearing liabilities	43,479	40,654	42,257
Liabilities, Group companies	23,009	5,245	14,090
Other liabilities	2,809	2,122	224
Total equity and liabilities	109,082	65,311	102,199

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. More information on Castellum's risks and their management can be found on pages 75–83 of the Annual Report for 2021.

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.

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. For further information, refer to the definitions on page 25.

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 and the appurtenant notes, 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.

Events after balance sheet date

No significant events have occurred after the balance sheet date.

Gothenburg, 25 April 2022

Rutger Arnhult

Chief Executive Officer Castellum AB

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

This disclosure contains information that Castellum is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact person set out above at 8:00 a.m. CEST on 25 April 2022.

Definitions

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 repurchase of own 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 developments and undeveloped land.

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 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.

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 for the whole year, while properties disposed of have been completely excluded. Development projects and undeveloped land have been excluded. In the interim accounts, key metrics have been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

Surplus ratio

Net operating income as a percentage of rental income.

Financial key metrics

Return on equity

Income after tax as a percentage of average equity.

In the interim accounts the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

Return on total capital

Income before tax with reversed net financial items and changes in values on derivatives during the year as a percentage of average total capital. In the interim accounts the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

Loan-to-value ratio

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

LTV ratio, Property

Interest-bearing liabilities after deduction for cash and cash equivalents as a percentage of the properties' fair value with deduction for acquired properties not taken into possession, and with addition for divested properties still in Castellum's possession.

Hybrid bond

Castellum has issued hybrid bonds with a maturity to the first potential redemption of 5.5 years and a fixed coupon rate of 3.125%. 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% as equity and 50% as liabilities.

Adjusted loan-to-value ratio

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 to future cash and cash equivalents found in 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.

Financial calendar and dividend

Proposed record date, dividend (II)	30 June 2022
Expected distribution of dividend (II)	5 July 2022
Half-year report January–June 2022	15 July 2022
Record date, dividend (III)	30 September 2022
Expected distribution of dividend (III)	5 October 2022
Interim report January–September 2022	20 October 2022
Record date, dividend (IV)	30 December 2022
Expected distribution of dividend (IV)	4 January 2023
Year-end report 2022	13 February 2023
Annual General Meeting 2023	23 March 2023

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 March 2022, the property value, including the ownership share of the Norwegian company Entra ASA, totalled approximately SEK 182 billion. We are active in attractive Nordic growth regions. One of our sustainability goals is to become entirely climate neutral by 2030 at the latest. Castellum is the only Nordic property and construction company elected to the Dow Jones Sustainability Index (DJSI). The Castellum share is listed on Nasdaq Stockholm Large Cap.

Beyond expectations.
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