

Strong Nordic platform for successful, sustainable growth

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

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

Record earnings in 2021

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

Ambitious goals

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

Well-diversified and stable asset portfolio

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

High yield at low risk

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

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Global leader in sustainability

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

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



Rutger Arnhult, CEO

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

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

Continued growth in the market

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

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

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

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

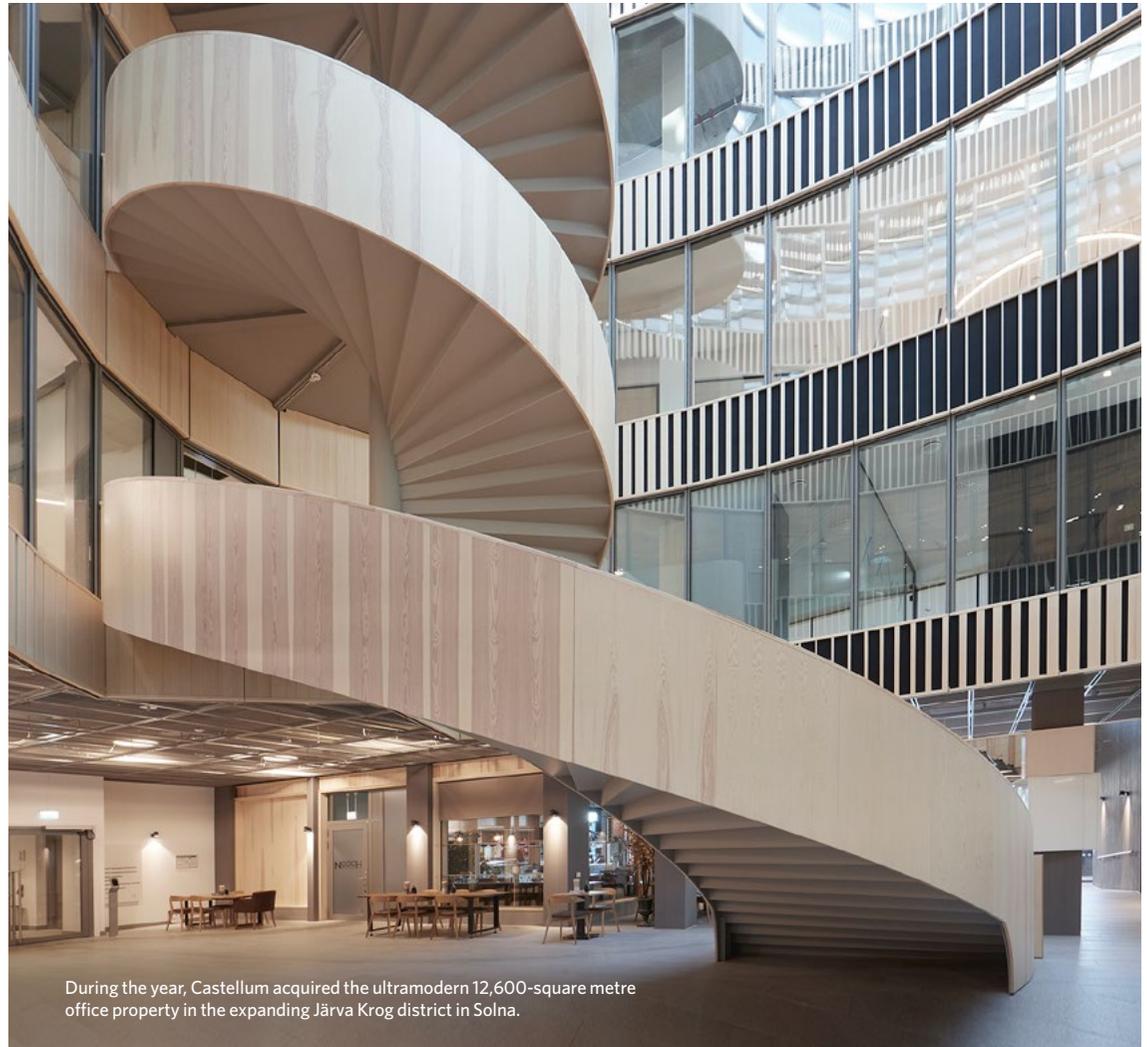
The industry continues to consolidate. Size is becoming increasingly important for achieving sustainable growth. The fact that inflation is increasing is generally good for the property industry. At the same time, we are obtaining higher but still relatively low interest rates. The loan market is stable,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

Positioned for the future

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

Rutger Arnhult

Chief Executive Officer, Castellum AB



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