

Note 10 Changes in value

Properties

Both interest in property investments (which was rather uncertain in the first half-year) and access to capital strengthened during the second half-year, which has resulted in a stable and strong property market despite it still being impossible to fully overview the effects of the pandemic. A certain amount of differentiation is occurring among different property types, with secure cash flows remaining particularly attractive. Castellum recognised an unrealised change in value of MSEK 6,307 (3,712). Moreover, sales of MSEK 878 (151) were recognised, comprising the sale and/or cash settlement of 126 properties. In the spring, 92 properties divided into two portfolios were sold to Blackstone, with vacancy in February and May respectively. In early July, parts of the portfolio acquired through Kielo that same month were sold. A portfolio of 17 properties was sold to Oscar Properties in November.

Derivatives

Castellum uses interest rate derivatives to achieve the desired interest rate maturity structure. If the agreed interest rate deviates from the market interest rate, notwithstanding credit margins, a theoretical surplus or deficit value arises in the interest rate derivatives, where changes in value not affecting the cash flow are recognised in profit or loss. Castellum also holds derivatives in order to hedge currency fluctuation in its investments in Denmark, Norway and Finland as well as to manage currency risk and adjust its interest rate structure in connection with borrowing in the international capital market. As for currency derivatives, a theoretical surplus/deficit value occurs if the agreed exchange rate deviates from the current exchange rate, where the effective portion of changes in value is accounted for in other comprehensive income.

The value of the derivatives changed by MSEK 325 (-120), mainly due to changes in long-term market interest rates.

Note 11 Income taxes

Recognised tax totalled MSEK -41 (1,413), of which MSEK -173 (-247) is current tax. Current tax is based on taxable income for the year, which is lower than the recognised earnings. This is mainly an effect of the possibility of using tax depreciation on buildings, using direct tax deductions for certain property reconstructions, which are capitalised in the accounts, tax-free sales of properties and utilising existing tax loss carry forwards. Deferred tax is a provision for future tax that will be paid when the properties are sold, and the depreciation for tax purposes and the capitalised investments deducted for tax purposes are reversed.

Swedish accounting legislation does not permit the recognition of properties at fair value in legal entities; that is why changes in value on properties only occur at Group level and thus do not affect taxation. Certain financial instruments, such as interest rate swaps, might be recorded at fair value at entity level. In Castellum's case, the changes in value on such instruments are covered in the Swedish interest deduction limitation regulations. Tax paid arises as a result of existing tax loss carry forwards being locked in and can thus not be utilised in the Group as a whole.

Tax calculation for the Group	Basis 2021		Basis 2020	
	Current tax	Deferred tax	Current tax	Deferred tax
Income from property management	3,522		3,380	
In associated companies	-161		—	
Non-deductible interest	174		174	
Deductions for tax purposes				
depreciation	-1,376	1,376	-1,319	1,319
reconstructions	-499	499	-392	392
Transfers to tax allocation reserve	-198	198	—	—
Other tax adjustments	-271	-312	-439	165
Taxable income from property management	1,192	1,761	1,404	1,876
Sales of properties	1	-9,063	3	-181
Change in values on properties	—	6,307	—	3,712
Change in value on derivatives	-32	32	—	—
Taxable income before tax loss carry forwards	1,161	-963	1,407	5,407
Tax loss carry forwards, opening balance	-603	603	-854	854
Tax loss carry forwards, closing balance	2,236	-2,236	603	-603
Taxable income	838	-640	1,156	5,658
Tax in profit or loss	-173	132	-247	-1,166

Tax loss carry forwards consist of prior years' tax losses. The losses, which are not restricted in time, are used to offset future taxable profits. Remaining tax loss carry forwards are estimated at MSEK 2,236.

Total tax may differ from nominal tax due to non-taxable/tax-deductible income/costs or as an effect of other tax adjustments. Total tax recognised by Castellum is less than nominal tax. The effective tax on income from property management, without consideration of tax loss carry forwards, can be calculated to 7%.

Tax cost/income	Group		Parent Company	
	2021	2020	2021	2020
Recognised income before tax	11,869	7,028	3,551	1,764
Tax according to current tax rate	-2,445	-1,448	-732	-377
Tax effects due to:				
non-taxable dividend	—	—	673	401
non-deductible impairment, shares in Group companies	—	—	121	-14
non-taxable reverse impairment, shares in Group companies	—	—	—	—
non-deductible interest/chg. in values on derivatives	48	-61	-62	-28
non-taxable sales of properties/Group companies	2,048	30	—	—
other tax adjustments	308	66	—	3
Tax expense/income recognised	-41	-1,413	—	-15

Well-being

Action-oriented, flexible organisation

Castellum works continually on developing and improving its organisation. Its starting point is that a shared structure in combination with a strong local presence creates the best business advantages. The company's understanding of tenants' specific requirements and deep knowledge of the specific context of each local property and rental market create the ability to act - which makes a difference, promotes business and helps employees grow.

Castellum is to be an attractive employer with committed, motivated leaders working towards the same goals, thereby meeting high expectations. The company works to attract, recruit, develop and retain the right managers and employees. The goal is to be the best choice of property management partner in all of Castellum's markets. Castellum always strives for improvement, and will be clear and transparent concerning expectations of everyone who works in the Group. Constructive monitoring is a natural and mutual part of the relationship between managers and employees, and takes place through quarterly performance and

career development reviews as well as follow-up dialogue. In addition, dialogue and follow-up routinely take place on a daily basis.

Castellum assesses various perspectives, and therefore considers diversity and equality to be important keys to growth, which is why this is a priority issue. Castellum's diversity and equality initiatives must promote equal treatment on issues concerning conditions of employment, work conditions and development in the work. The ambition is the pursuit of diversity and equality initiatives as an integral part of operations.

Education, number of people (GRI 2-7)

	2021		2020	
	Women	Men	Women	Men
University	126	133	111	129
Upper secondary school	54	108	49	121
Compulsory school	2	4	2	1

Division of labour, % (GRI 2-7)

	2021		2020	
	Women	Men	Women	Men
Customer relations/ property management	38%	62%	35%	65%
Project and business development	28%	72%	23%	77%
Support functions	65%	35%	34%	66%
Executives	45%	55%	40%	60%
Regional management groups	46%	54%	44%	56%
Executive Management	50%	50%	50%	50%

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

	2021		2020	
	Women	Men	Women	Men
Full-time employees	174	242	155	249
Part-time employees	8	3	7	2

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

	2021		2020	
	Women	Men	Women	Men
Permanent employees	179	242	161	250
Temporary employees	3	3	1	1

For more detailed information on how Castellum works on diversity and equality, refer to pages 28-30.

All employee data is based on actual data. The information has been compiled and assured by Castellum's HR department. Regional HR information has been broken down by county for Sweden. Since the number of employees in Castellum's operations in Finland and Denmark is limited, these employees are included in the statistics for Sweden.

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

Training, hours	Women	Men	Total
Average number of employees during the year	182	245	427
Average number of training hours during the year	2,320	3,779	6,099
Under 30	218	250	468
30-50	1,596	2,109	3,705
Over 50	506	1,421	1,927
Average hours per employee/year	13	15	14

Leadership development, hours	Women	Men	Total
Number of participating employees	37	41	78
Number of hours	427	501	928

Castellum does not break down training hours by occupational category, as the company does not have access to this information. The information may be developed in the next few years with a Group-wide HR system. The average cost for training per employee totals SEK 8,000 for women and SEK 10,000 for men, with an average of SEK 9,000 for all employees in 2021.

Well-being, cont.

Equality (GRI 405-1, Diversity-Emp)

Demographic structure personnel	2021		2020		2019		2018	
	Number of employees	Of which women	Number of employees	Of which women	Number of employees	Of which women	Number of employees	Of which women
Board of Directors	7	44%	8	50%	7	57%	7	57%
Under 30	0	—	—	—	—	—	—	—
30-50	0	—	1	100%	1	100%	1	100%
Over 50	7	44%	7	43%	6	50%	6	50%
Executive management	8	50%	8	50%			9	44%
Under 30	0	—	—	—	—	—	—	—
30-50	6	47%	6	50%	5	40%	6	67%
Over 50	2	58%	2	50%	2	50%	3	0%
Employees excl. executive management	427	43%	413	40%			374	42%
Under 30	37	50%	29	48%	48	47%	32	29%
30-50	237	49%	202	47%	218	45%	198	54%
Over 50	153	31%	182	30%	154	28%	145	27%

This table shows the demographic structure of personnel, according to age and gender, for various administrative levels. Castellum does not track the minority status of employees. Castellum has chosen not to report on the groups known as regional management groups in the company since they do not correspond to regional management groups from a global perspective but rather a national one.

Age distribution - number of employees (GRI 405-1)

Age distribution	Women	Men	Total
Number of employees, excluding Board	182	245	427
Under 30	18	19	37
30-50	117	120	237
Over 50	47	106	153

Composition of the Board (Gov-Board)

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

New measurement as of 2021. Refer to page 148 for ESG competence on the Board.

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

Employee turnover ¹⁾	2021		2020		2019	
	Number of employees	Of which women	Number of employees	Of which women	Number of employees	Of which women
New employees during the year²⁾						
Under 30	6	39%	4	47%	15	55%
30-50	16	50%	20	68%	32	39%
Over 50	4	47%	7	20%	10	20%
Total new employees	25	47%	31	54%	57	40%
Proportion of new employees	6%	3%	7%		14%	
Employees who left during the year						
Under 30	7	33%	0	—	8	59%
30-50	21	44%	14	33%	21	75%
Over 50	17	24%	11	25%	7	35%
Total number of leavers	45	35%	25	30%	36	64%
Proportion of leavers	11%	4%	6%		9%	
Proportion of leavers on own initiative ³⁾	56%	20%				

The average cost for external new recruitment in 2021 totalled SEK 121,058 per recruit.

1. Castellum has transitioned to the Full-Time Equivalent (FTE) principle as of 2018. FTE takes into account actual work time during the year; deductions are made, for example, for level of service and actual period of employment during the year. Example: an employee who begins employment on 1 July and works 70% (28 hours/week) up through 31 December is counted as 0.35 FTE (employed for 50% of the year at 70% employment).
2. Of the new hires during the year, 47% had an international background.
3. New measurement as of 2021.