

Castellum Helsinki Finance Holding Abp

Corporate ID Number: 3220837-5

Annual Accounts 2021

For the financial year 28 June 2021–31 December 2021

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DIRECTOR'S REPORT

The Board of Directors of Castellum Helsinki Finance Holding Abp, Corp. ID No. 3220837-5, hereby present the annual accounts for the financial year 28 June 2021–31 December 2021, which is the company's first year of operation.

Operations

The company will, either directly or indirectly through wholly or partially owned companies, acquire, manage and own participations and shares in subsidiaries. The company may also pursue financial operations on behalf of Group companies such as lending and borrowing, as well as issue guarantees and collateral on behalf of the Group companies' obligations. For its own operations, the company may also own securities and properties in Finland and abroad, issue securities, and participate in other financing arrangements.

The company's registered office is in Helsinki.

Important events after the close of the financial year

After the balance-sheet date, Castellum Helsinki Finance Holding Abp issued a further bond of EUR 500 M as part of the existing EMTN programme in the Castellum Group. The bond will be disbursed to Castellum AB in the same manner as the existing bond of EUR 650 M, and will thus become an item on the balance sheet.

Russia's invasion of Ukraine has caused turbulence in many economies around the world. At present, it is too early to judge the long-term implications of the conflict.

KEY METRICS

	31 Dec 2021
Debt/equity ratio, %	1
Return on equity, %	2
EBIT, TEUR	107

Currency

The annual accounts have been prepared using the euro (EUR). Unless otherwise indicated, all amounts are reported in thousands of euro (TEUR).

Ownership structure

At 31 December 2021, Castellum Helsinki Finance Holding Abp had 1,000 shares. The company is a wholly-owned subsidiary of Fastighets AB Regeringsgatan 3 (Corp. ID No. 559154-9828, with registered office in Gothenburg) and is part of the Castellum Group. The ultimate beneficial owner is Castellum AB, Corp. ID No. 556475-5550, with registered office in Gothenburg, Sweden.

Environment and sustainability

As part of the Castellum Group, Castellum Helsinki Finance Holding Abp is included in Castellum's Agenda for the Sustainable City and its ambition over time to become the most

sustainable property company in Europe. The company's sustainability goals are therefore reported in the consolidated financial statements.

Risks

The company is indirectly exposed to the following financial risks:

- Funding risk – the risk of not having access to financing for operations
- Interest-rate risk – the risk of unfavourable changes in market interest rates
- Counterparty risk – the risk that a counterparty cannot fulfil its commitments

Risk management

The company's financial risk management, which is aimed at counteracting the aforementioned risks, is centralised in Castellum AB, the Parent Company of the Group.

The funding risk is managed through advance planning, an appropriate debt maturity structure, balanced loan pricing, diversification of financing sources and maturities, and a reasonable liquidity reserve.

Interest-rate risk is managed in the Group through interest rate swaps. The company's counterparty is Castellum AB, which works actively to reduce interest-rate risk for all companies in the Group.

Counterparty risk is managed by requiring high credit ratings of counterparties. High ratings means that no rating agency indicates a rating that is below investment grade. The company's counterparties consist of Castellum AB and bond loans issued as part of the Group's existing EMTN programme.

Organisation and employees

The company does not have any employees. At the 2021 Annual General Meeting, Henrik Stadigh (employed in the Castellum Group) was elected a member of the Board and Kristina Sawjani (employed in the Castellum Group) as an alternate Board member.

Proposed appropriation of profits

Profits at the disposal of the Annual General Meeting, EUR

Fund for non-restricted equity paid in	3,500,000
Net income for the year	83,079
Total non-restricted equity	3,583,079
The Board of Directors propose that the profits (EUR) be appropriated as follows:	
To be carried forward	3,583,079
Total	3,583,079

The Board has therefore not proposed to disburse non-restricted equity to the shareholders.

The company's earnings and financial position are otherwise indicated by the following income statement and balance sheet, as well as the cash flow statement and notes.

INCOME STATEMENT

Amounts in TEUR	Note	28 Jun 2021–31 Dec 2021
Other operating income		107
Total operating income		107
Operating profit		107
Earnings from financial items		
Financial income and expenses	5	-2
Total financial income and expenses		-2
Profit before appropriations and taxes		105
Taxes for the accounting period/income taxes from own operations	6	-22
Net income for the year		83

STATEMENT OF COMPREHENSIVE INCOME

Amounts in TEUR	28 Jun 2021–31 Dec 2021
Net income for the year	83
<i>Other comprehensive income</i>	—
COMPREHENSIVE INCOME FOR THE YEAR	83
Earnings per share, before and after dilution	0.083

BALANCE SHEET

TEUR	Note	31 Dec 2021
ASSETS		
Fixed assets		
Receivables from Group companies	7	645,080
Total fixed assets		645,080
Current assets		
Receivables from Group companies	7	2,248
Accrued interest income from Group companies	7	1,636
Cash and cash equivalents		1,437
Total current assets		5,321
TOTAL ASSETS		650,401
EQUITY		
Share capital (1,000 shares)		80
Fund for non-restricted equity paid in		3,500
Retained earnings (including net income for the year)		83
Total equity	8	3,663
LIABILITIES		
Long-term liabilities		
Liabilities to credit institutions	9, 10, 11	645,080
Total long-term liabilities		645,080
Short-term liabilities		
Tax liabilities	6	22
Profit adjustments	10	1,636
Total short-term liabilities		1,658
TOTAL EQUITY AND LIABILITIES		650,401

STATEMENT OF CHANGES IN EQUITY

TEUR	Share capital	Fund for non- restricted equity paid in	Retained earnings	Total equity
Opening equity, 28 June 2021	—		—	—
Share capital paid in	80		—	—
Non-restricted equity paid in	—	3,500	—	3,500
Comprehensive income for the year	—	—	83	83
Closing equity, 31 Dec 2021	80	3,500	83	3,663

CHANGE IN CASH AND CASH EQUIVALENTS

TEUR	Note	28 Jun 2021–31 Dec 2021
Operating activities		
Operating income		107
Interest received		1,819
Interest paid		-1,821
Cash flow before changes in working capital	12	105
Changes in working capital		
Operating receivables (increase/decrease)		-3,884
Operating liabilities (+increase/-decrease)		1,636
		-2,248
Cash flow after changes in working capital	12	-2,143
INVESTMENT ACTIVITIES		
Cash flow from investment activities	12	0
FINANCING ACTIVITIES		
Drawn loans		645,080
Lending		-645,080
Share capital paid in		80
Shareholders' contributions		3,500
Cash flow from financing activities	12	3,580
CASH FLOW FOR THE YEAR		
Cash and cash equivalents at beginning of accounting period		—
Exchange-rate difference in cash and cash equivalents		0
Cash and cash equivalents at end of accounting period	12	1,437

NOTES

NOTE 1 – ACCOUNTING POLICIES

The annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU.

IFRS that have not yet entered force

EU-approved new and amended standards, as well as interpretations from the IFRS Interpretations Committee, are currently not expected to affect the company's net income or financial position to any significant extent.

Critical assessments

Accounts are completed in accordance with the current regulations, and generally accepted accounting principles require assessments and assumptions affecting recognised assets, liabilities, income and costs in the annual accounts, as well as other information. These assessments and assumptions are based upon historical experience and other factors which are considered reasonable under the prevailing circumstances. Actual outcomes may differ from these assessments if other assumptions are made or other conditions exist. The areas in which estimates and assessments are primarily made are periods of use for properties, needs for impairment of properties, and setting boundaries between expensing and capitalising investments.

Other operating income

Other operating income is recognised in the income statement in the period where it arises. It pertains to costs attributable to raising loans that have been invoiced onwards.

Financial costs

Financial costs pertain to interest and other loan-related costs. Financial costs are charged to the earnings for the period to which they are attributable. Costs for mortgage deeds are not regarded as financial costs but are capitalised between buildings and land and depreciated in accordance with the principles described under depreciation.

Income taxes

Income tax for limited liability companies in Finland is nominally 20 per cent and is divided into current and deferred tax in profit or loss. Income tax is recognised in profit or loss except when attributable to transactions such as Group contributions that are recognised directly against equity, since any tax effect is also recognised directly against shareholders' equity.

Current tax is based on taxable income for the year, which can differ from the recognised earnings. This is due primarily to the possibility of using:

- existing tax loss carry forwards

Any adjustments to current tax from previous periods may also be included in the item. For 2021, current tax totals 20 per cent of the recognised earnings.

Segments

The operating segments are determined and reported in a manner consistent with the internal reporting made to operational management. Under the company's internal reporting, the company has a single operating segment, and there is therefore no need to present reporting information for the separate operating segments.

Financial instruments

Financial instruments recognised in the balance sheet include cash and cash equivalents, rent receivables, other receivables and loan receivables among assets; and accounts payable, other liabilities and loans among liabilities. Financial instruments are initially recorded at fair value equivalent to acquisition cost plus transaction costs, excepting the category of financial instruments recognised at fair value through the income statement, where transaction costs are excluded. Subsequent recognition occurs thereafter depending on classification in accordance with the below. Financial transactions such as receipt or payment of interest and credits are recognised on the settlement day of the bank keeping the account, while other receipts and payments are recognised on the accounting date of the bank keeping the account. A financial asset is removed from the balance sheet when the rights in the agreement are realised or expire, or when the company no longer exercises control over it. A financial liability is removed from the balance sheet when contractual obligations in the agreement have been paid or otherwise extinguished. The divisions in reporting the company's various financial instruments are presented in Note 8.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances on the reporting date and are measured at nominal value.

Receivables

Securities that were obtained with the intent of being held for the short term are initially recognised at cost, and in subsequent measurements under the lowest value principle at the lower of cost and market value.

Liabilities

Liabilities refer to credits and operating liabilities such as accounts payable. The credits from Castellum AB formally run with a three-month notice period but are based on Castellum AB's long-term borrowing, which is why the loans are classified as long-term. The credits are recognised in the balance sheet on the settlement day and recognised at amortised cost. Accrued unpaid interest is recognised under accrued expenses. A liability is recognised when the counterparty has delivered and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when the invoice is received. Accounts payable and other operating liabilities with short maturities are recognised at nominal value.

Classification

Fixed assets and long-term liabilities consist of amounts that are expected to be recovered, or mature more than twelve months from the balance sheet date. Current assets and short-term liabilities consist of amounts that are expected to be recovered or settled within twelve months of the balance sheet date.

Foreign currency

Transactions in foreign currencies are translated into euro (EUR) at the exchange rate current at the time of the transaction. Monetary assets and liabilities are translated at the rate on the balance sheet date.

Capital transactions

Shareholders' contributions

Shareholders' contributions are recognised by the contributor as an increase in shares in subsidiaries, and by the recipient as non-restricted equity.

Dividend

A received or expected dividend is recognised as financial income, while a disbursed dividend is recognised as a decrease in non-restricted equity after the General Meeting has resolved on a dividend.

Related-party transactions

The company has a receivable from the Parent Company. Loan amounts and interest costs are presented in the note under the headings “Receivables from Group companies” and “Interest costs and income, Group companies” respectively. Furthermore, certain administrative costs are subject to consolidated onward invoicing.

Cash flow statement

The cash flow statement has been prepared according to the indirect method in IAS 7, which means that 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.

NOTE 2. RISKS AND RISK MANAGEMENT**Risks**

The company is indirectly exposed to the following financial risks:

- Funding risk – the risk of not having access to financing for operations
- Interest-rate risk – the risk of unfavourable changes in market interest rates
- Counterparty risk – the risk that a counterparty cannot fulfil its commitments

Risk management

The company’s financial risk management, which is aimed at counteracting the aforementioned risks, is centralised in Castellum AB, the Parent Company of the Group.

The funding risk is managed through advance planning, an appropriate debt maturity structure, balanced loan pricing, diversification of financing sources and maturities, and a reasonable liquidity reserve.

Interest-rate risk is managed in the Group through interest rate swaps. The company’s counterparty is Castellum AB, which works actively to reduce interest-rate risk for all companies in the Group.

Counterparty risk is managed by requiring high credit ratings of counterparties. High ratings means that no rating agency indicates a rating that is below investment grade. The company’s counterparties consist of Castellum AB and bond loans issued as part of the Group’s existing EMTN programme.

NOTE 3. SEGMENTS

The company’s operations are managed and monitored at the company level, and the company therefore has only one operating segment. Operating segment information is deemed to be not significant enough to present, since the information corresponds to the company’s income statement and balance sheet.

NOTE 4. AUDITOR FEE

The auditor fee for the company’s first financial year totals EUR 43,500.

NOTE 5. FINANCIAL INCOME AND EXPENSES

Financial items, TEUR	28 Jun 2021–31 Dec 2021
Interest income from intra-Group balances	1,819
Total interest income under effective interest method	1,819
Interest costs, borrowing	-1,821
Total interest costs under effective interest method	-1,821
Total	-2
Total earnings from financial items	-2

NOTE 6. TAX ON NET INCOME FOR THE YEAR

Tax calculation, TEUR	28 Jun 2021–31 Dec 2021
Income before tax	105
Items deductible for tax purposes	
- Other adjustments	5
Taxable income from property management	110
Taxable income for the year	110
Tax to pay, 20%	-22
Tax in profit or loss, TEUR	28 Jun 2021–31 Dec 2021
Current tax	-22
Recognised tax	-22
Reconciliation of effective tax, TEUR	28 Jun 2021–31 Dec 2021
Income before tax	105
Tax, 20%	-21
Non-deductible costs	-1
Recognised tax	-22

No deferred tax is recognised in either the income statement or the balance sheet.

NOTE 7. RECEIVABLES FROM GROUP COMPANIES

TEUR	31 Dec 2021
Loan receivables to Castellum AB	645,080
Current receivables to Castellum AB	2,248
Carrying amount at year-end	647,328

Receivables in Group companies pertain to onward lending of external financing under the Group EMTN programme.

NOTE 8. EQUITY**Share capital**

At the end of the financial year, share capital totalled EUR 80,000 and the number of shares was 1,000. The nominal value is 8. There is no dilution effect, since no potential shares exist.

Fund for non-restricted equity paid in

Other capital contribution is equity contributed by shareholders.

Retained earnings

Retained earnings relates to profits earned in the company.

NOTE 9. INTEREST-BEARING LIABILITIES

TEUR	31 Dec 2021
Carrying amount at beginning of year	—
Drawn loans	650,000
Carrying amount at year-end	650,000

TEUR	31 Dec 2021	
	Nominal amount	Fair value
Liabilities to credit institutions	650,000	645,080
<i>Of which bond loans (unsecured)</i>	<i>650,000</i>	<i>645,080</i>
Total loans	650,000	645,080

Transaction costs for the loan totalled EUR 5 M. The transaction costs were allocated over the maturity of the loan.

Maturity dates, bank loans and other borrowing	31 Dec 2021	
	Nominal amount	Share, %
2029	650,000	100.0
Total	650,000	100.0
Unutilised credits	—	
Total utilised credits	—	

Year, TEUR	Maturity, credits¹	Interest-rate payments, credits
2022		5,688
2023		5,688
2024		5,688
2025		5,688
2026		5,688
2027		5,688
2028		5,688
2029	650,000	5,688
Total	650,000	45,500

NOTE 10. MATURITY STRUCTURE, LIABILITIES

TEUR	31 Dec 2021
Falling due for payment within one year	1,658
Falling due for payment within one to five years	—
Falling due for payment later than five years	650,000
Total	651,658

The maturity structure for liabilities pertains to long-term liabilities to credit institutions as well as other short-term liabilities.

NOTE 11. FINANCIAL ASSETS AND LIABILITIES

The table below presents the Group's financial assets and liabilities, measured respectively at carrying amount and fair value, classified in accordance with the categories in IFRS 9.

TEUR	Financial assets / liabilities recognised at fair value via profit or loss 31 Dec 2021	Financial assets / liabilities measured at amortised cost 31 Dec 2021	Total carrying amount 31 Dec 2021
Long-term receivables	—	645,080	645,080
Other receivables	—	2,248	2,248
Prepaid expenses and accrued income	—	1,636	1,636
Cash and cash equivalents	—	1,437	1,437
Total	—	650,401	650,401
Interest-bearing liabilities ¹	—	645,080	645,080
Accrued expenses and prepaid income	—	1,636	1,636
Total	—	646,716	646,716

1. Pertains to liabilities to credit institutions and other interest-bearing liabilities, long-term and short-term.

NOTE 12. SUPPLEMENTAL INFORMATION FOR CASH FLOWS

Interest rates, TEUR	28 Jun 2021–31 Dec 2021
Interest received	1,819
Interest paid	-1,821

NOTE 13. RELATED-PARTY TRANSACTIONS

Transactions with Group companies, TEUR	28 Jun 2021–31 Dec 2021
Sale of goods/services to related parties	—
Other (e.g. interest, dividend, Group contributions)	-2

Balance-sheet items, TEUR	31 Dec 2021
Receivables in Group companies	648,964
Liabilities to Group companies	—

Apart from these remunerations, no transactions have taken place with any related company or private individual.

NOTE 14. EVENTS AFTER BALANCE SHEET DATE

After the balance-sheet date, Castellum Helsinki Finance Holding Abp issued a further bond of EUR 500 M as part of the existing EMTN programme in the Castellum Group. The bond will be disbursed to Castellum AB in the same manner as the existing bond of EUR 650 M, and will thus become an item on the balance sheet.

Russia's invasion of Ukraine has caused turbulence in many economies around the world. At present, it is too early to judge the long-term implications of the conflict.

Date and signature for annual accounts and Director's report

Helsinki, on the date indicated by our electronic signatures

Henrik Stadigh
Board member

Audit note

On this date, an auditor's report has been issued on the audit performed

Helsinki, on the date indicated by our electronic signatures

Deloitte Oy
Audit association

Aleksi Martamo
CGR

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original, the latter shall prevail.

CORPORATE GOVERNANCE REPORT

Castellum Helsinki Finance Holding Abp is a public limited liability company, and its administration is based on the Finnish Companies Act, the Finnish Securities Market Act, the Articles of Association and partnership agreements. Since Castellum Helsinki Finance Holding Abp (publ) has issued bonds that are listed on the Irish stock exchange, the company's corporate governance report has been produced in accordance with the recommendations in the 2021 Corporate Governance Code published by Värdepappersmarknadsföreningen [the Finnish Securities Market Association], www.cgifinland2.fi The report has been produced as a separate statement.

The shares for Castellum Helsinki Finance Holding Abp (publ) are not listed for open trade, which is why the company – in accordance with the Code – does not need to prepare a remuneration report. The Parent Company for Castellum Helsinki Finance Holding Abp is Fastighets AB Regeringsgatan 3, which in turn is a wholly-owned subsidiary of Castellum AB (publ), which is a listed company on Nasdaq Stockholm Large Cap, which in turn publishes remuneration reports in accordance with Swedish law and the Swedish Corporate Governance Code.

Castellum Helsinki Finance Holding Abp has issued bonds that are listed on the Irish stock exchange, and the company complies with the stock exchange's regulations for listed bonds as well as the EU Market Abuse Regulation, securities legislation and other supervisory authorities.

This report has been prepared separately from the annual accounts, and the Board of Directors handled the report during a Board meeting.

GENERAL MEETING 2022

The ordinary General Meeting will be held annually within six months of the close of the accounting period, at a point in time determined by the Board of Directors. The General Meeting for financial year 28 June 2021–31 December 2021 will take place on 30 June 2022.

BOARD OF DIRECTORS

Under the Articles of Association, the Board of Directors must consist of at least one and at most five members elected by a general meeting. In the event the Board has less than three members, at least one alternate must be elected. The mandate period for the Board members runs until further notice. The Board elects a chairman from among its members.

At the 2021 Annual General Meeting, Henrik Stadigh was elected a member of the Board and Kristina Sawjani as an alternate Board member. All Board members are deemed to be independent in relation to the company and company management.

The company can have a CEO, who is appointed by the Board of Directors. The Board of Directors chose not to appoint a CEO for financial year 2021.

EXTERNAL AUDITORS

The external auditors review the administration of Castellum Helsinki Finance Holding Abp by the Board of Directors, and check that the annual accounts have been prepared in accordance with the regulations in effect. At the 2021 General Meeting, Deloitte Oy was appointed auditor of the Parent Company for the period up until the end of the 2022 General Meeting. Authorised public accountant Aleksi Martamo is the auditor in charge. The fees are to be paid as per approved account.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal control is key to ensuring that the goals and strategies decided on yield the desired results, that laws and regulations are complied with, and that the risk of undesirable events and errors in the reports is reduced. The internal control at Castellum Helsinki Finance Holding Abp mirrors that of the Parent Company's and the Group's internal control and risk management. For further information, refer to: <https://vp244.alertir.com/afw/files/press/castellum/202203149863-1.pdf>

