Q3

Interim report
January–September 2022

CASTELLUM

39 per cent growth in income from property management

Important events during the quarter

- Income from property management increased 15 per cent (-4) per share despite a temporary increase in administrative costs, which were a result of the combination with Kungsleden and increased financial costs attributable to a higher average interest rate as well as drastic price increases for electricity and heating in 2022. Income from property management for the interim period totalled MSEK 3,479 (2,503), corresponding to SEK 10.49 per share (9.14).
- Net lettings for the period totalled SEK 153 M (93).
- During the quarter, Castellum launched an updated framework for green bonds with stricter sustainability requirements than previously. The updated framework has been adapted to the 2021 ICMA Green Bond Principles and the EU taxonomy.
- Castellum's share has met all the conditions for securing the Green Equity Designation on Nasdaq Stockholm, and has become the first large property companies in the Nordics to be approved and classified as such.
- The Korsningen block project in Örebro is complete, and Castellum became one of the first companies in the Nordic region to receive the highly demanding NollCO_2 climate certification. This certification means that the building has a net-zero climate impact during its service life.

- Income for the January–September 2022 period totalled SEK 6,732 m (4,437).
- Changes in value on properties amounted to SEK 2,857 M (4,531) and on derivatives to SEK 2,712 M (191).
- Net income for the period amounted to SEK 6,534 M (7,064), corresponding to SEK 19.70 (25.79) per share.
- Long-term net reinstatement value (EPRA NRV) amounted to SEK 259 per share (230), an increase of 13 per cent.
- After new construction, extensions and reconstructions totalling SEK 3,687 M (2,488) in existing portfolios, acquisitions of SEK 312 M (8,846) and sales of SEK -2,564 M (-14,708), net investments for the period totalled SEK 1,435 M (-3,374).

KEY METRICS	2022 Jul–Sep	2021 Jul–Sep	2022 Jan–Sep	2021 Jan–Sep	2021 Jan–Dec
Income, SEK M	2,332	1,501	6,732	4,437	6,353
Net operating income, SEK M	1,553	1,060	4,470	3,094	4,346
Income from property management, SEK M	1,104	888	3,479	2,503	3,522
NOI SEK/share	3.36	3.26	10.49	9.14	12.45
NOI growth, %	3	-1	15	-4	1
Net income for the period, SEK M	-399	1,514	6,534	7,064	11,828
NOI SEK/share	-1.21	5.56	19.70	25.79	41.81
NOI growth, %	-122	49	-24	176	104
Net investment, SEK M	1,058	5,612	1,435	-3,374	42,718
Net lettings, SEK M	44	27	153	93	162
Loan-to-value ratio, %	40.0	36.2	40.0	36.2	39.2
Loan-to-value ratio, adjusted, %[1]	38.8	35.3	38.8	35.3	38.5
Interest coverage ratio, multiple	3.1	5.7	4.0	5.5	5.2
EPRA NRV, SEK/share	259	230	259	230	251
EPRA NTA, SEK/share	247	221	247	221	241
EPRA NDV, SEK/share	211	187	211	187	197

1. An adjusted loan-to-value ratio has been introduced as of Q1 2022 in order to adapt the key metric with regard to treasury shares. The shares have been measured at the market prise as of the balance-sheet date.

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.

Positive net lettings for the eleventh consecutive quarter

Castellum posted excellent earnings for the quarter, with positive net lettings for the eleventh consecutive quarter – SEK 153 M – and an occupancy rate of 93.4 per cent. Despite the fact that a weaker business cycle is looming, we still have a high volume of positive customer dialogue and are seeing an increase in returns to the office after the pandemic.

The company is working actively with its cost base and is putting a priority on energy-saving measures as a result of rising energy prices. These high prices, and inflation in general, are having a negative effect on costs while the rate of inflation is promoting significant increases in income owing to the contractual indexing component in the leases. Even though times are tough for many companies, with rising energy and rental costs, the assessment is that Castellum's various customer segments – with a large proportion of public authorities and state agencies, numerous public office customers and logistics operators – can withstand this. The experiences from the pandemic, when many tenants were also exposed to significant challenges, show that despite this Castellum had negligible rental losses during the period.

Castellum receives Green Equity Designation from Nasdaq and continues to receive top marks in sustainability

During the quarter, Nasdaq approved Castellum's application for Nasdaq's Green Equity Designation, and will now be the first major property company in the Nordic region to be approved and classified as a green share. An independent review shows that 60 per cent of sales and 62 per cent of the investments in Castellum meet the requirements for being considered green. The results from GRESB – the largest sustainability assessment for property companies and funds in the world – were also announced in October; for the seventh consecutive year, Castellum was named a world leader in sustainability in the Office/Industry category, with 92 out of a possible 100 points. Castellum also retained top marks (99 points out of 100) in sustainable project development, where we placed second among Swedish property companies and third in the global ranking. This is proof that the company's committed sustainability initiatives are yielding results.

Project development and transactions

During the last two quarters of the year, projects with an annual rental value of SEK 183 M will be completed and are nearly fully let. Castellum has severely decreased its activity in project operations since the summer, especially owing to rapidly rising material costs. Projects that are fully or nearly fully let, with an aggregate rental value of SEK 280 M per year are currently in progress and will be completed in 2023. The project pipeline is large but the projects in it are being postponed until the capital market has stabilised and there is greater clarity around the cost structure.

Activities as regards new acquisitions are extremely limited. On the other hand, there are a number of dialogues in progress regarding sales of both portfolios and individual properties. This applies to office properties as well as public sector properties and warehouse/light industry properties. Planned sales create additional margins in the balance sheet and increase the scope for managing a poorly functioning capital market over the longer term.

Alternative actions for financing

There is a great deal of focus on financing at this current time, and we can confirm that the bond market remains weak. In times like this, having a strong balance sheet is important – and this is the case at Castellum. If needed, the company can replace bonds with existing credit facilities. Over both the short and the long term, Castellum has a secure financing situation despite a turbulent financial market.

"Over both the short and the long term, Castellum has a secure financing situation despite a turbulent financial market."

Rutger Arnhult
Chief Executive Officer, Castellum AB

Condensed consolidated statement of comprehensive income

SEK M	2022 Jul–Sep	2021 Jul–Sep	2022 Jan–Sep	2021 Jan–Sep	LTM, Oct 2021–Sep 2022	2021 Jan–Dec
Rental income	1,990	1356	5,897	4,028	7,592	5,723
Service income	286	100	671	295	837	461
Coworking income	56	45	164	114	219	169
Income	**2,332**	**1,501**	**6,732**	**4,437**	**8,648**	**6,353**
Operating costs	-338	-171	-1,038	-550	-1,328	-840
Maintenance expenses	-78	-34	-193	-98	-250	-155
Property tax	-176	-97	-433	-283	-551	-401
Coworking expenses	-67	-51	-210	-133	-271	-194
Lettings and property administration expenses	-120	-88	-388	-279	-526	-417
Net operating income	**1,553**	**1,060**	**4,470**	**3,094**	**5,722**	**4,346**
Central administrative expenses	-57	-31	-213	-108	-279	-174
Acquisition costs	-4	-20	-4	-20	-60	-76
Income from associated companies	-1,244	-239	-327	-239	1,054	1,142
Net financial items						
Net interest costs	-516	-188	-1,164	-562	-1,447	-845
Dividend	—	15	—	61	—	61
Financing fees, etc. for acquisitions	—	-27	—	-27	—	-27
Letting cost/Site leasehold fee	-21	-6	-52	-20	-59	-27
Income including associated companies	**-289**	**564**	**2,710**	**2,179**	**4,931**	**4,400**
of which income from property management[1)]	***1,104***	***888***	***3,479***	***2,503***	***4,498***	***3,522***
Changes in value						
Properties	44	1,409	2,857	4,531	5,511	7,185
Financial holdings	—	-245	-58	51	-67	42
Goodwill redeemed	—	-20	-151	-73	-272	-194
Revaluation of earnings due to stepwise acquisition	—	—	—	—	111	111
Derivatives	242	74	2,712	191	2,846	325
Income before tax	**-3**	**1,782**	**8,070**	**6,879**	**13,060**	**11,869**
Current tax	2	-23	-185	-155	-203	-173
Deferred tax	-398	-245	-1,351	340	-1,559	132
Net income for the period	**-399**	**1,514**	**6,534**	**7,064**	**11,298**	**11,828**
Other comprehensive income						
Items that can be reclassified to net income for the period						
Translation difference of currencies, etc.	-30	159	541	250	920	629
Change in values on derivatives, currency hedge	-268	-158	-375	-180	-703	-508
Comprehensive income for the period	**-697**	**1,515**	**6,700**	**7,134**	**11,515**	**11,949**
Average number of shares, thousand	328,401	272,075	331,684	273,867	329,422	282,917
Earnings, SEK/share	-1.21	5.56	19.70	25.79	34.30	41.81

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

Performance analysis, January–September 2022

Income from property management

Income from property management increased 15 per cent (-4) per share despite a temporary increase in administrative costs, which were a result of the combination with Kungsleden and increased financial costs attributable to a higher average interest rate as well as drastic price increases for electricity and heating in 2022. Income from property management for the interim period totalled MSEK 3,479 (2,503), corresponding to SEK 10.49 per share (9.14).

SEGMENT INFORMATION

SEK M	Income 2022 Jan–Sep	2021 Jan–Sep
Stockholm	1,821	981
West	1,256	912
Central	1,215	1,032
Mälardalen[1]	867	326
Öresund	960	863
Finland	449	209
Coworking	164	114
Total income per segment	**6,732**	**4,437**

1. Mälardalen is a new region for 2022. Comparison figures have not been restated.

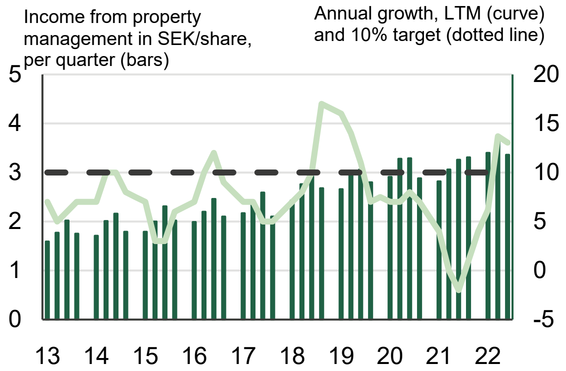
Income

During the period, total income increased by SEK 2,295 M to SEK 6,732 M (4,437). In the like-for-like portfolio of the investment properties, rental income increased by 5.2 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 totalled 93.4 per cent (93.7).

DEVELOPMENT OF INCOME

SEK M	2022 Jan–Sep	2021 Jan–Sep	2021 Jan–Sep incl. KL	*Change in combined company, %*
Like-for-like portfolio	5,593	3,490	5,314	*5.2*
Development properties	377	157	261	
Transactions	599	676	680	
Coworking	164	114	114	
Total	**6,732**	**4,437**	**6,369**	***5.7***

INCOME FROM PROPERTY MANAGEMENT PER SHARE



Costs

Direct property costs totalled SEK 1,664 M (931), corresponding to SEK 385/sq. m. (326). The property costs for the like-for-like portfolio of investment properties have increased 12.8 per cent, primarily as a result of the drastic price performance for electricity and heating but also due to increased costs for property tax following new tax assessments.

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 SEK 388 M (279), corresponding to SEK 98 per square metre (103). Central administrative expenses were SEK 213 M (108). A large part of the cost increase is attributable to the combination with Kungsleden.

COST TRENDS

SEK M	2022 Jan–Sep	2021 Jan–Sep	2021 Jan–Sep incl. KL	*Change in combined company, %*
Like-for-like portfolio	-1,319	-709	-1,170	*12.8*
Development properties	-115	-52	-89	
Transactions	-230	-170	-171	
Direct property costs	**-1,664**	**-931**	**-1,430**	***16.4***
Coworking	-210	-133	-133	
Property administration	-388	-279	-355	
Central administration	-213	-108	-171	
Total costs	**-2,475**	**-1,451**	**-2,089**	***18.5***

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

	Offices	Public sector properties	Warehouse/light industry	Retail	Total
Operating costs	303	229	162	162	241
Maintenance expenses	57	37	22	*41*	43
Property tax	149	101	26	74	101
Property costs	**510**	**367**	**210**	**278**	**385**
Lettings and property administration expenses					98
Total	**510**	**367**	**210**	**278**	**483**
NOI Q3 2021	*428*	*314*	***201***	*240*	*420*

Income from associated companies and changes in value in financial holdings

Income from associated companies consists of Castellum's share of Entra's earnings. The income includes both income from property management, tax and changes in value in Entra's property portfolio. It is only Castellum's share of the associated company's income from property management that is included in the line item "of which income from property management" in the consolidated statement of comprehensive income, which totalled SEK 438 M for the period. Changes in value, and tax, are therefore excluded from income from property management. Each quarter Castellum impairment tests the share. As of 30 September 2022, impairments totalled SEK -203 M (-327). The impairments are attributable to Castellum's share of Entra's negative earnings for the interim period from January to September 2022, as well as a decrease in net asset value per share: NOK 210 per share compared to NOK 218 per share at the start of the year. The impact on Castellum's holding in Entra from changes in currency rates is recognised in other comprehensive income. For further information on Entra, refer to page 17.

INCOME FROM ASSOCIATED COMPANIES

SEK M	2022 Jan–Sep
Income from property management	438
Change in values on properties	-735
Tax	-37
Other	210
Castellum's share of associated company earnings	**-124**
Impairment of associated companies	-203
Earnings from associated companies	**-327**

Net financial items

Net financial items totalled SEK -1,216 M (-548). The change is attributable primarily to a larger loan portfolio after the acquisition of Kungsleden as well as to an increase in the average interest rate, which as of 30 September 2022 totalled 2.3 per cent (1.8).

Change in values on properties

Few contracts were signed on the property market during the quarter from a historical perspective, but a number of transactions did however take place at stable levels. The property market is still displaying resistance to the existing uncertainties, and interest in property investments remains firm. Castellum recognised unrealised changes in value of SEK 2,815 M (3,984), which is largely attributable to projects that are nearing completion as well as a strong cash flow. During the period, properties corresponding to just over one third of the property value were externally assessed. The external valuations carried out during the period have been on par with the internal valuations, confirming the carrying amount at 30 September 2022. Moreover, realised changes in value of SEK 42 M (547) were recognised, SEK 57 M of which is attributable to the sale of twelve properties in Gävle and the remainder to minor transactions as well as the settlement of previously concluded transactions. Apart from transaction costs, realisable profits were charged with deductions of SEK 100 M for deferred tax for the purchasers. As a result of the sales, goodwill of SEK 151 M related to fully provisioned deferred tax has also been settled over profit or loss, and previous deferred tax of SEK 347 M was added back to the consolidated statement of comprehensive income.

CHANGE IN VALUES ON PROPERTIES

SEK M	2022 Jan–Sep	2021 Jan–Sep
Cash flow	3,987	13
Project gains/building rights	1,350	788
Required yield	-2,525	3,097
Acquisitions	3	86
Unrealised changes in value	**2,815**	**3,984**
%	*1.8*	*4.0*
Sales	42	547
Total	**2,857**	**4,531**
%	*1.9*	*4.5*

Change in values on derivatives

Castellum holds both interest-rate and currency derivatives, which are impacted primarily by long-term market interest rates and exchange rate fluctuations. Total change in value on derivatives during the interim period totalled SEK 3,557 M, of which SEK 2,712 M (191) was recognised in profit or loss and the remainder in other comprehensive income. The positive changes in value are attributable to the rise in interest rates on longer maturities during the period as well as changes in currency exchange rates.

Tax

Total tax expenses for the period were SEK 1,536 M (-185), of which SEK 185 M (155) pertained to current tax. Applying the tax rate of 20.6 per cent, the total theoretical tax expense is SEK 1,662 M. The difference of SEK 126 M at a 20.6 per cent tax rate on income before tax pertains primarily to the add-back of deferred tax of SEK 347 M for properties sold and tax of SEK -68 M on the share of profits from associated companies.

TAX CALCULATION JAN–SEP 2022

SEK M	Basis current tax	Basis deferred tax
Income from property management	3,479	
In associated holdings	*-438*	
Deductions for tax purposes		
depreciation	-1,554	1,554
reconstructions	-499	499
Other tax adjustments	421	351
Taxable income from property management	**1,410**	**2,403**
Current tax if tax loss carry forwards not utilised	*-291*	
Sales of properties	—	-1,683
Change in values on properties	—	2,815
Change in values on derivatives	-555	3,064
Taxable income before tax loss carry forwards	**856**	**6,598**
Tax loss carry forwards, opening balance	-2,236	2,236
Tax loss carry forwards, closing balance	2,277	-2,277
Taxable income	**899**	**6,557**
Tax according to the income statement for the period	**-185**	**-1,351**

NET DEFERRED TAX LIABILITY
30 September 2022

SEK M	Basis	Nominal tax liability	Real tax liability
Tax loss carry forwards	2,277	469	469
Derivatives	-3,120	-643	-643
Untaxed reserves	-1,018	-210	-210
Properties	-99,496	-20,496	-3,583
Total	**-101,357**	**-20,880**	**-3,967**
Properties, asset acquisitions	10,695	2,203	
In the balance sheet	**-90,662**	**-18,677**	**-3,967**

Condensed Consolidated Balance Sheet

SEK M	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS			
Investment properties	158,329	104,342	153,146
Leases, right-of-use	1,746	1,154	1,741
Goodwill	5,247	1,600	5,544
Financial assets	—	2,460	—
Associated companies	13,298	11,375	13,571
Derivatives	3,414	XXX	—
Other fixed assets	288	248	467
Other receivables	2,051	3,108	1,966
Cash and cash equivalents	2,101	2,227	1,197
Total assets	**186,474**	**126,514**	**177,632**
EQUITY AND LIABILITIES			
Equity	84,096	62,622	83,637
Deferred tax liability	18,677	11,045	17,351
Other provisions	28	10	38
Derivatives	419	606	563
Interest-bearing liabilities	76,637	47,987	70,829
Lease liability	1,746	1,154	1,741
Non-interest bearing liabilities	4,871	3,090	3,473
Total equity and liabilities	**186,474**	**126,514**	**177,632**

Condensed Changes in Equity

SEK M	30 Sep 2022	30 Sep 2021	31 Dec 2021
Equity at start of period	83,637	48,243	48,243
Dividend	-2,496	-1,888	-1,888
Repurchase of own shares	-2,752	-1,038	-1,038
Share issue in kind	—	10,171	26,371
Transactions with non-controlling interest	-830	—	—
Dividend, hybrid capital	-162	—	—
Net income for the period	6,534	7,064	11,828
Other comprehensive income for the period	165	70	121
Equity at end of period	**84,096**	**62,622**	**83,637**

Customers*

*Excluding Castellum's holding in Entra, 30 September 2022.

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 8,000 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 2.1 per cent. As at 30 September 2022, the remaining average length of contract was 4.1 years (3.8).

LEASE MATURITY STRUCTURE

SEK M	Number of leases	Lease value, SEK M	Proportion of value, %
Commercial, term			
2022	608	264	3
2023	2,775	1,413	16
2024	1,659	1,702	19
2025	1,445	1,523	17
2026	817	1,143	13
2027+	700	2,592	29
Total commercial	**8,004**	**8,637**	**97**
Residential	519	50	1
Parking spaces and other	6,607	258	3
Total	**15,130**	**8,945**	**100**

LEASE SIZE

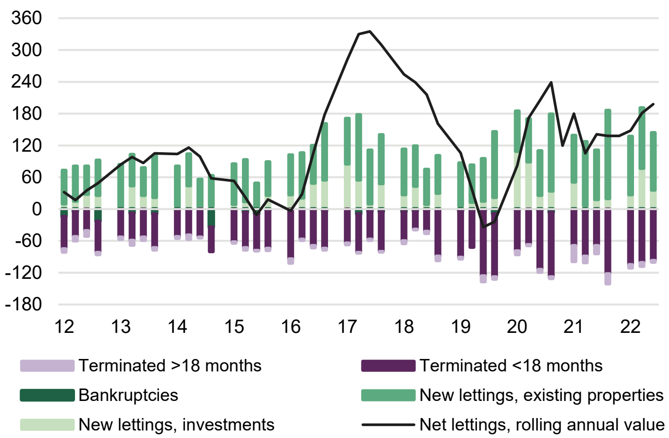
SEK M	Number of leases	Share, %	Lease value, SEK M	Proportion of value, %
Commercial				
<0.25	3,421	23	259	3
0.25–0.5	1,235	8	458	5
0.5–1.0	1,238	8	876	10
1.0–3.0	1,286	8	2,212	25
>3.0	824	5	4,832	54
Total	**8,004**	**53**	**8,637**	**97**
Residential	519	3	50	1
Parking spaces and other	6,607	44	258	3
Total	**15,130**	**100**	**8,945**	**100**

NET LETTINGS JANUARY–SEPTEMBER 2022

SEK M	Sthlm	West	Central	Mälardalen	Öresund	Finland	Total
NEW LETTINGS							
Existing properties	82	70	66	61	45	8	332
Investments	40	64	10	3	23	—	140
Total	**122**	**134**	**76**	**64**	**68**	**8**	**472**
TERMINATED							
Existing properties	-110	-51	-65	-19	-53	-18	-316
Bankruptcies	—	-1	-1	—	—	-1	-3
Total	**-110**	**-52**	**-66**	**-19**	**-53**	**-19**	**-319**
Net lettings	**12**	**82**	**10**	**45**	**15**	**-11**	**153**
NOI Q3 2021	*11*	*51*	*-6*	*—*	*32*	*5*	*93*

During the period, Castellum signed leases with an annual rental value of SEK 472 M (377). Notices of termination amounted to SEK M 319 (284), of which bankruptcies were SEK 3 M (5) and SEK 16 M (58) were notices of termination with more than 18 months left of contract. Net lettings for the period thus totalled SEK 153 M (93). 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.

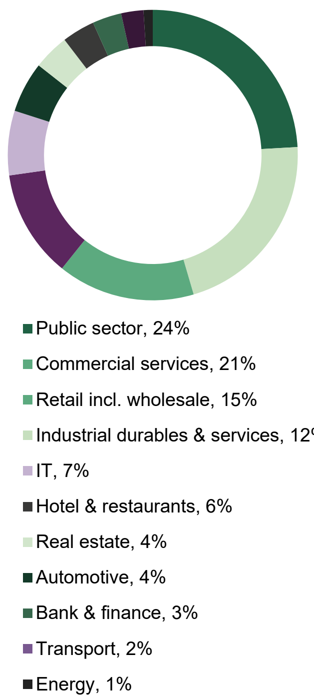
NET LETTINGS



CASTELLUM'S LARGEST TENANTS

Largest tenants:	Rental value, SEK M
AFRY Group	190
ABB	188
The Swedish Police Authority	186
Svenska Handelsbanken	138
The Swedish National Courts Administration	131
The Swedish Social Insurance Agency	94
Northvolt	93
The Swedish Migration Board	84
Region Stockholm	74
Axis Communications	74
Total	**1,252**

COMMERCIAL LEASES DISTRIBUTED BY SECTOR



Castellum's property portfolio

Category	30 Sep 2022				January–September 2022						
	Number	Area, 000 sq. m.	Property value, SEK M	*NOI SEK/sq. m.*	Rental value, SEK M	*NOI SEK/sq. m.*	*Econ. occ. rate, %*	Income, SEK M	Property costs, SEK M	*NOI SEK/sq. m.*	Net operating income, SEK M
OFFICES											
Stockholm	57	679	35,292	*51,975*	1,343	*2,435*	*92.3*	1,202	268	*526*	934
West	78	457	14,173	*31,042*	629	*1,692*	*92.1*	572	136	*396*	436
Central	75	509	11,133	*21,871*	633	*1,526*	*92.1*	581	159	*417*	421
Mälardalen	29	382	10,408	*27,279*	542	*1,735*	*91.7*	488	131	*457*	358
Öresund	41	282	9,194	*32,598*	447	*1,964*	*92.9*	407	94	*447*	313
Denmark	14	142	5,506	*38,702*	241	*2,138*	*94.7*	223	65	*606*	158
Finland	14	178	6,910	*38,865*	420	*2,921*	*92.7*	384	152	*1,139*	232
Total Office	**308**	**2,628**	**92,615**	***35,239***	**4,254**	***2,158***	***92.4***	**3,858**	**1,005**	***510***	**2,852**
PUBLIC SECTOR PROPERTIES											
Stockholm	7	125	5,341	*42,587*	197	*2,036*	*97.4*	189	30	*323*	158
West	19	146	3,291	*22,549*	164	*1,440*	*96.4*	157	34	*311*	123
Central	27	287	9,127	*31,836*	414	*1,844*	*95.8*	394	87	*406*	307
Mälardalen	7	37	1,006	*27,089*	48	*1,723*	*99.1*	47	8	*296*	39
Öresund	6	44	1,234	*28,119*	62	*1,857*	*98.0*	61	11	*347*	50
Denmark	1	12	669	*55,443*	26	*2,795*	*98.6*	25	3	*380*	22
Finland	4	25	489	*19,275*	36	*1,784*	*95.3*	34	11	*593*	23
Total Public sector properties	**71**	**677**	**21,157**	***31,274***	**946**	***1,865***	***96.6***	**907**	**186**	***367***	**720**
WAREHOUSE/LIGHT INDUSTRY											
Stockholm	36	197	4,331	*22,012*	188	*1,198*	*93.9*	172	30	*202*	142
West	86	625	9,225	*14,762*	455	*915*	*94.4*	423	81	*172*	342
Central	21	109	1,228	*11,218*	72	*832*	*94.8*	67	17	*204*	50
Mälardalen	29	330	4,195	*12,724*	269	*1,025*	*94.3*	249	79	*319*	170
Öresund	39	233	2,732	*11,699*	151	*787*	*91.0*	135	28	*161*	107
Denmark	1	18	164	*9,031*	12	*643*	*76.3*	9	4	*272*	5
Total Warehouse/Light industry	**212**	**1,512**	**21,874**	***14,463***	**1,147**	***1,011***	***93.7***	**1,055**	**238**	***210***	**817**
RETAIL											
Stockholm	23	123	3,351	*27,149*	153	*1,619*	*98.2*	147	17	*180*	130
West	18	78	1,701	*21,832*	84	*1,345*	*93.9*	78	19	*334*	58
Central	19	130	2,386	*18,394*	137	*1,329*	*94.7*	126	32	*328*	94
Mälardalen	11	45	785	*17,409*	43	*1,212*	*95.8*	39	10	*302*	29
Öresund	17	78	1,581	*20,245*	87	*1,411*	*94.8*	79	16	*280*	62
Total Retail	**88**	**454**	**9,804**	***21,583***	**503**	***1,476***	***95.7***	**468**	**95**	***278***	**374**
Total investment properties	**679**	**5,271**	**145,450**	***27,592***	**6,850**	***1,733***	***93.4***	**6,287**	**1,524**	***385***	**4,764**
Lettings and property administration expenses									388	*98*	388
Total after lettings and property administration expenses	**679**	**5,271**	**145,450**	***27,592***	**6,850**	***1,733***	***93.4***	**6,287**	**1,912**	**484**	**4,376**
Project	49	470	11,632	—	338	—	—	173	82	—	91
Undeveloped land	26		1,247	—	25	—	—	24	8	—	16
Total	**754**	**5,741**	**158,329**		**7,213**			**6,484**	**2,001**		**4,483**

The net operating income of SEK 4,483 M reported above and the net operating income of SEK 4,470 M in the consolidated statement of comprehensive income are attributable to the deduction of the net operating income of SEK 32 M in properties sold during the period, the SEK 65 M 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 SEK -46 M from the coworking company in the table.

Investment properties

As of 30 September 2022, after the acquisition of Kungsleden the previous year, Castellum owns a total of 754 properties at a carrying amount of SEK 158 Bn. 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.

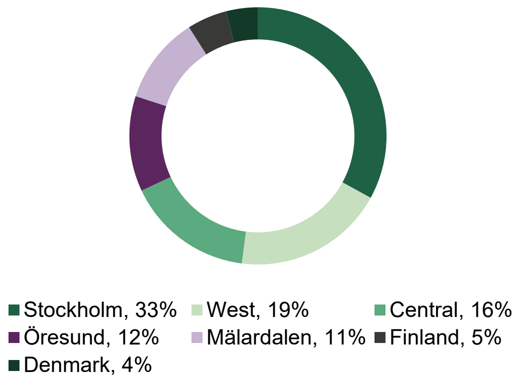
CHANGES IN THE PROPERTY PORTFOLIO

SEK M	Carrying amount, SEK M	Number
Property portfolio on 1 Jan. 2022	153,146	762
+ Acquisitions	312	4
+ New construction, extensions and reconstructions	3,686	—
– Sales	-2,512	-12
+/– Unrealised changes in value	2,816	—
+/– Currency translation	881	—
Property portfolio on 30 Sep 2022	**158,329**	**754**

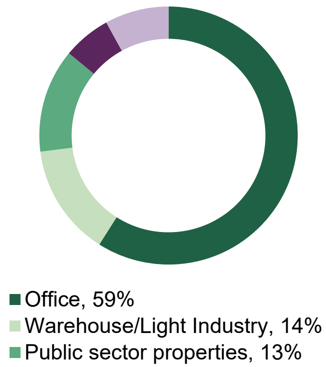
PROPERTY-RELATED KEY METRICS

	2022 Jan–Sep	2021 Jan–Sep	2021 Jan–Dec
Rental value, SEK/sq. m.	1,733	1,689	1,648
Economic occupancy rate, %	93.4	93.0	93.2
Property costs, SEK/sq. m.	484	429	425
Net operating income, SEK/sq. m.	1,041	1,125	1,008
Property value, SEK/sq. m.	27,592	26,993	26,667
Number of properties	754	556	762
Lettable area, thousand sq. m.	5,741	3,914	5,853
Average valuation yield, %	4.75	4.72	4.72

PROPERTY VALUE BY REGION



PROPERTY VALUE BY CATEGORY



Investments

During the period, investments in property totalled SEK 3,999 M (11,334), of which SEK 312 M (8,846) pertained to acquisitions and SEK 3,687 M (2,488) to new construction, extensions and reconstructions. After divestments of SEK 2,564 M (14,708), net investments amounted to SEK 1,435 M (-3,374).

NET INVESTMENTS PER REGION

Larger ongoing projects

Castellum has a portfolio of major ongoing projects totalling approximately SEK 6 Bn, of which SEK 2.2 Bn remains to be invested. Average economic occupancy rate for Castellum's larger ongoing projects as of October 2022 totalled 81 per cent. Two major projects were completed during the third quarter of the year: a reconstruction of the Sesamfröet 2 property for the Swedish Migration Board in Gothenburg, and a new construction of a warehouse and logistics building on the Örnäs 1:17 property in Brunna, outside Stockholm.

The after-effects of the pandemic, the ongoing crisis in Ukraine, and the generally high rate of inflation as well as interest-rate hikes have had a major impact on the contractor market, with abnormal price increases for materials and problems with certain deliveries. We are beginning to see signs of a slowdown and decreased volumes in new production of housing units and commercial premises, which should also influence cost levels. 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.

Property	Category	Inv. type	Location	Completed	Area, sq. m.	Rental value, SEK M	Econ. occ. rate, %	Total investment, SEK M	Of which invested, SEK M	Remaining to invest, SEK M
Godsfinkan	O/P	N	Malmö	Q1 2023	26,500	85	97	1,350	1,193	157
Sjustjärnan 1	O	N	Malmö	Q1 2023	31,460	83	95	1,362	1,078	284
Tusenskönan 2	P	N	Mölndal	Q3 2024	10,600	29	100	453	82	371
Effekten 13	O	N	Västerås	Q3 2023	15,400	31	100	445	153	292
Götaland 5	P	N/C	Jönköping	Q1 2023	17,168	29	100	437	328	109
Kungsängen-Tibble 1:648	Pr	N	Stockholm	Q2 2023	15,150	20	36	301	96	205
Åseby 1:5	O/I	N	Gothenburg	Q3 2023	14,780	21	100	301	170	131
Werket	O	R	Jönköping	Q1 2026	25,469	47	37	285	79	206
Drevet 1	Pr	N	Helsingborg	Q4 2022	21,784	18	100	276	227	49
Finnslätten 1 (part)	O/I	R	Västerås	Q4 2024	21,000	28	39	250	125	125
Hornsberg 10	O	R	Stockholm	Q3 2023	8,680	33	82	238	91	147
Borgarfjord 5	O	R	Stockholm	Q4 2024	9,300	28	45	162	112	50
Bollbro 15	P	R	Helsingborg	Q3 2023	3,810	7	92	125	79	46
Total larger ongoing projects					**221,101**	**457**	**81**	**5,985**	**3,813**	**2,172**
Developments completed or fully/partly occupied										
GreenHaus	O	N	Helsingborg	Q2 2022	7,000	22	90	330	309	21
Sesamfröet 2	P	R	Mölndal	Q3 2022	5,600	24	100	230	206	24
Rotterdam 1	O	R	Stockholm	Q4 2022	21,300	69	71	236	187	49
Korsningen 1	O/P	N	Örebro	Q2 2022	5,650	15	100	227	210	17
Örnäs 1:17	W	N	Upplands Bro	Q2 2022	16,870	15	32	204	186	18
Verkstaden 14	P	N	Västerås	Q1 2022	5,800	14	95	198	188	10
Taktpinnen 1	O	R	Norrköping	Q3 2022	16,300	29	100	136	123	13
Hissmontören 4	O	N	Örebro	Q1 2022	3,400	9	100	132	114	18
Total projects >SEK 100 M					**303,021**	**654**	**82**	**7,678**	**5,336**	**2,342**
Smaller ongoing projects, SEK 10–100 M								**2,416**	**1,482**	**934**

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

Castellum's project pipeline

In the prevailing market situation, Castellum will postpone certain project starts until more stable conditions have appeared. This means that the volume of estimated project starts over the next five years will decrease. Castellum still has a great deal of potential in its development portfolio, and currently believes that
projects corresponding to approximately 630,000 square metres can be started over the next five years given improved market conditions, a healthy pace of lettings, and proper progress in detailed development plans. Out of this volume, approximately
280,000 square metres are logistics and the rest primarily offices. The geographic distribution and the 20 largest development projects by area are shown in the following table.

FUTURE POTENTIAL DEVELOPMENT PROJECTS, 20 LARGEST BY AREA

Project	Location	Type	Category	Detailed development plan	Lettable area, sq. m.
Säve Stage 1	Gothenburg	N	Pr	Ongoing	51,500
Halvorsäng Stage III*	Gothenburg	N	Pr	In effect	50,500
Läkaren 10	Stockholm	R	O	In effect	38,000
Part of Västerås 3:69**	Västerås	N	Pr	Ongoing	32,000
Halvorsäng Stage II*	Gothenburg	N	Pr	In effect	32,000
Halvorsäng Stage I*	Gothenburg	N	Pr	In effect	28,000
Charkuteristerna 1–8	Stockholm	R	O	Ongoing	25,000
Norr om Nordstaden**	Gothenburg	N	O	Ongoing	25,000
Infinity	Stockholm	N	O	Ongoing	19,800
K3	Helsinki	R	O	In effect	17,200
Smärgelskivan	Helsingborg	N	Pr	In effect	15,000
Marievik 27	Stockholm	R	O	Ongoing	14,500
Halvorsäng Stage V*	Gothenburg	N	Pr	In effect	14,000
Halvorsäng Stage IV*	Gothenburg	N	Pr	In effect	13,000
Sunnanå 8:51	Malmö	N	Pr	In effect	13,000
Brunna Örnäs 1:28	Stockholm	N	Pr	In effect	12,700
Brunna Örnäs 1:29	Stockholm	N	Pr	In effect	12,700
Tistlarna 9	Malmö	N	Pr	In effect	11,300
Gladan 5, 6 & 7	Stockholm	R	O	In effect	11,000
Forskaren	Lund	N	O	In effect	10,000
Total					**446,000**

*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

		Lettable area, sq. m.	
Location	Category	Detailed development plan exists	Change to detailed development plan required
Gothenburg	Pr*	137,000	51,500
Gothenburg	O	—	25,000
Gothenburg	Oth	—	5,900
Helsingborg	Pr	15,000	—
Helsinki	O	17,200	—
Jönköping	O	5,600	—
Copenhagen	Pr	7,300	—
Linköping	O	4,000	8,400
Linköping	Oth	12,500	—
Lund	O	10,000	—
Malmö	O	6,200	12,500
Malmö	Pr	24,300	—
Norrköping	O	9,000	—
Stockholm	O	69,600	88,400
Stockholm	Pr	33,100	—
Stockholm	Oth	—	7,600
Uppsala	O	—	8,300
Västerås	O	28,700	—
Västerås	Pr	—	32,000
Örebro	O	12,700	—
Örebro	Oth	—	3,500
Total		**392,200**	**243,100**

*137,000 square metres pertain to projects being carried out by JV, where Castellum's share is 50 per cent

Key metrics – Sustainability

	Q3 2022	2021	2020	2019	2018	Targets/Comments
Resource efficiency						
Total energy use, kWh/sq. m., year	951	91	75	88	97	
Total energy use, degree-day corrected, kWh/sq. m., year	972	92	87	95	103	
1. of which actual heating	65	65	50	60	64	
2. of which degree-day corrected heating	67	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.)	-1	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)	0	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, %	-1	-6	-13	-3	-1	1 per cent water conservation/year in the like-for-like portfolio
Fossil-free						
Share of non-fossil energy, %	94	95	95	96	95	100% fossil-free energy by 2030
Fossil fuel-free vehicles, %	97	100	100	86	62	100% fossil fuel-free vehicles
Number of charging posts for electric vehicles	771	674	—	—	—	New measurement point, 2021
No. of large solar panels installed	71	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]	2.1	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	2.0	1.4	0.9	1.4	1	
of which scope 2 – location-based	4.6	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% 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% certified area by 2025
Environmental certifications, number	244	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)	92	95	91	92	92	Global Sector Leader 2022, GRESB, received 17 October 2022
DJSI points (0–100)	82	80	81	79	73	Only Nordic property company included in DJSI
CDP mark (A to D-)	TBD	A-	A	A-	B	Highest marks of all Nordic property companies
Social key metrics						
Sick leave, % (long- and short-term)	2.9	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, %	42/58	43/57	40/60	39/61	42/58	Between 40–60 per cent
Diversity, international background, %	10	9	8	6	6	20% 2025
Apprentices, % of employees	3	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, Q3 2022**
Sales (Turnover)	66
Operating expenses (OpEx)	62
Capital expenses (CapEx)	67

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.

3. This list includes all CO_2 emissions from property management (i.e. scopes 1 and 2). Detailed information on Castellum's CO_2 emissions and complete Scope 3 emissions outside of property management will be made available in the 2021 Annual Report.

4. 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

The capital market during the quarter was volatile, with low levels of liquidity and widening credit margins. Castellum has a healthy amount of contingency liquidity, and with SEK 15.3 Bn in cash and bank balances as well as unutilised credit facilities it can cover all maturities in the capital market in 2022 and 2023. To protect against rising short-term interest rates, the proportion of interest-rate hedging (>1 year) was raised from 52 per cent to 60 per cent through regular restructuring of the interest rate derivative portfolio. Increased credit limits in banks totalling SEK 6.2 Bn were also granted during the quarter; signing of these is expected in the quarter immediately following. At the end of the third quarter, interest-bearing liabilities totalled SEK 76,637 m (70,829). The interest-bearing liabilities consist of bond loans of SEK 44,965 M (43,088), loans in banks of SEK 28,783 M (17,391) and commercial paper of SEK 2,889 M (10,350). Unsecured liabilities correspond to 62 per cent (76) of interest-bearing liabilities. The intent is to increase the proportion of bank loans by just over SEK 10 Bn; there are credit decisions for half of that amount.

The interest coverage ratio was a multiple of 4.1 (5.4) on a rolling 12-month basis and the adjusted loan-to-value ratio less treasury shares totalled 38.8 per cent (38.5). The average remaining interest-rate and debt maturity totalled 2.6 years (3.3) and 3.2 years (3.8) respectively. Adjusted for financing from credit decisions, total debt maturity is 3.9 years.

INTEREST RATE MATURITY STRUCTURE, 30 SEP 2022

Maturity date	SEK M	Share, %	Average interest rate, %	Average fixed interest rate term, years
0–1 year	30,402	40	3.7	0.2
1–2 years	10,871	14	1.4	1.5
2–3 years	10,176	13	1.1	2.4
3–4 years	1,134	1	3.3	2.8
4–5 years	7,796	10	1.9	4.0
>5 years	16,258	21	1.1	7.2
Total	**76,637**	**100**	**2.3**	**2.6**

DISTRIBUTION OF INTEREST-BEARING FINANCING, 30 SEP 2022

KEY METRICS – INTEREST-BEARING FINANCING

	30 Sep 2022	30 Sep 2021	31 Dec 2021
Interest-bearing liabilities, SEK M	76,637	47,987	70,829
Bonds outstanding, SEK M	44,965	36,258	43,088
Commercial paper outstanding, SEK M	2,889	3,636	10,350
Banking credit etc., SEK M	28,783	8,093	17,391
Cash and cash equivalents, SEK M	2,101	2,227	1,197
Unutilised credit facilities, SEK M	13,226	22,044	26,394
Share of unsecured assets, %	54	60	55
Share of secured borrowing/property value, %	20	11	18
The share of secured borrowing/total assets, %	15	6	9
Share of secured credits utilised, %	38	17	24
Loan-to-value ratio, %	40.0	36.2	39.2
Loan-to-value ratio, adjusted, %[1]	38.8	35.3	38.5
Interest coverage ratio (LTM), multiple	4.1	5.3	5.2
Net liability/EBITDA, multiple	13.1	11.5	16.7
Average debt maturity, years	3.2	4.2	3.8
Average fixed interest rate term, years	2.6	3.8	3.3
Credit rating	Baa3, Stable Outlook	Baa2, Stable Outlook	Baa2, Stable Outlook
Average effective rate excluding pledges, %	2.3	1.8	1.7
Average effective rate including pledges, %	2.4	1.9	1.8
Market value interest rate derivatives, SEK M	1,958	-238	-98
Market value currency derivatives, SEK M	1,037	-368	-465

1. An adjusted loan-to-value ratio has been introduced as of Q1 2022 in order to adapt the key metric with regard to treasury shares. The shares have been measured at the market prise as of the balance-sheet date.

For calculation of financial key metrics, refer to page 18; for definitions, refer to page 24.

CREDIT MATURITY STRUCTURE, 30 SEP 2022

Credit agreements	Bank	Bonds	Comm. paper	Total interest-bearing liabilities	Share, %	Unutilised credits	Total available credit facilities
0–1 year	—	6,568	2,889	9,457	12	1,050	10,507
1–2 years	7,994	8,337	—	16,331	21	5,471	21,803
2–3 years	13,116	10,730	—	23,846	31	6,702	30,548
3–4 years	630	7,535	—	8,165	11	1	8,166
4–5 years	1,416	2,699	—	4,115	5	—	4,115
>5 years	5,626	9,096	—	14,722	19	2	14,724
Total	**28,783**	**44,965**	**2,889**	**76,637**	**100**	**13,226**	**89,863**

SECURED AND UNSECURED CREDITS, 30 Sep 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	**47%**
Interest coverage ratio	>2	>1.5	**4.1 ggr**
The share of secured borrowing/total assets		Not exceeding 45 per cent	**15%**
Funding risk			
• average debt maturity	At least 2 years		**3.2 years**
• proportion maturing within 1 year	No more than 30 per cent of loans outstanding and unutilised credit agreements		**8%**
• liquidity reserve	Liquidity reserve corresponding to 12 months' impending loan maturities		**Achieved**
Interest rate risk			
• average interest duration	1.5–4.5 years		**2.6 years**
• maturing within 6 months	No more than 50 per cent		**31%**
Credit and counterparty risk			
• rating restriction	Credit institutions with high ratings, at least S&P BBB+		**Achieved**
Currency risk			
• net exposure in foreign currency	Maximum 10 per cent of balance sheet total		**Achieved**

Condensed Consolidated Cash Flow Statement

SEK M	2022 Jul–Sep	2021 Jul–Sep	2022 Jan–Sep	2021 Jan–Sep	2021 Jan–Dec
Net operating income	1,553	1,060	4,470	3,094	4,346
Central administrative expenses	-57	-31	-213	-108	-174
Reversed depreciation	12	36	77	100	139
Interest paid	-746	-325	-1,563	-689	-1,186
Interest received	178	76	413	167	351
Tax paid	-30	-3	-36	-27	-244
Translation difference of currencies	-170	60	-183	149	45
Cash flow from operating activities before change in working capital	**740**	**873**	**2,965**	**2,686**	**3,277**
Change in current receivables	9	-127	-145	-407	-493
Change in current liabilities	-359	356	76	230	-181
Cash flow from operating activities	**390**	**1,102**	**2,896**	**2,509**	**2,603**
Investments in new construction, extensions and reconstructions	-1,009	-809	-3,686	-2,488	-3,799
Property acquisitions	-165	-8,511	-312	-8,846	-8,889
Change in liabilities at acquisitions of property	-4	-9	-142	137	187
Sales of properties	187	3,708	2,564	14,708	17,228
Change in receivables at sales of properties	-9	-572	60	-1,478	132
Business combinations	—	—	—	—	-6,484
Transactions with non-controlling interest	—	—	-830	—	—
Sale of investments held as long-term assets	—	—	133	—	—
Dividend paid from associated companies	—	—	165	—	—
Investment in financial assets	—	-2,730	—	-2,730	-2,730
Investment in associated companies	—	-4,941	—	-8,743	-9,413
Other investments	177	-76	106	-148	-204
Cash flow from investment activities	**-823**	**-13,940**	**-1,942**	**-9,588**	**-13,972**
Repayment of loans	-3,043	—	-17,458	-7	-14
Drawn loans	5,012	4,865	21,947	2,093	5,375
Change in long-term receivables	-2	4	-2	1	—
Derivatives	-99	-33	-370	-189	-194
Repurchase of own shares	—	—	-2,752	-1,038	-1,038
Hybrid bond	—	10,171	-167	10,171	10,164
Dividend paid	-624	-939	-1,248	-1,886	-1,888
Cash flow from financing activities	**1,244**	**14,068**	**-50**	**9,145**	**12,405**
Cash flow for the period	811	1,230	904	2,066	1,036
Cash and cash equivalents opening balance	1,290	997	1,197	161	161
Cash and cash equivalents, closing balance	**2,101**	**2,227**	**2,101**	**2,227**	**1,197**
Average number of shares, thousand	328,401	272,075	331,684	273,867	282,917
Cash flow, SEK/share	2.47	4.52	2.73	7.54	3.66

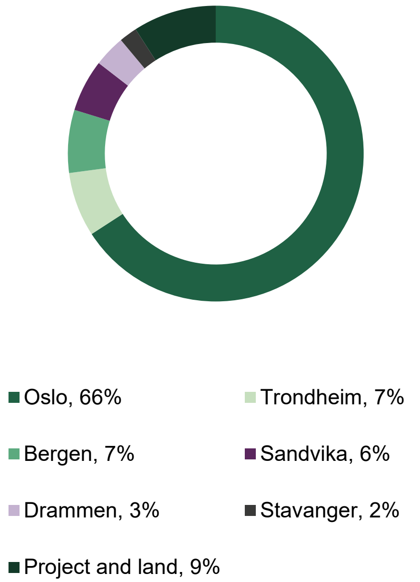
CASTELLUM'S CASH FLOW

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 SEK 2,896 M. SEK 3,686 M 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 SEK 2,302 M received. Minor acquisitions were also completed during the interim period. SEK 830 M pertaining to the buy-out of the minority in Kungsleden impacted the cash flow during the interim period. Routine hedging of currency positions during the period impacted cash flow by SEK 370 M, while a total of SEK 2,752 M in shares was repurchased during the period. A dividend of SEK 1,248 M pertaining to the initial and second disbursement of dividends for financial year 2021 was paid to shareholders. A dividend of SEK 167 M for the hybrid bond has also been disbursed. Net debt as of 30 September 2022 totalled SEK 74,536 M after an increase in liabilities of SEK 4,000 M and in cash and bank balances of SEK 904 M.

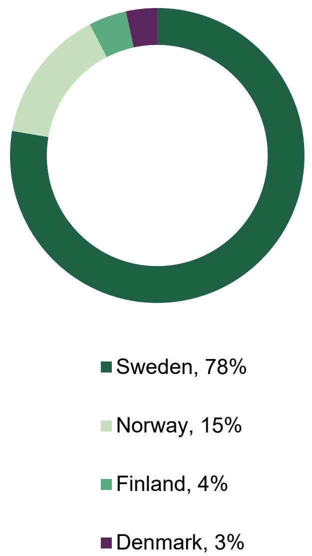
Associated companies

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 its holdings in Entra in accordance to the equity method.

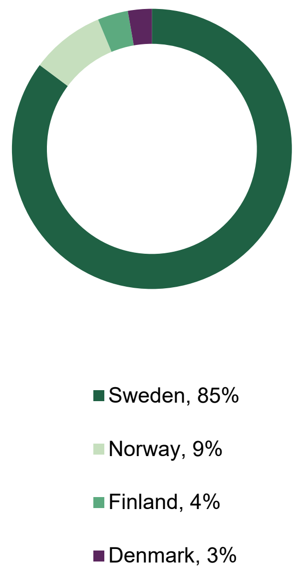
ENTRA'S ASSET PORTFOLIO, 30 SEPTEMBER 2022



CASTELLUM'S PROPERTY VALUE BY COUNTRY INCL. ENTRA



CASTELLUM'S LETTABLE AREA BY COUNTRY INCL. ENTRA



Financial key metrics

A number of the financial key metrics presented by Castellum are not defined in accordance with the IFRS accounting standards. However, the company believes that these metrics provide useful supplementary information to both investors and Castellum management, as they facilitate evaluation of company performance. It is to be noted that, since not all companies calculate financial metrics in the same manner, these are not always comparable to metrics used by other companies. These financial metrics should therefore not be seen as a substitute for metrics defined according to IFRS. Unless otherwise stated, the table below presents metrics, along with their reconciliation, which are not defined according to IFRS. Furthermore, definitions for these metrics also appear on page 25.

Return on equity

	2022 Jul–Sep	2021 Jul–Sep	2022 Jan–Sep	2021 Jan–Sep	LTM, Oct 2020–Sep 2021	2021 Jan–Dec
Return on equity, %	-1.9	10.8	10.8	18.1	16.7	22.7
Return on total capital, %	0.6	6.4	4.8	8.2	7.5	8.6

	2022 Jul–Sep	2021 Jul–Sep	2022 Jan–Sep	2021 Jan–Sep	LTM, Oct 2021–Sep 2022	2021 Jan–Dec
Average number of shares, thousand	**328,401**	**272,075**	**331,684**	**273,867**	**329,422**	**282,917**

Income from property management	**SEK M**	**SEK/share**	**SEK M**	**SEK/share**	**SEK M**	**SEK/share**	**SEK M**	**SEK/share**	**SEK M**	**SEK/share**	**SEK M**	**SEK/share**
Income before tax	-3	-0.01	1,782	6.55	8,070	24.33	6,879	25.12	13,060	39.65	11,869	41.95
Reversed:												
Acquisition costs	4	0.01	20	0.07	4	0.01	20	0.07	60	0.18	76	0.27
Financing fees, etc. for acquisitions	—	—	27	0.10	—	—	27	0.10	—	—	27	0.10
Revaluation of earnings due to stepwise acquisition	—	—	—	—	—	—	—	—	-111	-0.34	-111	-0.39
Income from associated companies excl. income from property management	1,389	4.23	277	1.02	765	2.31	277	1.01	-493	-1.50	-981	-3.47
Change in values on properties	-44	-0.13	-1,409	-5.18	-2,857	-8.61	-4,531	-16.54	-5,511	-16.73	-7,185	-25.40
Change in values on financial holdings	—	—	245	0.90	58	0.17	-51	-0.19	67	0.20	-42	-0.15
Change in values on derivatives	-242	-0.74	20	0.07	-2,712	-8.18	73	0.27	-2,846	-8.64	-325	-1.15
Changes in value on goodwill	—	—	-74	-0.27	151	0.46	-191	-0.70	272	0.83	194	0.69
= Income from property management	**1,104**	**3.36**	**888**	**3.26**	**3,479**	**10.49**	**2,503**	**9.14**	**4,498**	**13.65**	**3,522**	**12.45**
EPRA Earnings (Income from property management after tax)												
Income from property management	1,104	3.36	888	3.26	3,479	10.49	2,503	9.14	4,498	13.65	3,522	12.45
Reversed: Current tax, income from property management	-187	-0.57	-59	-0.21	-291	-0.88	-220	-0.80	-316	-0.96	-246	-0.87
EPRA Earnings/EPRA EPS	**917**	**2.79**	**829**	**3.05**	**3,189**	**9.61**	**2,283**	**8.34**	**4,182**	**12.69**	**3,276**	**11.58**

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. Income from property management also forms the basis of the annual shareholder dividend: at least 50 per cent of income from property management.

	30 Sep 2022	30 Sep 2021	31 Dec 2021
Number of shares outstanding, thousand	**328,401**	**272,075**	**340,544**

	30 Sep 2022		30 Sep 2021		31 Dec 2021	
Net asset value	**SEK M**	**SEK/share**	**SEK M**	**SEK/share**	**SEK M**	**SEK/share**
Equity according to the balance sheet	84,096	256.08	62,622	230.16	83,637	245.60
Reversed:						
Hybrid bonds	-10,169	-30.97	-10,171	-37.38	-10,164	-29.85
Non-controlling interest	—	—	—	—	-693	-2.03
Declared, undistributed dividend	624	1.90	—	—	—	—
Derivatives according to the balance sheet	-2,995	-9.12	606	2.23	563	1.65
Goodwill attributable to deferred tax	-5,054	-15.39	-1,407	-5.17	-5,351	-15.71
Deferred tax according to the balance sheet	18,677	56.87	11,045	40.60	17,351	50.95
Net reinstatement value (EPRA NRV)	**85,179**	**259.37**	**62,695**	**230.43**	**85,343**	**250.61**
Deduction:						
Goodwill due to acquisition of United Spaces	-193	-0.59	-193	-0.71	-193	-0.57
Estimated real deferred tax, 4%	-3,967	-12.08	-2,333	-8.57	-3,160	-9.28
Net tangible assets (EPRA NTA)	**81,019**	**246.71**	**60,169**	**221.15**	**81,990**	**240.76**
Reversed:						
Derivatives according to above	2,995	9.12	-606	-2.23	-563	-1.65
Deferred tax	-14,710	-44.79	-8,712	-32.02	-14,191	-41.67
Net disposal value (EPRA NDV)	**69,304**	**211.03**	**50,851**	**186.90**	**67,236**	**197.44**

Interest coverage ratio	**2022 Jul–Sep**	**2021 Jul–Sep**	**2022 Jan–Sep**	**2021 Jan–Sep**	**LTM, Oct 2021–Sep 2022**	**2021 Jan–Dec**
Income from property management, SEK M	1,104	888	3,479	2,503	4,498	3,522
Reversed:						
Net interest items, SEK M	516	188	1,164	562	1,447	845
Income from property management excluding net interest, SEK M	**1,620**	**1,076**	**4,643**	**3,065**	**5,945**	**4,367**
Interest coverage ratio, multiple	3.1	5.7	4.0	5.5	4.1	5.2

Loan-to-value ratio	30 Sep 2022	30 Sep 2021	31 Dec 2021
Interest-bearing liabilities, SEK M	76,637	47,987	70,829
Cash and cash equivalents, SEK M	-2,101	-2,227	-1,197
Net interest-bearing liabilities, SEK M	**74,536**	**45,760**	**69,632**
Total assets, SEK M	**186,474**	**126,514**	**177,632**
Loan-to-value ratio, %	40.0	36.2	39.2

Loan-to-value ratio, adjusted	30 Sep 2022	30 Sep 2021	31 Dec 2021
Interest-bearing liabilities, SEK M	76,637	47,987	70,829
Cash and cash equivalents, SEK M	-2,101	-2,227	-1,197
Treasury shares at market value	-2,169	-1,113	-1,265
Net interest-bearing liabilities excl. treasury shares, SEK M	**72,367**	**44,647**	**68,367**
Total assets, SEK M	**186,474**	**126,514**	**177,632**
Loan-to-value ratio, adjusted, %	38.8	35.3	38.5

LTV ratio, Property	30 Sep 2022	30 Sep 2021	31 Dec 2021
Net interest-bearing liabilities, SEK M	**74,536**	**45,760**	**69,632**
Investment properties, SEK M	158,329	104,342	153,146
Acquired properties not taken into possession, SEK M	-45	-137	-187
Divested properties still in Castellum's possession, SEK M	28	1,698	88
Investment properties, SEK M	**158,312**	**105,903**	**153,047**
Loan-to-value ratio, Property, %	47.1	43.2	45.5

Net debt to EBITDA	30 Sep 2022	30 Sep 2021	31 Dec 2021
Net interest-bearing liabilities, SEK M	**74,536**	**45,760**	**69,632**
Net operating income, SEK M	4,470	3,094	4,346
Central administration expenses, SEK M	-213	-108	-174
Operating income, SEK M	**4,257**	**2,986**	**4,172**
Net debt to EBITDA, mult	13.1	11.5	16.7

Net investment, SEK M	2022 Jul–Sep	2021 Jul–Sep	2022 Jan–Sep	2021 Jan–Sep	LTM, Oct 2021–Sep 2022	2021 Jan–Dec
Acquisitions	165	8,511	312	8,846	47,613	56,147
New construction, extensions and reconstructions	1,009	809	3,687	2,488	4,998	3,799
Total investments	**1,174**	**9,320**	**3,999**	**11,334**	**52,611**	**59,946**
Net sales prices	-116	-3,708	-2,564	-14,708	-5,084	-17,228
Net investments	**1,058**	**5,612**	**1,435**	**-3,374**	**47,527**	**42,718**
Proportion of the property value, %	0.7	5.3	0.9	-3.2	45.5	27.9

Other key financial metrics	2022 Jul–Sep	2021 Jul–Sep	2022 Jan–Sep	2021 Jan–Sep	LTM, Oct 2021–Sep 2022	2021 Jan–Dec
Surplus ratio, %	69	73	69	70	69	71
Gross lettings, SEK M	144	111	472	377	658	720
Net lettings, SEK M	44	27	153	93	198	162
Return (EPRA NRV), %	2.5	10.9	2.7	12.1	39.4	18.4
Return on total capital, %	0.6	6.4	4.8	8.2	7.5	8.6
Return on equity, %	-1.9	10.8	10.8	18.1	16.7	22.7
Property value, SEK/share	482	384	482	384	482	450

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 shareholders confirmed as of 30 September 2022 are presented in the table below. Significant changes took place to Castellum's ownership circle after the balance-sheet date. Akelius Residential Property acquired 11.6 per cent of the shares as of 6 October 2022, thereby becoming the largest owner in Castellum.

SHAREHOLDERS AS OF 30 SEPTEMBER 2022

Shareholders	Number of shares, thousand	Share of votes/capital, %
Rutger Arnhult with companies	60,075	18.3
APG Asset Management	12,889	3.9
Gösta Welandson with companies	11,668	3.6
BlackRock	10,642	3.2
Vanguard	10,572	3.2
Länsförsäkringar Fonder	10,461	3.2
Handelsbanken Fonder	10,252	3.1
Corem Property Group	8,880	2.7
Swedbank Robur Fonder	7,600	2.3
Nordea Fonder	4,719	1.4
PGGM Pensioenfonds	4,575	1.4
Folksam	4,501	1.4
Olle Florén with companies	3,553	1.1
State Street Global Advisors	3,323	1.0
Columbia Threadneedle	2,719	0.8
15 largest owners	**166,429**	**50.7**
Foreign owners, other	67,364	20.5
Swedish owners, other	94,608	28.8
Total shares outstanding	**328,401**	**100.0**
Repurchase of own shares	17,331	
Total shares registered	**345,732**	

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

Acquisitions and transfers of own shares

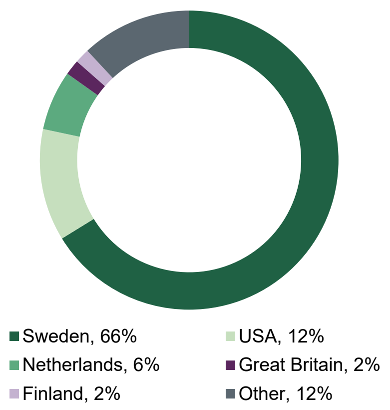
The 2021 AGM gave a mandate to the Board up until the next AGM to acquire and transfer shares. The acquisition may include no more than the number of shares corresponding to approximately 10 per cent of the number of shares outstanding. During the interim period, 12,143,033 shares were repurchased at an average price of SEK 226. On 30 September 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 6.1 per cent (2.8) based on the share price at the end of the period. It was decided to pay out the dividend on four occasions, each at SEK 1.90 per share. Over the interim period, the dividend was paid out with record dates of 31 March and 30 June. The subsequent two disbursements have record dates of 30 September and 30 December 2022.

The share	30 Sep 2022	31 Dec 2021
Share Price, SEK	125.15	243.8
Market capitalisation, SEK Bn	43.3	84.3
Sales, millions	240	204
Turnover rate, %	96	71
Share price/EPRA NRV, %	48	97
Share price/EPRA EPS, LTM	10	21
P/E ratio	6	6
Dividend yield	6.1	2.8

SHAREHOLDERS BY COUNTRY AS OF 30 SEPTEMBER 2022



Parent Company

CONDENSED INCOME STATEMENT

SEK M	2022 Jul–Sep	2021 Jul–Sep	2022 Jan–Sep	2021 Jan–Sep	2021 Jan–Dec
Income	39	25	140	75	167
Central administrative expenses	-78	-48	-269	-157	-283
Financial items	-302	-65	-434	-49	3,589
Income before changes in value and tax	**-341**	**-88**	**-563**	**-131**	**3,473**
Change in value on financial instruments	43	-411	1,643	-31	78
Income before tax	**-298**	**-499**	**1,080**	**-162**	**3,551**
Tax	-165	1	-427	4	-5
Net income for the period	**-463**	**-498**	**653**	**-158**	**3,546**
Items that will be reclassified to net income for the period					
Translation difference of currencies	-128	82	—	54	65
Unrealised change, currency hedge	23	-64	14	-18	-27
Comprehensive income for the period	**-568**	**-480**	**667**	**-122**	**3,585**

CONDENSED BALANCE SHEET

SEK M	30 Sep 2022	30 Sep 2021	31 Dec 2021
Participations in Group companies	47,161	21,010	46,239
Participations in associated companies	12,691	11,375	12,690
Receivables, Group companies	49,110	42,647	42,903
Financial assets	—	2,483	190
Derivatives	2,073	—	—
Other assets	220	176	140
Cash and cash equivalents	763	0	37
Total assets	**112,018**	**77,691**	**102,199**
Equity	40,278	25,507	45,009
Derivatives	—	606	619
Interest-bearing liabilities	47,323	39,685	42,257
Liabilities, Group companies	22,489	11,425	14,090
Other liabilities	1,928	468	224
Total equity and liabilities	**112,018**	**77,691**	**102,199**

*The Parent Company's contingent liabilities increased by SEK 15 Bn over the six-month period, totalling SEK 23 Bn at 30 September 2022. The contingent liabilities are attributable to sureties for subsidiaries.

Other information

Risks and uncertainties

Castellum's operations, earnings and financial position are impacted by a number of risk factors. To facilitate risk management, Castellum has chosen to classify risks into the following categories:

- Business environment—risks due to the influence of external factors and events
- Strategic risks—risks associated with reputation or the ownership of Castellum's property portfolio
- Operational risks—risks associated with routine administration of Castellum's property holdings
- Sustainability and climate risks—risks associated with the environment, corporate responsibility and/or liability risks
- People—risks associated with our employees and the people in and around our properties
- Financial risk – risks in Castellum's financing and reporting

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. We believe that no change has taken place compared with the Annual Report.

Forward-looking information

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

Accounting policies

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

Events after balance sheet date

In accordance with the EU Market Abuse Regulation, Castellum decided to allow CEO and Board member Rutger Arnhult to sell shares through M2 Asset Management AB during the ongoing closed period.

Gothenburg, 20 October 2022

Rutger Arnhult
Chief Executive Officer

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 on Thursday, 20 October 2022 at 8:00 am CEST.

Definitions

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.

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 own repurchased 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 development projects.

Property costs

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

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 per cent as equity and 50 per cent 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 with regard to 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. In the interim accounts, net operating income less central administrative expenses have been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

Financial calendar and dividend

Record date, dividend (IV)	30 December 2022
Expected distribution of dividend (IV)	4 January 2023
Year-end report 2022	13 February 2023
2022 Annual Report	28 February 2023
Annual General Meeting 2023	23 March 2023
Interim report January–March 2023	21 April 2023
Half-year report, January–June 2023	14 July 2023
Interim report, January–September 2023	20 October 2023

www.castellum.se
Visit Castellum's website to download and subscribe to press releases and financial reports.

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About Castellum
Castellum is one of the largest listed property companies in the Nordic region that develops flexible workplaces and smart logistics solutions. As of 30 September 2022, the property value, including the ownership share of the Norwegian company Entra ASA, totalled approximately SEK 186 Bn. 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.
www.castellum.se

CASTELLUM

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