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# A sustainable strategy

Per Berggren  
Chairman of the Board





Our esteemed shareholders:

It is especially gratifying to welcome you here to Chalmers after two years of the coronavirus pandemic. I would have liked to say that we are moving toward nothing but brighter times now, but unfortunately we are moving from one instability to another: an extremely destructive development in Europe with the ongoing war in Ukraine.

Naturally, the invasion of Ukraine is first and foremost a humanitarian and democratic catastrophe, but it is also a turbulent time for business, development opportunities and the economy as a whole.

Despite all this, I do not wish to paint the future in dark tones. On the contrary I see opportunities – despite the unrest – for the Nordic property market, Castellum’s continued journey of growth and our possibilities for building the greenest cities in Europe in our role as urban developer. We have never had as much know-how in, or as great a demand for, green development as we do now.



## An eventful year

The biggest event of last year was, of course, the acquisition of Kungsleden. Full integration between both companies is both logical and profitable, since there is 90% geographic overlap in our asset portfolios and they also match each other well in the office and logistics segments.

The plan was also to replace Castellum's previous management with CEO Biljana Pehrsson and Deputy CEO/CFO Ylva Sarby Westman after the departure of the previous management duo last spring.

But sometimes things don't work out as intended. And you have re-think your options.

Fairly soon after the deal was concluded and the prohibition on contact between both companies expired, the Board of Directors found that we did not see eye to eye with Biljana about the journey forward. In that situation, it was important for the Board to **take responsibility** for the combination and secure the synergy effects the deal could yield. That is why we decided to act quickly and resolutely. We decided to part ways, and instead the Board elected one of our major owners, Rutger Arnhult, as CEO. Rutger is an extremely committed owner with a great deal of know-how and insight into both the industry and

Castellum.

In conjunction with the change of CEO, I took over as Chairman after nearly 15 years as a Board member. The rest of the Board and I are now monitoring the progress of the integration closely.

## A long-term sustainable strategy since 1994

- Focus on cash flow and low LTV ratio
- A highly differentiated customer structure with public and government tenants
- Geographic focus on growth cities in the Nordic region
- Focus on flexible offices and smart logistics

Stable yield  
at low risk

Since its formation in 1994, Castellum's fundamental strategy has been a focus on cash flow and low loan-to-value ratio. The same strategy still applies, with the goal of generating a stable yield at low risk. Apart from the stable financial base, our business strategy has long been a focus on growth cities in the Nordic region, aiming for a healthy mix of public and government tenants and cultivating the portfolio into high-quality flexible office solutions and smart logistics. This basic strategy, which has served our shareholders well for many years, remains.

## Sustainability integrated throughout operations

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5 3/31/2022 AGM 2022 Address Per Berggren



Sustainability has long been high on the Board's agenda, and it is an integral part of the company's operations. In 2021, we raised our ambition for reduced energy use to deliver on our overall sustainability strategy with the goal of being climate neutral by 2030 at the latest. The targets in our strategy are monitored, and quarterly reports on progress are made to the Board.

The climate targets that the Board established in our strategy have been approved by the Science Based Targets initiative, which feels like firm evidence that our strategy is leading to real reductions in emissions.

Many of you have no doubt seen some of the international awards and rankings presented on a regular basis, where Castellum stands out as one of Europe's – even the world's – most sustainable property companies.

This is gratifying, of course, but what is more important is breaking new ground and pushing the industry in the right direction. Here, we are working intensely to tighten up requirements for reducing emissions in new production, where the lion's share of carbon emissions in the industry occurs.

Construction that yields a much smaller carbon footprint is already possible today, with existing technology and smart choices of materials. It is a matter of

having the know-how and commitment to build correctly from the start.



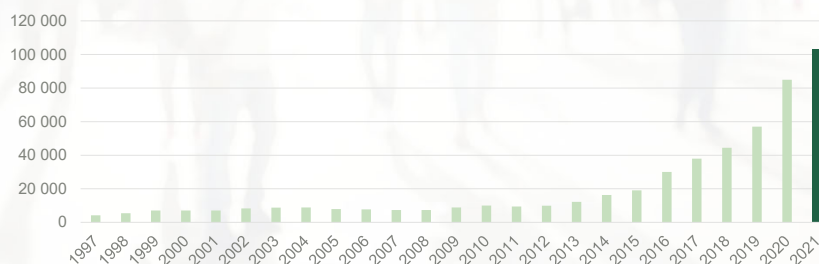
The Korsningen building in Örebro is constructed entirely of wood and is the first net-zero building in the Nordic region

It is therefore extremely gratifying to follow Castellum's new construction in Örebro, which is the first office building that is being constructed in accordance with the new Net Zero climate certification. Net Zero certification is exactly what it sounds like: the net climate impact of a building should be zero. This sets a completely new standard for sustainable urban development in the Nordic region – perhaps even the world.



## On the way to becoming a share for everyone

DEVELOPMENT NUMBER OF SHAREHOLDERS 1997–2021



Since 1997, the number of shareholders has increased from 4,200 to 103,000.

As of 31 December 2021, the proportion of foreign shareholders was 43%.

As I began by saying, it is extremely gratifying to be here at Chalmers and meet you all today. We look forward to having more General Meetings with many participants going forward. Castellum has gone from 4,200 shareholders in 1997 to 103,000 shareholders today. It is fantastic that we are now on the way to really being a share for everyone!

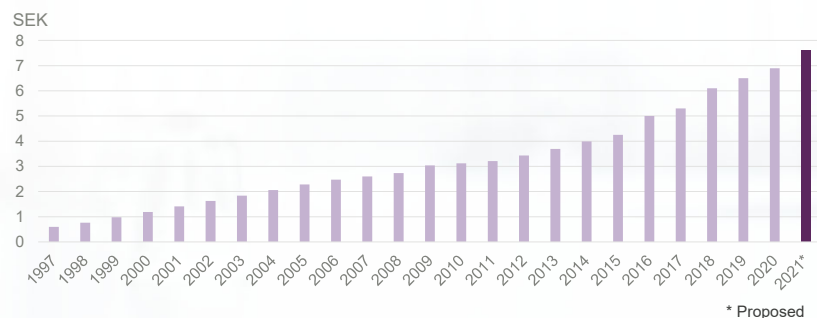
To boost accessibility to our general meetings, the Board of Directors, under Item 10 on the agenda, has proposed voting for an amendment to the Articles of Association that entails the possibility of arranging general meetings in Stockholm as well. The reason is to create flexibility and increase accessibility for more shareholders to participate, since more shareholders live in the Stockholm region than in other regional cities in the country, and it is easy to travel to our capital from abroad. 43% of our shareholders live abroad.

During the pandemic, we made use of the possibility of postal voting, which is an experience we will take with us into the future as a supplement in order to further increase accessibility.

Gothenburg will remain the headquarters of Castellum, and we look forward to holding more general meetings here at Chalmers going forward.

## Dividend history and proposed dividend for 2021

### PROPOSED DIVIDEND INCREASE FOR THE 24TH CONSECUTIVE YEAR



The Board of Directors proposes raising the dividend to SEK 7.60, an increase of 10%.

Regarding the Castellum share: Here is the big boast for today.

Castellum is the **ONLY** company on the Stockholm Stock Exchange to have increased its dividend for 24 consecutive years! I am both proud of this and impressed by it. This year's proposed dividend is SEK 7.60 per share, an increase of 10% over the preceding year.

With that, I would like to extend a warm, hearty thanks to you, our shareholders, and an equally large thanks to my colleagues on the Board and in company management for their efforts in 2021.