

## Esteemed shareholders, fellow Board members, and management:

We have, to say the least, a challenging year behind us.

The rapidly changing finance market, with higher interest costs and falling property values, put pressure on the entire industry.

As a Board of Directors in such a situation, we identified two key priorities: Supporting company management in this acute situation while maintaining a long-term perspective for the company.

The single most important decision for the Board during the past year was proposing a preferential rights issue of SEK 10 Bn to you, the shareholders. Which you voted “yes” on at the last AGM. This gave the company the financial stability it needed to manage bond maturities in the years ahead. Castellum is ready to make use of existing possibilities to invest and create shareholder value going forward.

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At the last AGM, new members were voted onto the Board. This has produced a good mix of competence in financial issues, corporate governance, sustainability and the property industry from an international perspective.

Allow me to present ourselves in a little more detail.

**Louise Richnau**, elected last year – please, stand up. Extensive experience in the property industry in transactions, financing and sustainability.

**Henrik Käll**, member since 2022, extensive experience in the banking and finance sector.

**Anna-Karin Celsing**, member since 2021, solid experience in banking, finance and investor issues. Unfortunately, she could not be here today.

**Ann-Louise Lökholm-Klasson**, elected last year. Currently the CEO of Sweco Sverige, she brings a crucial customer perspective, business management experience and a deep knowledge of sustainability issues.

And, last but not least, **Pål Ahlsén**, elected last year at an Extraordinary General Meeting. He brings extensive experience from the property industry as well as an international perspective from his time as CEO of Akelius Residential.

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During the year, the Board had several key issues on the table. In addition to the preferential rights issue and introducing a new CEO (Joacim Sjöberg), we worked on more long-term and strategic issues. As part of this process, we also reviewed the company's **financial targets**.

To focus more clearly on **long-term** value creation at **low** financial risk, we have chosen to replace the previous target of 10 per cent annual growth in income from property management per share with a return target on equity of 10 per cent annually over a business cycle.

This goal clarifies how Castellum is to work with capital efficiency and an even more long-term perspective.

We have also adjusted our dividend policy to amount to at least 25 per cent of income from property management – provided the company's financial position does not justify otherwise – instead of 50 per cent, which was previously the company's policy.

This facilitates a larger annual investment volume from our own cash flow to create shareholder value.

Our strategy of developing Castellum's portfolio towards higher quality and density in Nordic growth regions stands firm, as does focusing on the office and warehouse/logistics commercial segments.

Castellum now stands on solid financial ground and has every possibility of continuing its journey of growth through in-house project development and acquisitions.

The company has a development portfolio of over SEK 40 Bn (700,000 square metres of developable area), which we expect to be able to develop over a longer period with a good total return.

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Under item 18 on the agenda, the Board has proposed that the AGM resolve on a long-term performance share programme for management. The purpose is to even more clearly interweave the interests of management and shareholders, and to increase management's shareholdings. The proposal is comparable to the current long-term incentive plan, which this will replace if approved. It is a three-year programme where the value will correspond to a maximum of six monthly salaries – 7.5 for the CEO.

Participation in the performance share programme requires an executive's own investment of at least 1 monthly salary (2 salaries for the CEO), that the shares are held throughout the entire vesting period, and that the participant is employed throughout the entire vesting period, which is 3 years.

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The total cost of the programme is on par with the existing programme, but ensures increased shareholding among management based on Castellum's share performance.

The targets are largely the same as the current cash-based long-term incentive plan, with a performance target that the Castellum share is to achieve a total return in both absolute and relative figures, divided into half of the maximum outcomes each:

- To obtain performance shares for the total return target in **absolute figures** (Series A) the return must amount to AT LEAST 10 per cent during the measurement period. Maximum allocation is obtained if the total return reaches or exceeds 50 per cent.
- Obtaining performance shares for the total return target in **relative figures** (Series B) requires that the total return exceeds performance in comparison to the Carnegie Real Estate Return Index (CREX). The outcome is paid on a straight-line basis from 0 to 5% in this portion of the target.

With this proposal, we can ensure a long-term incentive plan that supports shareholder interests and provides management with competitive and value-creating terms.

I hope that the AGM will approve this proposal.

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Another long-term strategic issue that the Board has worked very hard on during the year is sustainability. Castellum has long had sustainability at the top of its agenda, and today it is an integral part of the company's business.

Many initiatives and legislative proposals in the field of sustainability are currently in progress, especially coming from the EU. To work more effectively with long-term sustainability issues and to guide the company in the right direction, we have formed a sustainability team in the company comprising Board members Anna-Karin Celsing and Ann-Louise Lökhölm as well as the company's CFO Jens Andersson, regional manager Örjan Rystedt and Chief Sustainability Officer Filip Elland. Early in the year, the team began assessing material sustainability issues based on forthcoming legal

requirements. During the previous year, the Board also adopted a new roadmap for reduced emissions from tenant operations in the properties. The Board of Directors also decided on a new sustainability goal, entailing that Castellum is not to have any serious climate risks in its portfolio.

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Before I turn the floor over, on behalf of the Board of Directors I would like to extend a warm thanks to management for your work over the past year. I would also like to thank my colleagues on the Board for their excellent collaboration.

And in particular:

My warmest thanks to YOU, our shareholders, for your commitment.

Thank you!