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2018 Annual Report



CASTELLUM

## Digital annual report

The digital annual report is available from Castellum's website and summarizes 2018 with a focus on business operations and value creation. It also provides a guide to content both on the web page and in this annual report.

It can be accessed at:

<https://reports.castellum.se/en/ar2018>

## Tailor-Made Report

Castellum's ambition is to drive innovation and change in everything we do. One way of delivering this, as regards reporting, is to let our readers customize the content they are interested in.

Customize your reading experience of the 2018 Annual Report by downloading the documentation in our Tailor-Made Report tool:

<https://reports.castellum.se/en/tmr>

## Statutory annual report

The Statutory Annual Report, which contains the Directors' report and Financial reports, covers pages 11–150. Comparisons shown in brackets refer to the corresponding amounts year-on-year. The key metrics from the European Public Real Estate Association (EPRA) are reported in the section on the Castellum share. Castellum reports in accordance with the GRI Standards: Core.

Castellum's statutory sustainability report is found on the following pages: Business model, 11–13; Environmental, pages 13, 40, 44, 62–70, 98 and 194–199; social conditions and personnel issues, pages 13, 62–64, 66–67, 71–73, 74–77, 98–99, 199 and 201; respect for human rights, pages 64, 66–67, 72, 76, 98–99 and 202; anti-corruption, pages 66–67, 72, 98, 111 and 116–118; and diversity in the Board, pages 106–107. Calculation and definitions of financial/alternative performance measures are found on pages 123–124.

The Sustainability Report, for which the auditors prepared a limited assurance report, is indicated by the page references in the GRI index on pages 205–206. The GRI index refers to Castellum's 2018 sustainability report and to the in-depth sustainability information on pages 194–207.

The EPRA index is presented on page 200, and the Task Force on Climate-Related Financial Disclosure (TCFD) index is on page 207.

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.

At left in the picture, with the ochre-colored facade, is Castellum's Torsgatan 26 reconstruction project. Designed by renowned architect Ferdinand Boberg, the property was built in the early 20th century. At present, Castellum is converting the building into one of Stockholm's most innovative office projects where the past meets the present just a stone's throw from the city center.

# 2018 Annual Report

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# This is Castellum

Castellum is one of the largest listed real estate companies in Sweden and the Nordic region's most sustainable public real estate company. Every day more than 250,000 people go to work in our buildings. Our property portfolio consists primarily of premises for offices and warehouse/logistics with a leasable area of 4.3 million square meters.

We operate through a decentralized organization with a strong local presence in some 20 cities around Sweden, as well as in Copenhagen and Helsinki. This means that we serve our customers at close range, at the same time as we have the collective resources of the Group behind us.

In addition, Castellum is one of Sweden's largest property developers, with a clear focus on sustainability and innovation.

## 250,000


people go to work every day  
in our buildings

## 4.3 million sq. m.

leasable area

## 20 cities

in Sweden, as well as in  
Copenhagen and Helsinki

An aerial photograph of a city, likely Gothenburg, Sweden, showing a river, buildings, and construction cranes. The image is overlaid with a green tint.

There is a great deal happening in Gothenburg, and Castellum has several exciting projects under way: in the Masthuggskajen district in the city center, for example, but also in attractive logistics locations strategically placed near the approach roads to the city.



## Key metrics, 2018

17% growth in income from property management and a proposed dividend increase for the 21st consecutive year to a total of SEK 6.10 per share.

- Income for 2018 amounted to MSEK 5,577 (5,182).
- Income from property management amounted to MSEK 2,952 (2,530), equivalent to SEK 10.81 (9.26) per share — an increase of 17%.
- Changes in property values amounted to MSEK 5,216 (4,540) and in derivatives to MSEK 152 (247).
- Net earnings for the year after tax amounted to MSEK 7,453 (5,876), equivalent to SEK 27.28 (21.51) per share.
- Long-term net asset value amounted to SEK 176 per share (153), an increase of 15%.
- Net investments amounted to MSEK 2,657 (5,613) of which MSEK 2,455 (3,595) pertained to acquisitions, MSEK 2,837 (2,893) to new construction, expansions and reconstructions and MSEK 2,635 (875) to sales. Property values at the end of the year amounted to SEK 89.2 billion.
- Net leasing for the year was MSEK 161 (310).
- The Board proposes a dividend of SEK 6.10 (5.30) per share, an increase of 15%, to be distributed in two equal payments of SEK 3.05 each.

**SEK 10.81/share**

Income from property management, SEK/share

**SEK 6.10/share**

proposed dividend, SEK/share

**SEK 176/share**

Long-term net asset value

**MSEK 7,453**

Net earnings for the year after tax

**MSEK 161**

Net leasing

The Nyhamnen district is one of Malmö's strategic development areas. Castellum will construct the new Swedish National Courts Administration building, as well as E.ON's new Nordic head office, here. The developments, taken together, are equivalent to an investment of SEK 2.3 billion, and will strengthen Castellum's financial position in Öresund. Conceptual image of Nyhamnen, MandaWorks © Malmö City Planning Office.

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# Focus 2018

This year, we want to highlight three themes: how we created shareholder value, how we pursued innovation and digitalization in our industry, and how we continued to deliver world-class sustainability initiatives.



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## How we created shareholder value in 2018

This is the growth that creates value:

- Income from property management, SEK 10.81/share, a 17% increase
- Proposed dividend of SEK 6.10 per share, a 15% increase
- Total yield (share price development and dividend) for the year amounted to 22.3% compared to the Real Estate Index Sweden (EPRA), 15.3%
- Long term net asset value amounted to SEK 176 per share, a 15% increase

Read more about how Castellum created shareholder value on pages 56–61



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## How we pursued digitalization and innovation in our industry

- Co-working at Castellum — what we think, page 39
- Next20 is the property industry's first development lab, page 37
- Beambox responds to the trend of a global shared economy and is Castellum's first service to individuals, read more on page 38



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## How we continued delivering world-class sustainability initiatives

- Castellum's agenda — the sustainable city, page 67
- Castellum also received a number of sustainability awards in 2018. For example, Castellum is — for the third consecutive year — the only Nordic company in the property and construction sector on the Dow Jones Sustainability Index. Read more about the sustainability awards on page 65
- Read more about Elias, one of Castellum's interns, on page 73

## On our way! Where are we headed...?

Here, at the end of the year, it may be appropriate to follow up on the plans we drew up at the beginning of 2018. "Castellum's primary objective is to create sustainable shareholder value for the long term, at moderate risk," we emphasized in the Q1 interim report. I feel we accomplished this in 2018, and it also applies going forward. As part of this ambition, we started 2018 by mentioning continued development along three market dimensions: geography, type of premises and customer offering.

As regards geography, the move towards greater growth is continuing. We took a significant step in early 2019 through our sale of our entire portfolio in Sundsvall via an exchange that at the same time provided us with critical mass in the growth region of Linköping. This transaction means that we sold our properties in Sundsvall for MSEK 3,321 while simultaneously acquiring properties in Linköping for MSEK 1,638. It should also be mentioned that we have begun creating an organization in Finland — primarily Helsinki, where we are continually monitoring potential opportunities.

We promised we would focus more on logistics. We have strengthened and changed our organization; logistics is now its own division and during the year we completed — and are continuing to produce facilities — for SEK 1.7 billion. Additionally, we have acquired a secure land bank in Gothenburg for the future in the market's prime location, where expansion potential for logistics and industry of at least 850,000 square meters could be possible up through 2030. We are future-proof as a result of the acquisition of Säve airport, adjacent to the Port of Gothenburg, and before that the approach roads into Stockholm. As this report shows, Castellum's logistics division now contains a property portfolio of SEK 13.6 billion, with a rental value of approximately SEK 1 billion in 2018 values.

Early in the year, we emphasized that we were working intensively on developing a proprietary concept for the rapidly growing co-working segment of the market. Now, we have made further advances and achieved a significant gain in tempo through the acquisition of United Spaces. Where co-working is concerned, United Spaces is one of Northern Europe's strongest local brands, which was designed and has grown over a number of years and will now be strengthened for the future. Now we're off to a flying start on advancing and developing a concept that is attractive to customers both old and new.

### On our way!

Where 2018 is concerned, we must be satisfied — as mentioned above, we feel that Castellum is on the right track, and shareholder value has been created. A record strong quarter concluded the year. Income from property management increased a full 28%, which supported full-year growth of 17% to SEK 10.81 per share. A raise in the dividend — for the 21st consecutive year — to SEK 6.10 per share is now being proposed. A positive, and very stable, share price trend during this period of stock exchange turbulence meant that we could deliver a total yield of 22.3% to our shareholders. This, along with decreasing financial risk-taking (loan-to-value ratio of 45%) and a power-

fully diversified financing base (the Eurobond market).

At the end of the year, the net asset value had increased to SEK 176 per share, but with a share price (at December 31) of SEK 163.35, however, Castellum is still listed with a small discount to net asset value.

The table at right shows the comparison, looking back over five years of development:

	2018	2013
Income from prop. mgmt SEK/share	10.81	7.12
Dividend, SEK/share	6.10	3.69
Net asset value, SEK/share	176	93
Share Price, SEK	163.35	86.85

Behind these figures lies a planned development process in which Castellum has acquired properties for a total of MSEK 39,075 and sold portfolios for a total of MSEK 15,085.

In terms of sustainability, we've retained our internationally leading position, as evidenced by Castellum's remaining the only Nordic company in the construction and property sector to be included in the Dow Jones Sustainability Index. Moreover, we have also been named Global Sector Leader the Global Real Estate Sustainability Benchmark (GRESB). We see sustainability as a precondition for attaining our goal, and we will continue on this journey governed by our ambitious sustainability agenda until 2030.

### So — where are we headed?

In the latest reports, I was entirely positive about the developments in our markets. I am still positive, but with a few reservations: There are now certain signs indicating a somewhat more sluggish rental market, and the transaction volume in the property market is decreasing, even if it is at quite a high level. But the demand for centrally located offices in our growth districts remains strong as a consequence of the low volume of new production. In 2018, rental income in like-for-like portfolios increased a full 5.3%. There is much that indicates we will obtain a high figure regarding renegotiations next year as well, when a number of older contracts mature. We see no indication that interest levels will rise to any significant extent in the foreseeable future.

Our extensive property transactions in the fourth quarter of 2018 and the first quarter of 2019 will impact our growth in both the short and the long term. Over the short term, for 2019, we expect that the significant net divestments will lead to a slight dampening of growth in income from property management, while expectations of higher growth over the long term



*“Where 2018 is concerned, we must be satisfied — we feel that Castellum is on the right track, and shareholder value has been created. A record strong quarter concluded the year.”*

are rising — which is our goal. I am convinced that the long-term efforts described in these comments have raised Castellum's potential for growth to a new level, even if this does not mean that we will reach our ambitious goal of a 10% increase in income from property management every year.

Gothenburg February 1, 2019



Henrik Saxborn, CEO

VISIT OUR WEBSITE,  
CASTELLUM.SE,  
TO SEE HENRIK SAXBORN'S  
SUMMATION OF 2018.

# Castellum 2018 — The year in review



## MARCH

Construction of a warehouse and logistics building begun in Brunna, just outside Stockholm. The investment is estimated at MSEK 140.

Sale of the Archimedes 1 property outside Stockholm. The property comprises 18,000 square meters and is located in an area which is primarily destined for residential development. The sale price totaled MSEK 285.

- 1 Castellum won the project to build a new Nordic head office building for E.ON in the Nyhamnen district of Malmö, an investment estimated at SEK 1.1 billion.
- 2 The first renovation phase of the Sabbatsberg 24 property in central Stockholm has begun. The objective is to convert approximately 9,000 square meters into modern workplaces; completion is expected in the second quarter of 2020. The investment in the first stage has been calculated at MSEK 418.

## APRIL

3 In April, Castellum started its storage service, Beambox, with an on demand service that helps people solve sustainable storage issues without requiring vehicle transportation to storage units. Consumers order both pick-up and drop-off of their belongings via a web service. Beambox, a wholly owned subsidiary of Castellum, is the result of work in Castellum's Next20 innovation lab, a test arena for digital transformation and innovation.

In April, Castellum revised its financial policy regarding the net loan-to-value ratio not exceeding 50% (previously 55%) over the long term.

Moody's gave Castellum an investment grade rating of Baa3, with a positive outlook in April. The rating is an important tool in the company's aim of achieving more advantageous financing terms.

In April, Castellum acquired the Rådhuset property in Uppsala. Investment in the property, a well-known landmark, totaled MSEK 127.

## JUNE

4 Castellum became the first in Sweden to certify an office according to the International WELL Building Standard, level Gold (and a further six WELL certification projects are in progress). The office in question was Castellum's regional headquarters in Stockholm, which was certified under the only international standard that factors in the well-being of people at work.

In June, Castellum established operations in Helsinki through the acquisition of the Salmisaarenaukio 1 property, in the Ruoholahti business district, for MEUR 81. The building covers around 14,400 square meters, and the investment forms part of Castellum's strategy of building a strong Nordic property portfolio.

## JULY

In July, Castellum announced its plans to develop a co-working concept. The base of the offering is Castellum's extensive property portfolio in several Nordic cities.

In July, the company presented its investment in a modern office building in the Oceanhamnen district of Helsingborg. The GreenHaus building is being developed with flexible office solutions, and will be certified under WELL.

## AUGUST

Castellum is the first property company in the Nordic region to have its climate targets approved by the Science Based Targets (SBT) initiative.

Castellum released plans to build the Emigranten office building in Gothenburg in close proximity to Castellum's venerable Amerikahuset property. The building is expected to be completed and ready for occupation in the first half of 2020.



**SEPTEMBER**

5 In September, Castellum drew international attention for its sustainability efforts. Castellum is maintaining its position as the only Nordic company in the property and construction sector on the Dow Jones Sustainability Index. For the third consecutive year, Castellum was also named a global sector leader in the Global Real Estate Sustainability Benchmark (GRESB) and received the EPRA Gold Award for the highest rating among the best sustainability reports in Europe.

6 That month, Castellum announced the investment of SEK 1.2 billion in new premises for the Swedish National Courts Administration in Malmö. The investment comprises a key element of Castellum's strategy for further growth in the Öresund region and will be one of Castellum's largest development in its history.

On September 17, 2018, the Castellum share recorded its highest price ever, at SEK 170.25.

In September, Castellum acquired office properties totalling 20,500 square meters for MSEK 250, thereby strengthening its position in Linköping, Norrköping and Västerås.

**OCTOBER**

At the end of October, Castellum sold 38 properties in several locations in Sweden. The sale was made for the purpose of a quality shift, concentrating and reducing the share of smaller properties in the portfolio, primarily in the industrial and retail property segments. The sale price totaled MSEK 1,700. That same month, Castellum also completed the sale of eight properties in Västerås at a sale price of MSEK 310.

**NOVEMBER**

In November, Castellum established Euro Medium Term Notes, a program for borrowing in the European capital market, and in that connection appointed a group of banks as the issuing institute. This resulted in Castellum raising its first international bond of MEUR 500 in mid-November.

7 Castellum began new production of a modern, flexible warehouse and logistics building of approximately 15,000 square meters in Upplands-Bro, just outside Stockholm. The property the second element in a venture that will enable Castellum to establish logistics operations on a larger scale.

**DECEMBER**

In mid-December, Castellum presented its new organizational structure for continued growth. The Logistics and Office divisions were established at the Group level as a stage in strengthening excellence in the respective segments. In addition, the company's investment and portfolio strategy was coordinated at the Group level, with responsibility for investments and valuation.

8 Castellum began construction of Stage 2 of the Hisingen Logistics Park, which will be one of the Nordic region's largest logistics facilities for fully automated warehouses. The investment is estimated at approximately MSEK 300.

Castellum purchased Säve airport in late December. The initial purchase price is approximately SEK 1 billion. Remaining payments will be made in conjunction with further contingent payments in line with development of zoning plans, and procurement of building permits, with an outer time limit of 2030. With this acquisition, Castellum ensures its expansion of logistics in Sweden's strongest logistics market.

# Strategy, trends and market

Welcome to Castellum's world. Everything we do is based on our strategy with a focus on delivering on our overall growth target: achieving 10% annual growth in income from property management measured in SEK per share. This strategy takes into account business environment factors such as trends, macroeconomic factors and market conditions. By delivering on our strategy, value is created for our shareholders, customers and employees. This created the foundation and the conditions for us to be one of Sweden's largest real estate companies for commercial properties today. Every day, some 250,000 people go to work in our buildings, and make a difference. Our properties are where business is conducted, goods and flows are optimized and moved out to end consumers, and people feel at home in workplaces where they can grow and develop.

**17%**

growth in income from property management, SEK/share

**15%**

increase in dividend

**SEK 89.2 billion**

in property value

In 2018, Castellum began construction of two warehouse and logistics buildings in Brunna, one of Stockholm's most dynamic locations for logistics development. Established e-commerce companies have long been in the area, and service and demand for premises is great.

# Castellum's strategy

Castellum's strategy is described in the company's strategic plan, which is Castellum's central policy for the company's strategic orientation, strategies, priorities and goals. Extending over a three-year period, it is reviewed annually by Group Management before final adoption by the Board. Ultimately, the strategic plan aims to optimize the preconditions for Castellum to deliver on the company's overall growth target and creating shareholder value.

## The Castellum Spirit

- Personal
- Passionate
- Proactive
- Reliable

## Vision

Beyond expectations.  
*Castellum goes a step further, advancing innovation and one-of-a-kind solutions.*

## Mission

Creating workplaces where people and enterprises thrive.  
*Castellum promotes and creates successful workplaces, and offers new ways of working.*

## Business idea

We create successful and sustainable workplaces in Nordic growth regions by really keeping close to customers, while staying on the cutting edge of innovation and expertise.

## Business model

Investments and development of commercial premises managed in a decentralized and customer-focused organization. Castellum focuses on cash flow and operates with low financial risk.

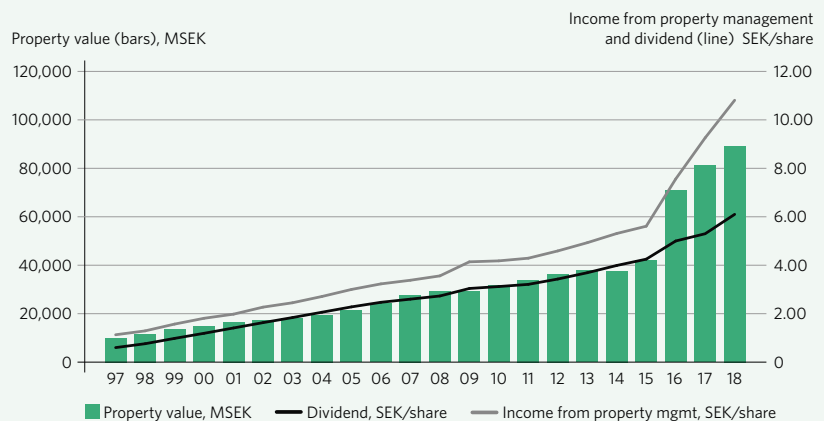
## Overall objective

**10%**

Overall objective: 10% annual growth in income from property management, SEK/share.

**17%**

Performance 2018: 17% growth in income from property management, SEK/share.



## Customers

### STRATEGY

Castellum will offer existing and potential customers premises that are best suited for their objectives, and will position itself as an innovative corporate player. The needs of customers change and Castellum aims to be the real estate company that offers new solutions and efficient, flexible and sustainable premises. A clear customer focus is achieved through long-term customer relationships, local presence and service that exceeds customer expectations.

Castellum needs a highly diversified customer base that provides a good risk spread in terms of industry, maturity and the individual customer. Customers are to be found in industry, public agencies and public authorities.

### STRATEGIC TOOL

- High customer satisfaction index (CSI)
- 1st to 3rd largest property company in the respective cities

### OUTCOME 2018

- 77 on the CSI in the latest measurement (autumn 2018)
- Castellum is the largest, second largest or third largest property company in 13 cities

## Property portfolio

### STRATEGY

Castellum will develop and manage a property portfolio that supports targets set for growth in income from property management, thus creating shareholder value over time. Castellum's portfolio shift is continuously towards greater quality and density through new construction, expansions and reconstructions, acquisitions and sales in the Nordic growth markets that have the best conditions for growth among offices and logistics properties. The portfolio will constitute a Nordic property exposure alternative for Castellum's shareholders. The portfolio turnover should be actively managed, with a net investment volume of approximately 5% per year.

### STRATEGIC TOOL

- At least 5% of the property value in net investments per year, equivalent to SEK 4.5 billion

### OUTCOME 2018

- MSEK 2,657 in net investments, of which MSEK 2,455 pertained to acquisitions, MSEK 2,837 to new construction, expansions and reconstructions, and MSEK 2,635 to sales

## Financing

### STRATEGY

Castellum must maintain a low level of financial risk; the chosen key ratios for risk are loan-to-value ratio and interest coverage ratio. Castellum's financing strategy will support the business operations and manage the Group's financial risks while working for an open and transparent climate. The strategy will be reflected in the financial policy in order to ensure risk management through close monitoring.

Castellum's financial strategy can be summarized by five cornerstones: diversification, liquidity, strength, transparency and flexibility.

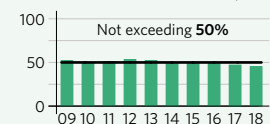
Castellum's goal is for the company's share over the long term to yield a competitive return in relation to risk, and to have a high level of liquidity.

### STRATEGIC TOOL

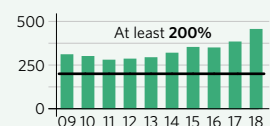
- Loan-to-value ratio — not to permanently exceed 50%
- Interest coverage ratio — at least 200%
- Dividend — at least 50% of pre-tax income from property management in dividend pay-outs

### OUTCOME 2018

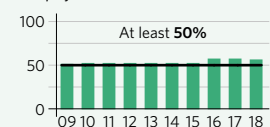
- The loan-to-value ratio amounted to 45% as of December 31, 2018



- The interest coverage ratio for 2018 was 454%



- SEK 6.10 per share in proposed dividend for 2018, equivalent to a payout ratio of 56%



“Castellum is to be an attractive employer with committed, motivated leaders and employees.

## Employees

### STRATEGY

Castellum is to be an attractive employer with committed, motivated leaders and employees working towards the same goal, thereby meeting high expectations. Castellum is building a goal-oriented organization in which its employees constantly challenge themselves and their colleagues to strengthen both the organization and individuals. The organization continually strives to become better, clearer and more open as regards expectations, and sees constructive monitoring as a natural part of management and employeeship.

### STRATEGIC TOOL

- Employee satisfaction index (ESI)

### OUTCOME 2018

- 81 on the trust index

## Sustainability

### STRATEGY

Castellum will be the most sustainable real estate company in Europe and a major player in building a sustainable society. Sustainability should be integrated into business operations and yield tangible results. This work should characterize the entire business from ownership, property management and property portfolio development to customer relationships, employees and financing.

This work is compiled in the sustainability agenda, *The Sustainable City*, where it is divided into four focus areas. Complete reporting on the goals is compiled on pages 66-73 of the sustainability section.

#### The planet

We will responsibly and efficiently reduce resource use and carbon emissions that cause global warming.

#### Future-proofing

We will create a sustainable property portfolio in a changing world.

#### Well-being

We will promote health, wellness and productivity.

#### Conduct

We will conduct business in a responsible manner in relation to the community as well as to our stakeholders.



Albin Eklund, one of Castellum's apprentices, doing his internship at our Uppsala office.

### STRATEGIC TOOL

#### The planet

- 15% energy savings per square meter, compared with 2015
- Net-zero carbon emissions and 100% non-fossil fuel energy by 2030
- 100% non-fossil fuel powered vehicles by 2020
- 1% water conservation per year

#### Future-proofing

- 50% of the property portfolio in square meters will be environmentally certified in 2025.

#### Well-being

- Equality among all occupational categories by 2025.
- <2% short-term sick leave
- <3% long-term sick leave
- By 2025, 20% of Castellum's employees are to have international backgrounds to more closely reflect the composition of society.

#### Conduct

- 4% of all employees annually will be apprentices.

### OUTCOME 2018

#### The planet

- -1% (0) cf. 2015, and +3% (-6) in like-for-like
- 85% (78) reduction in carbon emissions since 2007
- 95% (95) renewable energy
- 62% (34) non-fossil fuel powered vehicles
- -1% (-4) water conservation in the like-for-like portfolio

#### Future-proofing

- 33% of the property portfolio in square meters is environmentally certified, and certification of an additional 6% is in progress. Castellum owns more environmentally certified buildings than any other listed real estate company in Sweden.

#### Well-being

- 1.6% short-term sick leave
- 2.2% long-term sick leave
- For performance concerning equality and international background, read more on page 71.

#### Conduct

- In total, 85 young people were apprentices, had internship or holiday work at Castellum in 2018. Of these, 23 were apprentices, equivalent to approximately 6% of Castellum's employees; 14 of them were in developments.

# Trends

## MEGATRENDS

These are overall trends that impact companies and organizations as well as individuals and societal functions. Continual business intelligence, proactivity and the ability to identify business opportunities are shared success factors for managing these trends.



### Globalization

The world's countries and economies are linked more closely together through the mobility of people, capital, goods and services.



### Urbanization

At the moment, there is powerful ongoing urbanization. Every week, one million people are estimated to move to a big city. The high urbanization rate places great demand on city infrastructure, educational institutions, services, housing and workplaces.

## INDUSTRY TRENDS

These trends are ones that Castellum deems to have a material impact on the industry as a whole and on the company in particular. This is why Castellum chose to focus on them in 2018.



### OVERCAPACITY

Every community has overcapacity in different forms, such as unused vehicles and premises. Digitalization creates new opportunities to make smart use of overcapacity through new platforms — Airbnb, for example. In the property industry, approximately 50% of office space is used during a working day. In pace with urbanization and an increasing number of people placing greater demands on sustainability and circularity, focus is moving toward using resources more efficiently. At Castellum, we developed the Beambox service, which focuses on overcapacity — specifically, Castellum's vacant warehouse space. The service combines the needs of the big city for storage with Castellum's unused warehouse space and resources in the logistics chain. Read more on page 38.



### AI AND SMART BUILDINGS/IOT

Digitalization creates opportunities for increased knowledge and insight by measuring and collecting data. For example, data collection and analysis can provide knowledge of how a property can be managed in a more energy-efficient manner, or if the technology in a building needs to be replaced. Data collected can also provide knowledge of how people use premises, and conclusions about how use can be made more efficient. Using artificial intelligence (AI), data can provide valuable insights. At Castellum, sensors are being tested in premises under our Matilda concept in order to provide insight into how the premises are being used and why. The aim is to continue offering our customers premises that function properly and are adapted to their operations, but also to develop our future customer offering. The project is built on analysis of large amounts of data on an AI platform for increased insight and knowledge. Read more on page 38.



### ALTERED BUYING BEHAVIOR, THE GROWTH OF E-COMMERCE

Globalization, urbanization and digitalization mean that commerce is changing. E-commerce has grown drastically over the past few years, and this development means greater focus on efficient logistics chains that can meet the requirements of e-commerce for rapid delivery times. This development impacts our cities with the need for semi-central properties and flexible warehouses at strategic locations. Castellum is one of Sweden's largest owners of logistics properties, and works strategically to develop its property portfolio in pace with changing requirements for flexibility, automation and more. To provide increased service to those working in any of Castellum's properties, the Handy service has been developed in connection with the trend towards increased e-commerce. The service involves all e-commerce deliveries being sent directly to a smart box at the workplace entrance. Read more on page 38.





## Digitalization

The new digital technology changes people's behavior, business models, communication and access to information. Artificial intelligence (AI) has already started and will within a foreseeable future change the way we live and work.



## Sharing economy

The sharing economy is about utilizing existing capacity efficiently and effectively. New products and services have been introduced in a short period of time, and digitalization enables a high rate of change and vast dissemination through new technologies.



### NEW PLAYERS

Rapid developments in the business environment change the conditions for companies to pursue their operations, but at the same time it opens up possibilities for new players. In the property sector today, there are several companies offering new types of services that challenge traditional business models.

In order to develop both its customer offering and its own operations, Castellum started an innovation laboratory, Next20, in 2016. The lab provides opportunities for pursuing, experimenting and acting boldly on development issues. Several services have been developed in the lab, including Beambox and a proprietary co-working concept. Additionally, Castellum has acquired United Spaces, a player in co-working. With this acquisition, Castellum is broadening its offering of office space; it intends to continue expanding with more co-working spaces in its portfolio going forward. Read more on pages 38 and 39.



### SOCIAL SUSTAINABILITY

Sustainability today encompasses many more dimensions than simply being climate smart. Studies also show that both customers and employees value companies that have clear sustainability initiatives. This is a question of companies taking responsibility not only for their own operations, but contributing to the markets they operate in. In addition, this entails taking responsibility and being part of influencing and driving change initiatives that lead to reduced social exclusion and greater inclusion.

Castellum's agenda for the sustainable city extends through 2030 and consists of ambitious goals in four areas, one of which focuses on social sustainability in particular. This means that the social dimension permeates its operations in the form of programs for interns, incentives for collaborating partners to hire interns in connection with larger projects, and local collaborations for increased integration and collaboration as well as a focus on WELL, the first building standard that also takes wellness into account. Read more on page 30 and 71-73.



### CO-WORKING

Our approach changes in pace with new generations entering the job market, technology developing and the need for networks and collaboration increasing. These changes impact our workplaces and increase demands for flexibility and new services. Co-working is one answer to these changing needs. In co-working, companies purchase memberships that provide opportunities to make use of workplaces that draw people in for meetings, collaboration and exchange of knowledge, as well as for service offerings.

Castellum has acquired United Spaces, a co-working company; this is to be regarded as a strategic investment. Read more on page 39.

# Market comments

## SWEDEN'S FOREIGN TRADE

Jan-Oct 2018 (10 months)

Export	Total SEK 1,193 billion
Germany	131
Norway	125
Finland	83
Denmark	83
USA	81
Netherlands	69

Import	Total SEK 1,225 billion
Germany	221
Netherlands	113
Norway	105
Denmark	85
United Kingdom	62
Finland	58

Source: Statistics Sweden

### Swedish, Danish and Finnish economies

The Swedish economy developed relatively positively in 2018, with preliminary estimates of growth in GDP at just over 2% (Riksbanken, Dec. 2018). Prospects for housing construction were negatively impacted during the year, however, which is expected to result in a lower GDP growth rate in 2019 that will increase afterward to approximately 2%. Consumer confidence has dampened somewhat, which is expected to reduce the positive contribution from private consumption; lower housing investments will also reduce the rate of growth, even though infrastructure investments could counteract a slowdown in housing construction.

Exports are also expected to develop relatively strongly. Geopolitical unrest, however, continues to dampen sentiment, and the long-term effects are still too difficult to foresee.

The Swedish job market has been positively impacted, and unemployment is at its lowest level since 2008. The level of unemployment is expected to stabilize in 2019 in light of an increase in the supply of labor and problems in matching workers to jobs. Inflation (CPI) shows signs of increasing and is now around the Riksbanken's target level of +2%, where the Riksbanken expects it to remain for the next few years. Development of the SEK exchange rate plays a key role for inflation in Sweden, as a weak exchange rate normally contributes to higher inflation. The Swedish krona weakened (TCW index) relatively drastically early in 2018, and remained weak at a level last noted in early 2009.

Danish GDP growth is expected to remain relatively stable at just under 2% annually over the next few years, according to Danmarks Nationalbank (Sep. 2018). It is mainly private consumption in light of rising employment that is expected to boost GDP, but favorable export prospects and investments will also contribute. Inflation in Denmark — expressed in terms of the harmonized consumer price index (HICP) — is expected to be around 1% in 2018, to then rise to approximately 1.5% in 2019 and 2020.

In Finland, the expected GDP growth rate is around 1.5% in 2019 and 2020, which is weaker than the forecast for 2018 of approximately 2.5% according to the Finnish Ministry of Finance (Dec. 2018). Growth is somewhat subdued in several areas, including the export sector and investments, as a consequence of expected deterioration in global trends in commerce. Inflation (consumer price index, or CPI) is expected to increase marginally from around 1.2% to around 1.5% in 2019 and 2020.

### Macro indicators, Sweden

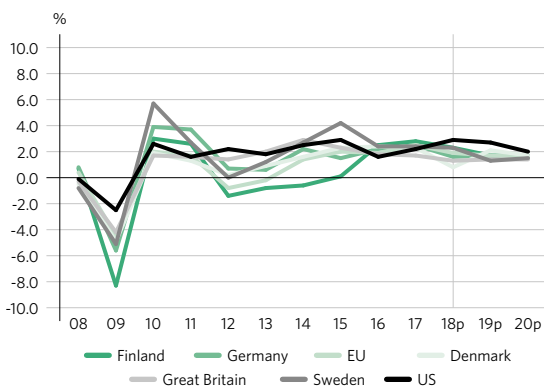
Unemployment	6.2% (December 2018)
Inflation rate	2.2% (December 2018, cf. December 2017)
GDP growth	-0.2% (Q3 2018, cf. Q2 2018)

Source: Statistics Sweden

### Interest and credit markets

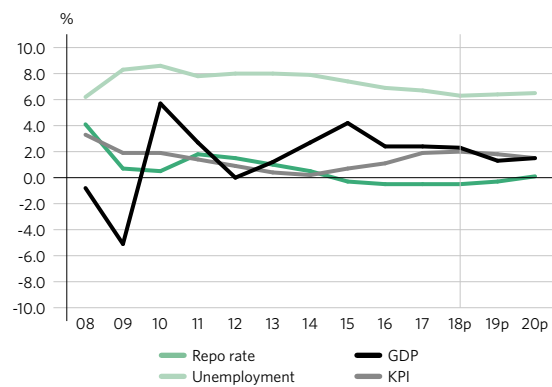
Sweden's central bank, the Riksbank, raised interest rates in December from -0.5% to -0.25%, the first increase in seven years. At the same time, however, the Riksbank adjusted the repo-rate path downward somewhat, indicating that the next increase would not be

GDP GROWTH PER YEAR



Source: Swedish National Institute of Economic Research

MACRO INDICATORS, SWEDEN



Source: Swedish National Institute of Economic Research

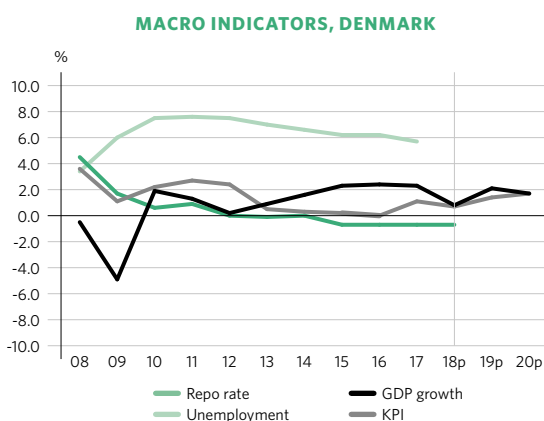
relevant until the autumn of 2019. It remains to be seen whether a further increase will then be implemented or postponed to a future date if inflation and business cycle prospects were to decline beforehand. The 2019 outlook for both the global and the Swedish economies is genuinely uncertain.

Long-term Swedish interest rates continued to display some volatility during the quarter in light of factors including geopolitical unrest and fluctuating international long-term interest rates. At the end of the year, however, the five-year swap rate — of particular importance to Castellum — stood at around 0.5%, unchanged compared with year-end 2017. Over the year, it varied between 0.4% and 0.7%. STIBOR 3 months totaled -0.15% at the end of the year, equivalent to an upswing of approximately 0.35 percentage points compared with year-end 2017. The interest rate differential between long- and short-term interest rates decreased in late 2018, and interest rates remain at historically low levels.

The availability of financing in the Swedish capital market worsened during the fourth quarter after having been relatively stable in the spring and summer. Castellum was not particularly active in the Swedish bond market in the fourth quarter, and the volume of certificates outstanding has decreased from the previous record volume. The volume of covered assets was further reduced during the period, in connection with the renegotiation of certain bank credit facilities — though without appreciable downward adjustment of available borrowing facilities.

The credit margins, which tended to increase in markets such as the European capital market, had a significant impact on the Swedish bond market in the fourth quarter and ended the year higher than they started. In November, Castellum carried out its first international bond financing under the new EMTN program in the form of a five-year Euro bond with a nominal value of MEUR 500.

In Denmark, the CIBOR 3 months interest rate in 2018 was relatively stable at around -0.3%, which also applied to the Finland/Euribor 3 months. The assessment is that both CIBOR and Euribor will remain relatively stable over the next six months.



Source: Swedish National Institute of Economic Research, Danmarks Nationalbank and Eurostat

### Castellum's market share

Castellum owns a total leasable area of approximately 4.3 million square meters with a total property value of roughly SEK 89.2 billion. At year end, Castellum's market capitalization amounted to approximately SEK 44.6 billion, which at that time made the company the twelfth largest listed property company in the European property market (excluding 100% property companies and 100% retail companies), the second largest property company in the Nordic region in terms of market capitalization and the largest in terms of its free float.

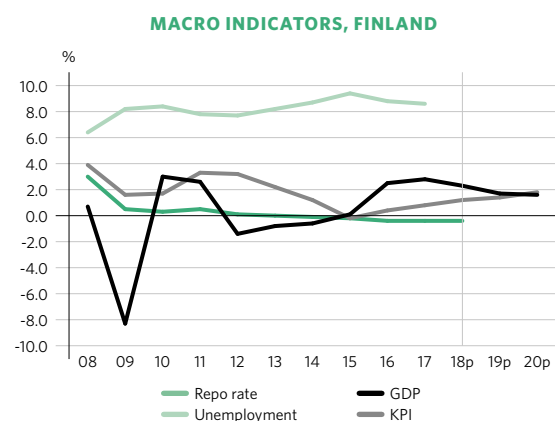
Together, the 200 largest property owners in Sweden own a taxable area of around 94 million square meters of office public sector properties, retail, warehouse, logistics and industrial properties, of which Castellum's market share amounts to approximately 4-5%.

Apart from the listed companies, the largest property owners in Sweden are public corporations as well as Swedish and foreign institutional investors. In addition, there are a number of smaller property owners: property and construction companies, users and individuals.

### European property market

According to CIBRE, the transaction volume in the European property market totaled approximately EUR 161 billion (165) for the office and warehouse and logistics segments, which equals a decrease of about 2% year-on-year. The continued high volume of transactions was driven by such factors as good access to institutional capital, a generally healthy European economy in 2018 and strong interest in the European property market from international investors, specifically Asian investors.

The office segment increased in 2018, reaching a level of approximately EUR 127 billion (up around 6% year-on-year). This was the highest office volume in Europe since 2007. The transaction volume for the warehouse and logistics segment decreased to approximately EUR 34 billion from the previous year's record volume of approximately EUR 44 billion. From a



Source: The European Central Bank, Eurostat and the Swedish National Institute of Economic Research

historical perspective, where the average annual volume over the last ten years totaled EUR 20 billion, the volume for 2018 should continue to be regarded as strong for the segment.

Sweden made up approximately 4% of the European volume, which made it the sixth largest transaction market in Europe in 2018. Denmark and Finland made up approximately 3% each of the European volume, which made them the seventh and ninth largest transaction markets in Europe.

**Swedish, Danish and Finnish property markets**

The transaction volume in the Swedish market for office properties in 2018 was expected to total SEK 153 billion (151). Several major transactions took place in 2018 that entailed a higher average volume per transaction year-on-year. International investors accounted for a higher share of volume in 2018 (27%) year-on-year (23%). The transaction volume remained centered on the Stockholm region, which represented 42% of the total volume in Sweden. Gothenburg and Malmö together represented around 22% of the volume.

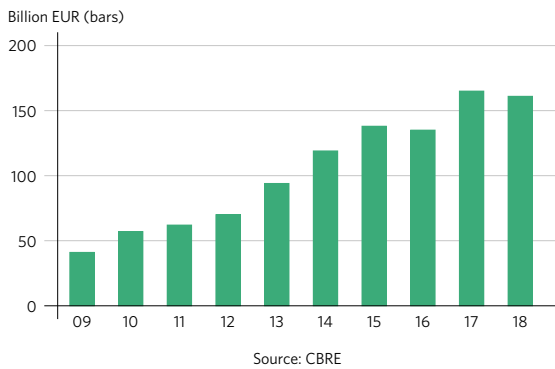
Prices of nearly SEK 130,000 per square meter were noted in several larger office transactions during 2018, which constitute new top prices for the Swedish office market.

Modern office properties within the CBDs of Stockholm, Gothenburg and Malmö remain highly attractive in the investor market. In 2018, the required investment yield for office premises in Castellum’s submarkets posted a general year-on-year decline, primarily for properties with secure cash flows. In general, compound property portfolios that generate healthy cash flows are of interest in the investor market. Additionally, competition in the investor market in the category of public sector properties is high, with falling required yields as a result. In Castellum’s submarkets outside the metropolitan areas, the required yield was either stable or declined somewhat over the year.

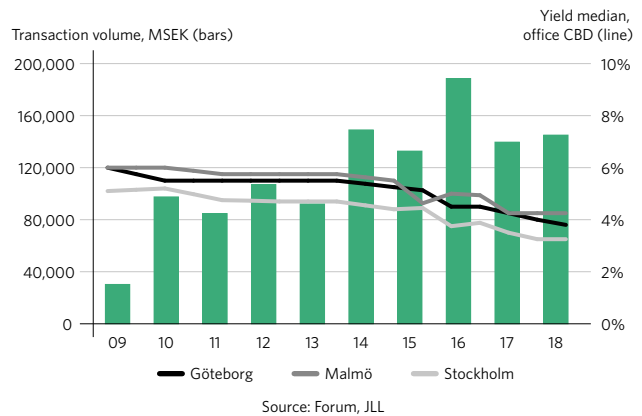
Warehouse and logistics facilities in Sweden are attracting a growing crowd of both domestic and international investors, largely driven by the growth of e-commerce. While demand in the investor market is high, the supply is relatively low, which drives prices up. The required yields in Castellum’s logistics strongholds were thus adjusted down in 2018.

In Denmark, the transaction volume in the Danish property market totaled approximately DKK 70 billion in 2018 (-62). International investors accounted for approximately half of that volume. Required yield levels in Copenhagen remained stable in 2018.

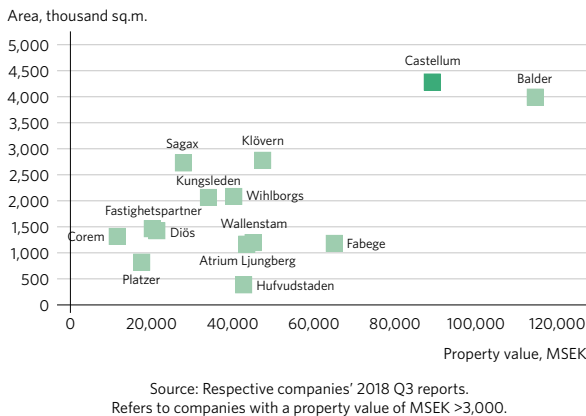
**TRANSACTION VOLUMES/YEAR EUROPEAN PROPERTY MARKET**



**YEARLY TRANSACTION VOLUME SWEDEN AND INVESTMENT YIELD, MAJOR CITIES**



**PROPERTY PORTFOLIO, LISTED PROPERTY COMPANIES**



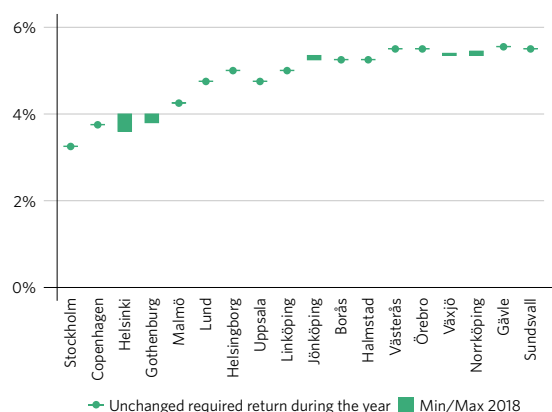
**TRANSACTION VOLUME BY GEOGRAPHY**



In Finland, the transaction volume in the Finnish property market totaled EUR 9.3 billion in 2018, which was the second largest transaction volume ever. A total volume of EUR 10 billion was achieved for full-year 2017, though approximately half of that volume related to two major transactions. International investors made up around 70% of that volume. The required

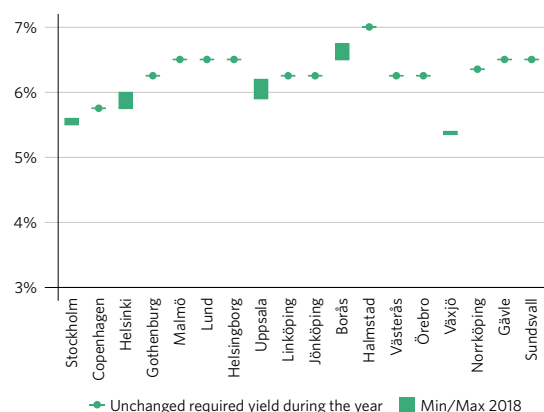
yields in the Helsinki CBD and well-positioned office sub-markets such as Ruoholahti continued to decline in 2018. Since 2014, the required yield in the Helsinki CBD has decreased by 1.5 percentage points, and is now almost on a level with the other Nordic capitals.

### MARKET YIELD — OFFICE



Investment yield 2018 (bars) according to Forum Fastighetsekonomi (Swedish cities) and JLL (Copenhagen/Helsinki) for a number of different geographical markets and segments in Castellum's portfolio.

### MARKET YIELD — WAREHOUSE/LOGISTICS



Investment yield 2018 (bars) according to Forum Fastighetsekonomi (Swedish cities) and JLL (Copenhagen/Helsinki) for a number of different geographical markets and segments in Castellum's portfolio.

### DATA BY REGION

	Population	Population growth, 2009–2018/yr	Population growth, 2009–2018 avg people/yr	Population growth, 2018	Students at university/college	Employment growth, 2009–2018/yr	Unemployment, 2018	Growth total wages 2009–2018/yr	Growth total wages 2018	Growth total wages, forecast 2018–2026/yr
The nation	10,238,000	1.0%	100,700	1.3%	406,000	1.7%	6.9%	3.1%	2.7%	2.3%
<b>Region West</b>										
Greater Gothenburg	1,174,000	1.3%	13,900	1.8%	50,000	2.0%	6.9%	3.5%	3.0%	2.5%
Borås	112,000	1.0%	1,100	1.4%	9,000	1.7%	7.0%	3.2%	2.8%	2.3%
Halmstad	102,000	1.2%	1,200	2.0%	9,000	1.6%	7.9%	3.1%	2.8%	2.4%
<b>Region Öresund</b>										
Malmö	1,185,000	1.2%	13,700	1.7%	52,000	1.8%	13.7%	3.1%	2.9%	2.4%
of which Lund	123,000	1.4%	1,600	1.8%	35,000	1.5%	6.1%	2.7%	2.5%	2.0%
of which Helsingborg	146,000	1.4%	1,900	1.8%	-*	1.8%	10.2%	3.3%	2.9%	2.4%
Copenhagen	1,839,000	1.0%	17,700	0.9%	120,000	0.8%	4.7%	1.2%	3.1%	n/a
<b>Region Stockholm-North</b>										
Greater Stockholm	2,775,000	1.7%	42,600	2.0%	88,000	2.4%	5.8%	3.8%	3.4%	2.9%
Uppsala	226,000	1.7%	3,500	2.9%	39,000	2.0%	5.5%	3.4%	3.1%	2.6%
Gävle	101,000	0.8%	800	0.9%	11,000	1.3%	9.0%	2.7%	2.5%	2.0%
<b>Region Central</b>										
Örebro	154,000	1.6%	2,200	2.6%	13,000	2.1%	7.1%	3.5%	3.1%	2.6%
Västerås	152,000	1.3%	1,800	1.6%	11,000	1.8%	8.5%	3.1%	2.8%	2.4%
Jönköping	140,000	1.1%	1,500	1.7%	13,000	1.8%	5.0%	3.1%	2.7%	2.2%
Jönköping	161,000	1.2%	1,900	1.9%	23,000	2.0%	6.0%	3.4%	3.1%	2.6%
Norrköping	142,000	1.0%	1,400	0.6%	-**	1.8%	10.8%	3.3%	3.1%	2.6%
Växjö	93,000	1.4%	1,200	1.6%	28,000	1.6%	7.7%	2.8%	2.4%	2.6%
<b>Region Finland</b>										
Helsinki	1,171,000	1.4%	15,000	1.3%	53,000	0.9%	6.5%	1.8%	2.1%	n/a

Source: Evidens, Statistics Sweden, Arbetsförmedlingen, Statistics Finland, Statistics Denmark. \*Campus Helsingborg included in Lund University. \*\*Campus Norrköping included in Linköping University.

# Rental market — office

Over the last few years, average annual growth in wages in the areas where Castellum operates has amounted to 3–3.5%. At the same time, yearly new production of offices represented only 1–1.5% of the total share of office space. In general, this has led to historically low vacancy rates in Swedish cities, especially Stockholm and Gothenburg, which has resulted in growth in market rent. Rental growth continued in 2018, driven by a favorable economy, robust demand and a limited selection of office premises. The average rent in the CBDs of Stockholm, Gothenburg and Malmö increased 13%, 4% and 2% respectively in 2018.

## Stockholm-North

Rental trends in Stockholm have remained strong for a long period, and the trend continued in 2018 as well. The vacancy rate is 1.5% and the average rent in the CBD is estimated at approximately SEK 6,750 per square meter; individual contracts in the best locations are close to SEK 9,000–10,000 per square meter. Rental trends in the CBD have boosted rental trends in the rest of the inner-city area as well as in local suburban areas and Solna/Sundbyberg. The vast majority of total new production completed in 2018–2020 will be in Solna/Sundbyberg and the local suburban areas, whereas the volume in central Stockholm will be more limited. In Stockholm, co-working players had an increased share of the new lease volume in 2018, which was an additional contributing factor to the increase in rents. From 2011 to 2018, office space leased to co-working companies increased from approximately 30,000 square meters to just over 200,000 square meters.

The rental market in Uppsala was strong in 2018, driven by increased demand for modern office premises close to public transportation and by a limited supply. Additionally, the proximity to Stockholm and to Uppsala University is a positive factor. The vacancy rate in the CBD is estimated to be under 2% and rents there have been quoted at over SEK 3,000 per square meter. Office rents in Gävle were also relatively unchanged during the year.

## West

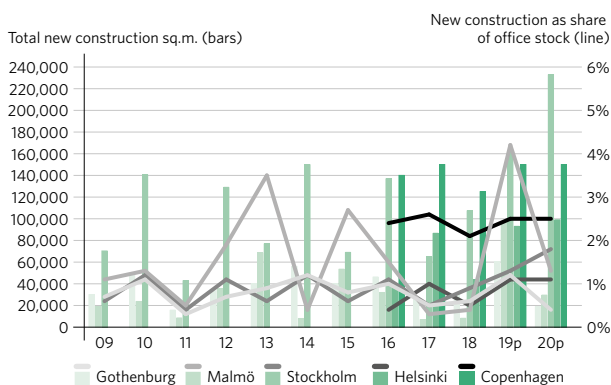
The pace of activity in the Gothenburg rental market in 2018 was high, while the supply remained limited. The vacancy rate in Gothenburg continued to decline; at 3%, it is at the lowest level in ten years. This has led to a strong rental market in nearly all submarkets, but most clearly in the CBD and the Norra Älvstranden/Lindholmen districts. In Halmstad and Borås, rents for offices rose somewhat during the year.

## Öresund

In Malmö, the rents for modern offices in prime locations adjusted upward slightly in 2018. Rents among older offices were relatively unchanged. The volume of completed new production is expected to increase in 2019 and 2020. In Lund, the total vacancy rate is relatively high, and in Helsingborg a shift is under way from older offices to new production, which means that rents were relatively unchanged during the year.

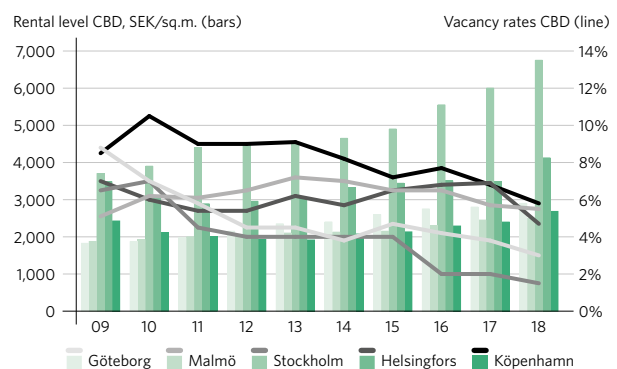
In regional cities, demand for modern premises is strong, and rental growth in these cities is above all related to new production and a shift to newer properties from older portfolios.

### NEW CONSTRUCTION, OFFICE



Source: Newsec

### RENT AND VACANCY RATES, MAJOR CITIES



Source: Newsec, JLL, KTI

**Central**

Rental trends in Jönköping and Örebro have been positive, driven by good demand and active industry but also higher rent levels in new production. As for Linköping and Norrköping, the major urban development for each city is connected to the new infrastructure around the East Link, which will tie together Järna Municipality, outside Stockholm, and Linköping. The Swedish Transport Administration currently estimates that the East Link will be completed between 2033 and 2035. In Linköping, demand for office space is good and new production is limited. The rental trend in Norrköping rose somewhat, driven by a small number of property owners. Rent levels in Växjö and Västerås were relatively stable during the year.

**Copenhagen**

The rental market for office space in Copenhagen trended positively in 2018, with an increase in office rents in the CBDs of approximately 5%. This is due to economic growth, falling vacancy rates and increased construction costs that have driven up rent levels in newly produced premises. The high level of access to land and development rights in and around the city, however, is a limiting factor for rent potential. In Copenhagen, yearly new production of offices represented 2-2.5% of the total market over the last three years.

**Helsinki**

The rental market for offices in Helsinki had positive momentum in 2018, with growth in CBD office rents of approximately 6%. High-quality premises in good locations, as well as renovated premises, are enjoying strong demand. The Finnish economy is in a recovery phase after several years of weaker development, which together with a limited supply reduced vacancy levels, above all in the CBD. In Helsinki, yearly new production of offices represented 0.5-1% of the total market over the last three years.



## Roof terrace and lounging: the dream office just across the river

Once Mecenat had decided to take the step and move, they did not want to compromise; they looked for a completely new type of office.

“Our own roof terrace was high on the wishlist as well as a bar. We wanted to work in an open landscape with flexible areas and different types of workplaces: meeting spaces, hangouts on sofas and space for shared activities,” says CEO Jonas Levin.

Founded in 1998, Mecenat is a Swedish technology company that offers an international service for student discounts.

After many years in the same premises at Kungstorget in central Gothenburg, it was time to look around for something different.

When he was invited to look at Castellum’s premises in the Blenda property at Lindholmen, he was a little skeptical at first but soon changed his mind when he realized that it was just as easy to get from the central station to Lindholmen as it was to Kungstorget.

“Additionally, there was a really pleasant — and free — boat ride between Stenpiren and Lindholmen.”

Jonas has even gone to work from home on his own boat.

But nonetheless, what made him decide the

Lindholmen pier would be Mecenat’s new address were all the opportunities the new premises offered. “Apart from our own roof terrace, we also had access to a shared roof terrace and meeting spaces on the roof. We could also realize our dream of a long bar and a large shared dining table, with several cozy places for sofa hangouts. It’s flexible, it’s functional and it meets our needs,” Jonas Levin says.

The location at Lindholmen is also a major advantage considering Mecenat’s operations in producing offers that favor students in close partnership with schools and student unions.

“We have thousands of high school and university students here, right outside our door.”

Jonas’s employees also feel very comfortable here, and feel that the move meant a big step forward.

“It’s important for everyone to feel satisfied. We’ve grown a lot over the last few years, and the



*Jonas Levin, CEO Mecenat*

design of the office is also important when it comes to the possibility of attracting new employees.

The new premises are really optimal for our operations. There are fantastic areas for meetings, collaboration and a sense of community, at the same time as there are spaces for people who want to work undisturbed.”

The new premises at Lindholmen are light and airy, and were designed in consultation with Castellum’s construction managers and architectural firm.

Mecenat also had help with very convenient solutions for locks, alarms, IT and wireless internet — and much more.

“Everything works wonderfully, and Castellum has been incredibly accommodating, especially during the startup period. There was always someone to ask, if we needed advice and support on various issues.”



## Rental market — logistics

Castellum's warehouse and logistics properties are situated in strategic logistics locations, with strong positions primarily around Stockholm, Gothenburg, Malmö, Helsingborg, Västerås and Örebro. Strategic logistics locations are largely determined by consumption patterns and the flow of goods. In 2018, Castellum experienced strong demand for warehouse and logistics premises, with rents generally rising in the prime logistics locations as a result.

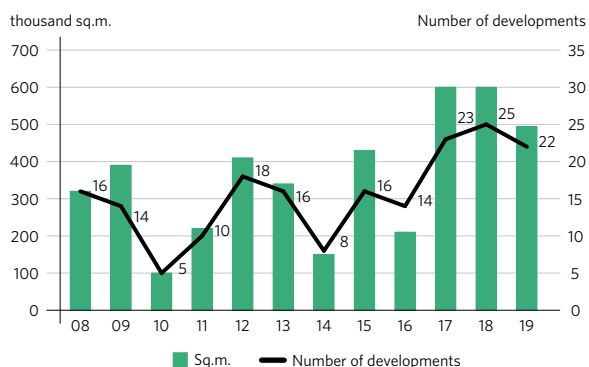
Rent levels in large, modern logistics facilities (>10,000 square meters) remained relatively unchanged in 2018. It is estimated that approximately 600,000 square meters of logistics space was completed in 2018 (facilities >10,000 square meters), which is a historically high level. Despite this, the vacancy rate for logistics facilities remains low. A somewhat increased volume of speculative construction (i.e. not leased prior to start of construction) can be noted in the market, though this is met by strong demand.

In small to medium-size logistics facilities with terminal functions, and warehouse buildings, strong demand has been noted with a positive rental trend. In the market, there is limited access to modern logistics facilities with terminal functions. The Godståget 1 property in Stockholm is a good example from Castellum's portfolio of this type of property, and the rental value there in SEK per square meter has increased approximately 25-30% over three years.

Increased e-commerce places new, more stringent requirements on the logistics chain and on access to well-placed logistics and warehouse premises. E-commerce in Sweden is expected to grow around 15% annually over the next ten years. In seven years, e-commerce is expected to represent approximately 30% of total retail trade. This will lead to a need for more lettable area in the form of warehouse and logistics premises. Specifically, the demand for warehouse premises in "last mile" locations will increase.

Internationally, the trend is toward increasing numbers of customers who now expect deliveries the same day the order is placed. This trend is also seen in Sweden, which has resulted in increased demand for warehouse premises to be located close to the end consumers. Around Stockholm, many players are demanding smaller facilities close to the city while there is a shortage of land; many locations close to the city have already been converted into residential areas, or will be in the future, which will result in relatively drastic rent increases for available warehouse premises in these locations. Similar trends can be noted for warehouse premises in the other cities where Castellum operates. As a result of the strong rental trend, older industrial properties in "last mile" locations are being converted into warehouse hubs for e-commerce. Castellum broadly estimates that 30% of the warehouse and logistics portfolio is of a "last mile" character.

### COMPLETED NEW CONSTRUCTION LOGISTICS >10,000 SQ. M.



\*2019 forecast.

Source: Colliers and Castellum



## Logistics running smoothly at Castellum's newly constructed property

"Thanks to Castellum, we were given the opportunity to build a completely new property with warehouse, distribution and offices that suit our operations perfectly," says Daniel Johnsson. Johnsson is the CEO of Exertis CapTech, which is one of the Nordic region's largest and most rapidly growing distributors of IT, AV and entertainment — operations that place great demands on its premises.



Daniel Johnsson, CEO Exertis CapTech

Exertis CapTech and Castellum have been in partnership since the early 2000s.

"We leased our first premises on Datavägen in western Gothenburg," Daniel Johnsson says.

After a couple of years, they had outgrown the premises; Castellum then expanded the location, tripling the area — but even that soon became too small. That is why in 2011, they leased additional premises from Castellum close by the first, while looking for something even bigger.

"We looked at several different alternatives, but nothing seemed to be a clear fit. Finally, we found a site in Mölndal that we were interested in. With the help of Henrik Axelsson, head of project development at Castellum Region West, we convinced the municipality to allow us to build on the site.

Construction was completed in early 2018, but CapTech kept leasing its old premises in parallel to have as smooth a transition as possible.

"First, it was a question of getting our new robot picker in place, an investment of MSEK 60. This was up and running in early March, and we could begin moving distribution over to the new property.

Since then, the move has taken place in several stages; all personnel were on site in October 2018, just in time for the high season before Black Friday and Christmas.

"We partner with just over 250 manufacturers and 4,000 retailers across the entire Nordic region.

We are a focused distributor with a great deal of commitment, by which we mean that we have a high level of knowledge when it comes to what we work with and sell, and that we always strive to provide high quality deliveries quickly.

This is where CapTech's impressive 150-meter-long robot picker comes into the picture, and operations at the warehouse are reminiscent of a giant modern version of Santa's workshop on Christmas Eve. 46 shuttles work at a fast pace to fetch goods that are then manually packed before the box moves further along the rails for packaging and address labeling.

"We process 1,500 orders an hour. Since all these goods have different shapes and appearances, this is done by hand at our three picking stations."

The premises were designed in close collaboration and dialogue with Castellum so as to specifically meet CapTech's needs.

"Our core business has always been building computers; this was gradually expanded with more products and business areas. That is why all premises that work well, with a high level of operational safety, are a fundamental requirement for our being able to focus on optimizing our business instead.

The storage area in the new building is 16,000 square meters with a ceiling height of twelve meters, and an integrated office section of 3,000 square meters."

"We work in an open office concept, and in addition to the three sales divisions we also have purchasing, marketing and returns divisions and a department for PC construction and configuration.

Moreover we have several conference rooms and shared spaces such as a lounge, a cafeteria and a kitchen. There is also a gym, a changing room and a rest area."

"We're very comfortable in this space, and having suitable premises built to our wishes in order to meet our specific needs means a lot."

CapTech is currently Sweden's largest provider of computers tailored to customer's wishes; it also offers a range of configuration services, monitors, components, networks, servers, software, various accessories and almost everything in gaming. Another major area is AV and Large Display — sound and image technology for conference rooms, training centers and digital displays. In addition, they have become a major player in entertainment (for example, games and toys).

But despite just having moved into its fine new premises, Exertis CapTech's operations have grown so much over the last year that they're already looking at the neighboring land.

"While waiting for the opportunity to expand further, we've leased our initial premises on Datavägen again — things have come full circle," says Daniel, laughing.



# How Castellum creates value

## Resources we are developing

### THE SHARE

- Castellum's share, CAST, is listed on Nasdaq Stockholm Large Cap
- 44,400 shareholders split into institutions, fund companies and private individuals

### CUSTOMERS

- ~5,900 customers
- A property portfolio of 4.3 million square meters over 647 properties and five types of premises: offices, public sector properties, warehouse/logistics, retail and light industry; and a development portfolio consisting of projects and land
- Decentralized administrative organization in some 20 cities in Sweden, as well as in Copenhagen and Helsinki

### INNOVATION

- R&D function
- Project development offices that facilitate and prioritize development initiatives and business development

### SUSTAINABILITY

- Sustainability certifications: Green Building, LEED, BREEAM, WELL
- Sustainability program for new construction and reconstruction

### EMPLOYEES

- 381 employees, in the head office and in Castellum's four regions
- of which 23 interns or apprentices

### FINANCING

- Diversified borrowing portfolio
- Cash and cash equivalents

## Business model

Investment in, and the development of, commercial premises managed by a decentralized and customer-oriented organization. Castellum focuses on cash flow and operates with low financial risk.

### PROPERTY MANAGEMENT

Through management, in close relationship with customers, that is built on good business conduct, sustainability and innovation, we enable our customers to reach their business goals.

### PROJECT DEVELOPMENT

Castellum will continually invest in existing portfolios and develop new portfolios, resulting in a quality shift to a more sustainable and stable portfolio, as well as increased earning power. In addition, Castellum will be an active player that promotes urban development and growth.

### TRANSACTIONS

Continual development of Castellum's property portfolio in order to strengthen the company's position as the leading player in Nordic growth cities.

## Value Castellum created in 2018

### SHAREHOLDER VALUE

- Income from property management, SEK 10.81/share, a 17% increase
- Proposed dividend of SEK 6.10 per share, a 15% increase
- Total yield (share price development and dividend) for the year amounted to 22.3% compared to the Real Estate Index Sweden (EPRA), 15.3%
- Long term net asset value amounted to SEK 176 per share, a 15% increase

### LONG-TERM CUSTOMER RELATIONS

- CSI 77 (78)
- Net investments MSEK 2,657 (MSEK 5,613), of which MSEK 2,455 pertained to acquisitions, MSEK 2,837 to new construction, expansions and reconstructions, and MSEK 2,635 to sales

### KNOW-HOW AND INNOVATIVE POWER

- Next20, the real estate industry's first innovation lab
- United Spaces, a co-working company
- Services: Instabox, Matilda and Beambox

### SUSTAINABLE PROPERTY PORTFOLIO

- -1% (0%) energy savings cf. 2015, and +3% (-6%) in like-for-like
- 85% (78%) less carbon emissions since 2007
- 33% of the portfolio in square meters is certified under Green Building, LEED, BREEAM or WELL

### SATISFIED EMPLOYEES

- 18 education hours per employee
- A trust index of 81 (corresponding to ESI)
- 1.6% short-term sick leave and 2.2% long-term sick leave

### FINANCIAL STRENGTH

- 45% loan-to-value ratio as of December 31, 2018
- 454% interest coverage ratio as of December 31, 2018

# Castellum's operations

Castellum's business model is built on investing in and developing commercial premises managed by a decentralized and customer-focused organization. Castellum is focused on cash flow and only engages in activities with low financial risk.

**SEK 27.28**

Net earnings for the year after tax, per share

**17%**

Increase in income from property management per share

**MSEK 161**

Net leasing

Eminent will be one of the first office buildings in the Nordics to be certified under WELL. The building is located in the expansive Hyllie district just outside Malmö.

# Castellum's earnings in 2018

Castellum's business model is built on investing in and developing commercial premises managed by a decentralized and customer-focused organization. Castellum is focused on cash flow and only engages in activities with low financial risk.

Castellum owns 647 properties in Sweden, Copenhagen and Helsinki, encompassing 4.3 million square meters of office and logistics space. Properties are situated in a range of locations, from city centers to well-situated business districts with good public transportation and services. Castellum works with a long-term perspective; its strategy for growth includes continually refining and developing its property portfolio by investing in new construction, expansions and reconstructions, as well as making new acquisitions. The aim of the investments is to improve cash flow, thereby increasing the value of the properties. New projects are gradually added through acquisitions of both development properties and unutilized building rights.

## Our operations comprise three different areas:

### Property management

Through management, in close relationship with customers, that is built on good business conduct, sustainability and innovation, we enable our customers to reach their business goals.

### Project development

Castellum will continually invest in existing portfolios and develop new portfolios, resulting in a quality shift to a more sustainable and stable portfolio, as well as increased earning power. In addition, Castellum will be an active player that promotes urban development and growth.

### Transactions

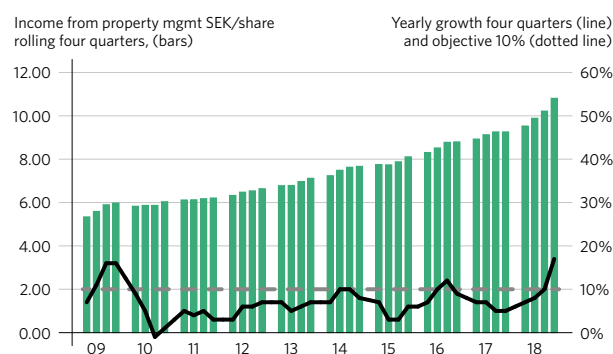
Continual development of Castellum's property portfolio in order to strengthen the company's position as the leading player in Nordic growth cities.

## Castellum's earnings in 2018

### Income from property management

Income from property management for the year (i.e. profit excluding acquisition and restructuring costs, changes in value and tax) amounted to MSEK 2,952 (2,530), equivalent to SEK 10.81 (9.26) per share, an increase of 17%. Changes in property values over the year amounted to MSEK 5,216 (4,540) and on derivatives to MSEK 152 (247). Net earnings for the year after tax amounted to MSEK 7,453 (5,876), corresponding to SEK 27.28 (21.51) per share, an increase of 27%.

## Income from property management per share



## Segment information

MSEK	Revenue		Income from property management	
	2018	2017	2018	2017
Central	1,408	1,508	712	730
West	1,227	1,152	665	626
Öresund	1,122	1,053	602	537
Stockholm-North	1,795	1,469	1,012	768
Finland	25	-	10	-
<b>Total</b>	<b>5,577</b>	<b>5,182</b>	<b>3,001</b>	<b>2,661</b>

The difference between the income from property management of MSEK 3,001 (2,048) above and the Group's recognized profit before tax of MSEK 8,320 (7,312) consists of unallocated income from property management MSEK -49 (-92), acquisition and restructuring costs of MSEK 0 (neg: 5), changes in property values of MSEK 5,216 (2,069) and change in derivatives values of MSEK 152 (204).

The Group's revenue amounted to MSEK 5,577 (5,182), equivalent to an average economic occupancy rate of 93.2% (90.9%) including discounts of MSEK 87 (97). This rental income includes a lump sum of MSEK 14 (6) as a result of early termination of leases.

### Income

The 5% increase in the like-for-like portfolio pertained to higher rental levels as well as reduced vacancies. Gross leasing (i.e. the annual value of total leasing) during the year was MSEK 408 (600), of which MSEK 109 (198) pertained to leasing of new construction, expansions and reconstructions. Notices of termination amounted to MSEK 247 (290), of which bankruptcies were MSEK 11 (7) and MSEK 19 (18) were notices of termination with more than 18 months remaining length of contract. Net leasing for the period totaled MSEK 161 (310). The time difference between net leasing and its effect on income is estimated to be between 9 and 18 months, and 12 to 24 months for investments in new construction, expansions and reconstructions.

Net leasing does not include the year's leasing of MSEK 146 in total regarding new construction for both E.ON and the Swedish National Courts Administration in Malmö, since Castellum is awaiting the final detailed development plan.

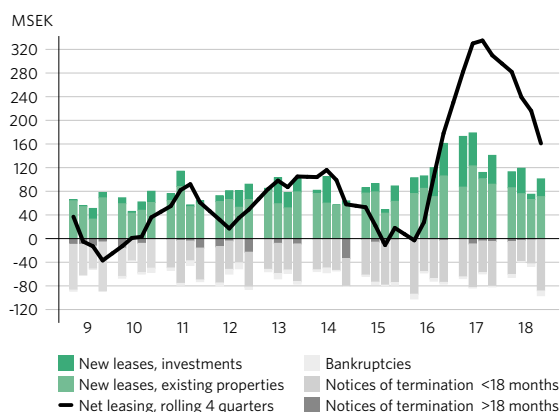
### Development of Income

MSEK	2018	2017	Change, %
Like-for-like holdings	4,796	4,555	5.3%
Development properties	334	194	-
Transactions	447	433	-
<b>Rental income</b>	<b>5,577</b>	<b>5,182</b>	<b>7.6%</b>

### Net leasing

MSEK	Region					Total
	Central	West	Öresund	Stockholm	North	
<b>New leases</b>						
Existing properties	105	61	56	62	15	299
Investments	25	49	0	35	0	109
<b>Total</b>	<b>130</b>	<b>110</b>	<b>56</b>	<b>97</b>	<b>15</b>	<b>408</b>
<b>Notices of termination</b>						
Existing properties	-63	-50	-37	-78	-8	-236
Bankruptcies	-8	-2	0	-1	0	-11
<b>Total</b>	<b>-71</b>	<b>-52</b>	<b>-37</b>	<b>-79</b>	<b>-8</b>	<b>-247</b>
<b>Net leasing</b>	<b>59</b>	<b>58</b>	<b>19</b>	<b>18</b>	<b>7</b>	<b>161</b>

### Net leasing per quarter



### Property costs

Property costs amounted to MSEK 1,632 (1,605) corresponding to SEK 378 per square meter (366). Property costs for the like-for-like portfolio increased 3%, due primarily to colder weather in the first half of the year and warmer weather in the third quarter.

### Development of property costs

MSEK	2018	2017	Change, %
Like-for-like holdings	1,074	1,040	3.3%
Development properties	75	57	-
Transactions	109	124	-
<b>Direct property costs</b>	<b>1,258</b>	<b>1,221</b>	<b>3.0%</b>
Property administration	374	384	-
<b>Total property costs</b>	<b>1,632</b>	<b>1,605</b>	<b>1.7%</b>

### Property costs

SEK/sq. m.	Offices	Public sector properties	Warehouse/logistics	Light industry	Retail	2018 Total	2017 Total
Operating expenses	220	187	110	116	170	173	157
Maintenance	53	35	22	26	32	38	43
Ground rent	2	4	7	6	4	4	5
Real estate tax	111	88	23	23	63	73	70
Total property costs	386	314	162	171	269	288	275
Leasing and property administration						90	91
<b>Total</b>	<b>386</b>	<b>314</b>	<b>162</b>	<b>171</b>	<b>269</b>	<b>378</b>	<b>366</b>

### Central administrative expenses

Central administrative expenses totalled MSEK 158 (162) and included an expense of MSEK 16 (12) for development costs for Castellum's Innovation lab Next 20. Central administrative expenses also include costs related to the earnings and share price-related incentive plan for 9 members of Group Management of MSEK 18 (12).

## WELL certification of Castellum's regional office in Stockholm

People who feel comfortable and get on well at their workplace perform better. Simply put, it's one way of combining increased wellness with increased efficiency. WELL is the only international construction standard that weighs wellness in work life and takes into account the 'soft' values that impact how we do at our jobs.

Surveys show that people who work in a building certified under WELL increase their productivity by eight percent. WELL also increases wellness, something that is becoming increasingly important considering that various stress-related illnesses are on the rise.

Castellum's regional office in Stockholm was the first office in Sweden to be certified under WELL. The office in Stockholm was developed with particular focus on creating an attractive environment that includes light and acoustic comfort, and

encourages and inspires a healthy lifestyle for those who work there.

WELL comprises seven areas that are judged based on different criteria:

**Air:** provides the conditions for healthy air (e.g. good ventilation, solar shading, and heaters in separate rooms).

**Water:** access to clean drinking water.

**Light:** Light design with correct exposures and access to daylight to counteract strained eyes and sleeping problems.

**Comfort/climate:** covers acoustic environment, odors and ergonomics for a good work environment.

**Food:** access to healthy, nutritious food in order to avoid junk food.

**Fitness:** the building should promote movement and an active lifestyle (e.g. proximity to



public transportation, bicycle parking, attractive stairwells, an active outdoor environment and opportunity for exercise).

**Mood:** create a good work environment for wellness (e.g. aesthetically pleasing elements, elements of nature and other aspects that create calm, joy and comfort as well as space for both decoupling and social togetherness).



**Net interest expense**

The net interest expense was MSEK -835 (-885). The average interest rate was 2.2% (2.4%).

Net interest was positively affected by approximately MSEK 86 due to the 0.2 percentage point decrease in the average interest rate.

**Property value and changes in value***Property value and changes in value*

The fair value of the properties at year end amounted to MSEK 89,168 (81,078), equivalent to SEK 20,417 per square meter (18,268). The average valuation yield over time for Castellum's property portfolio excluding developments, undeveloped land and development rights can be calculated at 5.3% (5.5%).

Of the total property value 96% represents freehold properties and 4% is site leaseholds.

The property market in 2018 was marked by continued healthy demand, with a high activity levels and stable or rising prices. Castellum's change in value during the period totaled MSEK 5,216, equivalent to 6%. The changes in value included MSEK -110, attributable to the sale of 52 properties for MSEK 2,534 less deferred tax and overheads totaling MSEK 121. Accordingly, the underlying property price was MSEK 2,655 — MSEK 90 less than the valuation. The reported sale price did not take into account future additional purchase prices of up to approximately MSEK 200 attributable to three properties sold as housing projects. The additional purchase prices will be reported in pace with the detailed development plan being adopted and/or the housing projects being completed. Since every property is valued individually, consideration has not been given to the portfolio premium that can be seen in the property market.

The value of the derivatives has changed by MSEK 152 (247), mainly due to changes in long-term market interest rates.

**Changes in value, properties**

MSEK	2018	2017
Cash flow	2,093	1,541
Project gain/development rights	751	1,103
Required yield	2,439	1,290
Acquisitions	43	579
Sales	-110	27
<b>Total</b>	<b>5,216</b>	<b>4,540</b>
As %	6	6

**Average valuation yield, MSEK**

(excl. developments/land and development rights)	2018	2017
Net operating income, properties	4,249	3,976
+ CPI/Index 2019, 2%	130	92
+ Real occupancy rate, 94% at the lowest	190	295
Property administration, SEK 30/sq. m.	-132	-133
<b>Normalized net operating income</b>	<b>4,437</b>	<b>4,230</b>
Valuation (excl. development rights of MSEK 672)	84,106	76,383
<b>Average valuation yield</b>	<b>5.3%</b>	<b>5.5%</b>

**Income over time**

Income from property management over the past ten years shows stable development and has grown by an average of 8% per year. However, changes in property values have been volatile over the past ten years with an annual average growth of 2.5%, which is slightly above the inflation, approx. 1.0%, for the corresponding period.

**Tax**

Recognized tax totals MSEK 864, of which MSEK 74 is tax paid. The year's tax costs include deferred tax revenue of MSEK 618 as a result of lower future corporate taxes. For more information on tax, see pages 90–91.

**PROPERTY-RELATED KEY METRICS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Rental value, SEK/sq. m.	1,407	1,341	1,304	1,095	1,064	1,036	1,015	995	974	969
Economic occupancy rate	93.2%	90.9%	91.3%	90.3%	88.7%	88.4%	88.6%	89.3%	89.0%	89.8%
Property costs, SEK/sq. m.	378	366	376	316	307	307	298	300	298	300
Net operating income, SEK/sq. m.	933	853	816	673	637	608	601	589	569	571
Property value, SEK/sq. m.	20,417	18,268	16,558	12,282	11,118	10,285	9,916	9,835	9,499	9,036
Number of properties	647	676	665	597	583	626	635	617	598	590
Leasable area, 000 sq. m.	4,283	4,381	4,292	3,392	3,329	3,623	3,621	3,411	3,311	3,199
Valuation yield, average	5.3%	5.5%	5.8%	6.5%	6.9%	7.2%	7.3%	7.2%	7.2%	7.3%

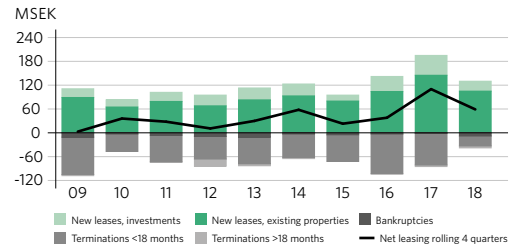
# Castellum's markets

## REGION CENTRAL

ÖREBRO, JÖNKÖPING, NORRKÖPING, LINKÖPING, VÄXJÖ AND VÄSTERÅS

	2018	2017*
Share of the property value, %	22	27
Number of properties	177	206
Area, 000 sq. m.	1,136	1,349
Value of properties, MSEK	19,396	21,560
Rental value, MSEK	1,461	1,685
Net operating income, MSEK	1,026	1,010
Net investments, MSEK	656	1,042
Net leasing, MSEK	59	110
Employees	90	113

### NET LEASING

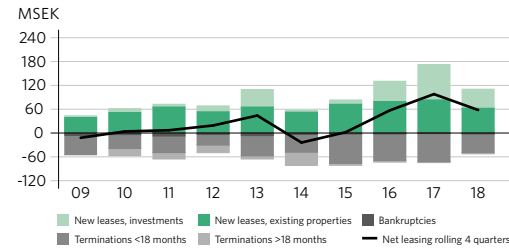


## REGION WEST

GREATER GOTHENBURG, BORÅS AND HALMSTAD

	2018	2017
Share of the property value, %	22	22
Number of properties	200	216
Area, 000 sq. m.	1,189	1,225
Value of properties, MSEK	19,909	18,010
Rental value, MSEK	1,292	1,291
Net operating income, MSEK	915	850
Net investments, MSEK	614	963
Net leasing, MSEK	58	98
Employees	78	81

### NET LEASING

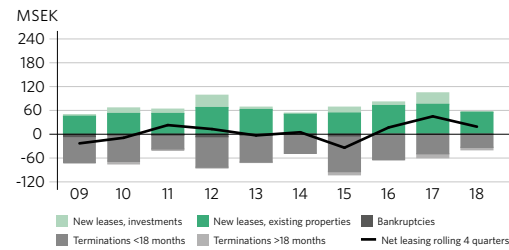


## REGION ÖRESUND

COPENHAGEN, HELSINGBORG, MALMÖ AND LUND

	2018	2017
Share of the property value, %	19	20
Number of properties	108	109
Area, 000 sq. m.	803	806
Value of properties, MSEK	16,890	15,811
Rental value, MSEK	1,252	1,235
Net operating income, MSEK	856	701
Net investments, MSEK	390	378
Net leasing, MSEK	19	45
Employees	47	75

### NET LEASING



**REGION NORTH\*\***  
 SUNDSVALL\*\*\* AND GÄVLE

	2018	2017
Share of the property value, %	6	6
Number of properties	30	30
Area, 000 sq. m.	259	259
Value of properties, MSEK	5,488	5,119
Rental value, MSEK	408	399
Net operating income, MSEK	292	282
Net investments, MSEK	76	66
Net leasing, MSEK	7	-5
Employees	0	0

**NET LEASING**

MSEK	2018	2017
New leases, investments	0	3
New leases, existing properties	15	8
Bankruptcies	0	-1
Terminated <18 months	-2	-13
Terminated >18 months	0	-2
Net leasing, annual value	7	-5

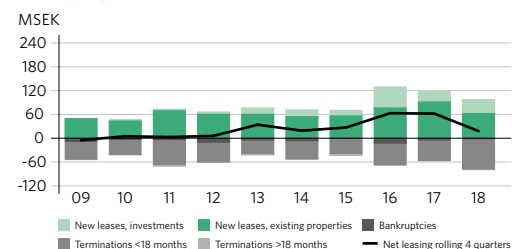
**REGION FINLAND**  
 HELSINKI

	2018
Share of the property value, %	1
Number of properties	1
Area, 000 sq. m.	14
Value of properties, MSEK	819
Rental value, MSEK	52
Net operating income, MSEK	40
Net investments, MSEK	830
Net leasing, MSEK	0
Employees	0

**REGION STOCKHOLM\*\***

GREATER STOCKHOLM AND UPPSALA

	2018	2017*
Share of the property value, %	30	25
Number of properties	131	115
Area, 000 sq. m.	882	742
Value of properties, MSEK	26,666	20,578
Rental value, MSEK	1,482	1,167
Net operating income, MSEK	1,141	761
Net investments, MSEK	90	3,122
Net leasing, MSEK	18	62
Employees	80	75

**NET LEASING**


\*Uppsala is included in the 2017 key metrics data for Region Central, and for Region Stockholm as of 2018.

\*\*In this annual report, Region Stockholm-North is accounted for as two separate sections, as market conditions differ significantly.

\*\*\*The property portfolio in Sundsvall was sold in an exchange transaction on January 22, 2019.

# Customers and business focus

Every day, some 250,000 people go to work in our properties, and make a difference. As one of Sweden's largest real estate companies for commercial premises, our premises are where business is conducted, goods and flows are optimized to supply people like you and me with world-class products and services. Our premises are also the workplaces where people grow and develop. At Castellum, we operate through a decentralized organization with a strong local presence in some 20 cities around Sweden, as well as in Copenhagen and Helsinki. This means that we are genuinely close to our customers, at the same time as we possess breadth and excellence. All this is to tailor the offerings to our customers.

**5,900**

contracts

**MSEK  
5,400**

lease value

### Castellum customers reflect the business world

At Castellum, we have a large contract portfolio consisting of approximately 5,900 commercial contracts. Our customers are found in every industry, and we are represented in many different segments. This means a healthy risk spread as regards geography, type of premises, contract size and tenor. The average lease length for Castellum customers is 3.9 years. Government agencies and departments are one of our largest customer groups, providing a stable and secure income base in the form of customers and longer average lease tenors.

### Staying close to the customers — a success factor

Castellum's organization, with a local presence in some 20 cities, provides close relationships with customers and short decision-making processes. Castellum employees work close to the market, which means natural access to insight about tenants' current and future needs, as well as developing trends. Customers can thereby be offered premises suited to their requirements and benefit from optimal personal service and quick answers. As one of the largest property owners in the respective local markets, Castellum collaborates with

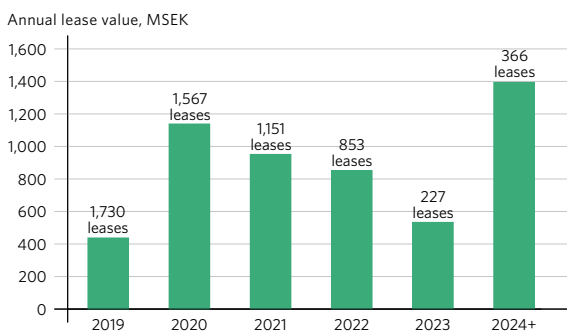
municipalities and local networks — corporate associations, for example — to be an active urban developer that creates attractive work environments for our customers.

### Tailor-made offering for each customer

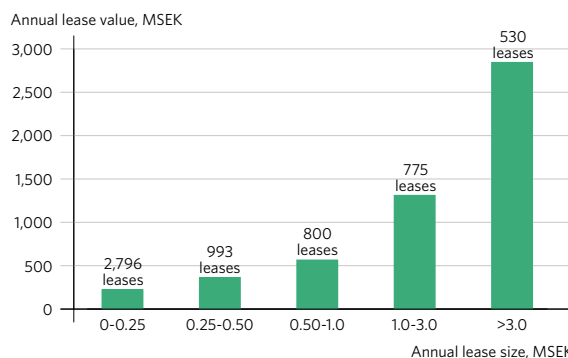
A large part of daily operations for many of Castellum's employees consists of working on our customer offering for both potential and existing customers. Our decentralized customer organization works proactively in their respective locations on customer dialogue in relation to office and logistics customers. There are also Key Account Managers placed centrally in Castellum, who are responsible for major national customers with a need for premises in multiple cities. This allows us to capture the changing need for premises, such as a customer's expansion and establishment in several cities, at an early stage. We encounter potential customers on a daily basis through our web site, personal contacts and our networks. It could be a smaller consultant firm with just a few employees or a large international player in e-commerce that wants to establish itself at strategic logistics locations. Every new customer has unique needs, which is why the customer offering differs.

All of Castellum's customers are given access to our broad basic offering, which in addition to

LEASE MATURITY STRUCTURE



DISTRIBUTED BY CONTRACT SIZE



suitable premises and floor space also consists of access to local and advisory services.

Each customer also has a local point of contact; the service staff they meet are employees of Castellum. On page 36, you will meet a member of Castellum's service team. At Castellum, customers are also given a landlord who safeguards the environment and security. We have the largest number of environmentally certified properties of any Swedish listed property company; we also offer our customers green leases, sustainability consulting and fire prevention services.

In addition, as an innovative partner Castellum can offer our customers supplementary services such as a vehicle fleet as well as bicycle parking and servicing, and also digital and connected services such as Matilda and Handy. Castellum also assists with customizing premises and advisory services for customers whose needs for premises have changed, whether it's a question of flexible solutions for warehouse space prior to the Christmas shopping season or adapting the workplace to an activity-based office.

**The foundation of all customer relations — the lease**

Commercial leases are generally signed for three to five years with a nine-month notice period, and are paid quarterly, in advance. The rent level can change when the lease in question is due for renegotiation.

Leases usually include a base rent (i.e. the rent agreed upon when signing the contract) and an index clause that provides an annual adjustment of the rent: either as a certain percentage of the previous year's inflation. A lease usually contains an addendum for the tenant's share of the property's total heating, cooling and property tax costs.

Castellum offers green leases to both current and new customers. These are collaboration agreements aimed at reducing the total environmental impact of our premises. In 2018, 46 new green leases comprising 107,000 square meters were signed; Castellum holds a total of 134 green leases comprising 407,000 square meters.

**Satisfied customers generate long-term customer relationships**

Positive, long-term customer relationships are of crucial importance for creating growth, and customer surveys are conducted regularly. Castellum also conducts a more comprehensive annual survey, the Customer Satisfaction Index (CSI), through an external contractor. The survey carried out in 2018 included offices, retail, warehouses and logistics and covered a majority of Castellum's major customers in all regions. The survey shows continued consistent high marks for Castellum, with a total index of 77 on a scale of 0 to 100. This is higher than the industry benchmark of 73.

The survey shows general customer perceptions of Castellum, as well as how well Castellum performs in the areas of service-mindedness, business relationships, premises, properties, property service, environment and information.

Out of the subcategories surveyed, Castellum returned the highest index in service-mindedness, just as it has over the last few years. The category includes parameters such as personal attention, service and accessibility.

The customer survey is followed up internally and used as a basis for continued active customer care for even more satisfied tenants. Of those customers surveyed, eight out of ten would choose Castellum again as their landlord. The outcome of the CSI survey serves as an aid for follow-up and a basis for the continual improvement efforts in progress to create even more satisfied customers.

**780**

new contracts

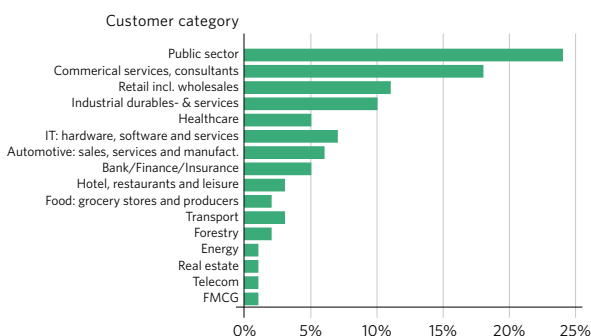
**48%**

contracts through own contacts

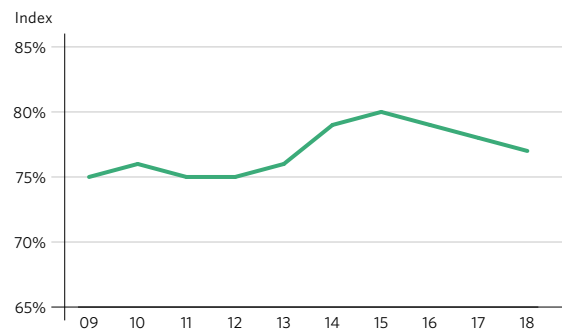
**MSEK 408**

annual value new leases

**COMMERCIAL LEASES DISTRIBUTED BY SECTOR**



**CUSTOMER SATISFACTION INDEX**



## Castellum's team gives tenants the power to grow

Castellum's service team does much more than take care of our properties.

"We improve workplaces so that the people who work there will thrive.

We want to create long-term relationships with our customers in order to meet their needs and offer solutions that also support the customer's development and profitability," says Marijana Rosenqvist, Business Area Manager of Central Gothenburg, Region West.



As Castellum's tenant, you'll have so much more than just the premises. Once you have found a location that suits your company's operations, Castellum will offer to help develop the entire workplace and the operations' approach. It's not only a question of adapting the premises and the property, but also of creating flexible solutions that enhance the efficiency of daily work while it stimulates the creation of ideas and helps people thrive.

"It increases productivity, efficiency and profitability. In addition, the workplace is important when it comes to building the company's brand and attracting new employees," Marijana Rosenqvist says.

Castellum has its own Facility managers, who work on teams together with service coordinators and the heads of technical development as well as many others.

"All our properties are managed by our own staff. This distinguishes us quite a bit from other property management companies, who often bring in such services from outside," says Property manager Sofia Wessberg.

Castellum works in close partnership with the customer, and is in contact with its tenants almost daily.

"We are sensitive to our customers' needs, and we are on site, which means we can quickly see to things. We are a tightly knit team who are well versed in our customers' needs; we

also know a lot about one another's work, which means we can easily jump in and cover each other," says Facility manager Mikael Högdahl.

Together with Sofia, Marijana, other property managers and tenants, Michael is on the team for the new Emigranten Göteborg construction and for other properties in central Gothenburg.

All of Castellum's new construction properties are environmentally certified, and Emigranten Göteborg will be certified at Gold level, one of Sweden's highest environmental certifications for construction. There will also be an outdoor office on the roof, with a glassed-in conference room.

"It's exciting to have such breadth in our properties, from listed buildings to completely new constructions. Regardless of the property in question, we think holistically; sustainability is a natural part of our work and something that is in increasing demand from our customers. We always work on optimizing operations and on energy-efficient solutions," Mikael Högdahl says.

But the most important thing in improving work places is the people who work there: their needs, their health and the opportunity to perform. Everything comes together — business activities, working methods and workplaces.

"It's about meeting customers' needs, regardless of whether it's daily maintenance or more long-term solutions such as adapting premises," Sofia Wessberg says.

Castellum is a large real estate company but acts like a small one.

"We have a flat organization where we work closely together and meet frequently. Moreover, we have fun at our jobs and laugh a lot, something that also spills over onto our customers," Mikael Högdahl says.

The property managers also meet regularly with tenants to take in viewpoints, thoughts and ideas. In addition, a survey is sent out every year to monitor the customer satisfaction index and to work further on the results.

"We always go the extra mile; by helping our customers grow, we grow too," Mikael Högdahl says.

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## Digitalization and Next20

To become an industry leader in digitalization by 2020: this is the goal Castellum set in early 2017. Rapid developments in the business environment change the conditions for companies to pursue their operations, but at the same time it opens up possibilities for new players.

In the property sector today, there are several companies offering new types of services that challenge traditional business models. In order to develop its customer offering and its own operations, Castellum started an innovation laboratory, Next20, in 2016. The lab provides opportunities for pursuing, experimenting and acting boldly on development issues. By constantly challenging ourselves, Castellum can fully leverage the innovation opportunities presented to real estate companies, thereby creating the preconditions for improved efficiency and profitability. These efforts also create the preconditions for developing our customer offering.

In the innovation lab, we collaborate with external business developers as well as consult with start-ups who can contribute resources as well as new expertise. The goal of Castellum

Next20 is to develop Castellum through people-centric digital innovation. Our focus is on developing innovative solutions that support developing the customer offering and Castellum's own operations in the project development process, everyday management and operations. Castellum will thereby identify new ideas early on and create feasible solutions that are disseminated throughout the company.

Castellum Next20 has developed several exciting projects that are being tested in the company's operations.





atilda



## Matilda, Handy and Beambox

### Matilda

Castellum is also testing how in-depth work with data and artificial intelligence (AI) can develop smart properties. The first stage of the project, called Matilda, involves setting up sensors in premises in order to increase knowledge of how areas are used and why. The aim is to continue offering our customers premises that function properly and are adapted to their operations, but also to develop our future customer offering. The project is built on analysis of large amounts of data on an AI platform for increased insight and knowledge.

### Handly

One of the pilot projects, called Handy, is linked to the larger trend of increased e-commerce. The Handy service facilitates daily tasks for anyone working in any of Castellum's properties by sending all e-commerce deliveries to a smart locker at the workplace. Employees can avoid trips to pick up ordered goods — in short, it's a modern digital way of escaping everyday time sinks. Castellum collaborates with a start-up called Instabox on Handly, and the service is now operating in Stockholm, Gothenburg, Uppsala, Malmö and Lund.

### Beambox

Another interesting project to come out of the lab is linked to the trend of activating storage overcapacity. The project is named Beambox and it matches the big-city resident's need for storage with society's unused resources. These take the form of Castellum's available warehouse storage space and resources in the logistics chain. Beambox is a storage service where the items are collected from the user's home. The user can choose when they would like the items to be returned again. There is also the possibility for Beambox users to choose to sell, discard or give away their stored goods if they choose not to have them returned home. Everything stored through Beambox can be monitored and managed through a digital interface. The service focuses on promoting a sustainable, circular society by utilizing unused resources in the form of existing storage space. The service was launched in the Stockholm market in April, 2018.



## Co-working

Trends come and go, but we're sure of one thing: co-working is here to stay. Castellum is now investing heavily in this explosive new trend with flexible offices, often called co-working, through the acquisition of United Spaces, a co-working company. "Why us at Castellum?" you might be asking yourself. The answer is simple: Because our customers need and want it. All our research confirms this need, both in the Nordic countries and around the world.



Henrik Saxborn, CEO, Castellum

The need for flexible office solutions is increasing, and everything indicates that business around co-working will continue to grow. This is a development driven by companies shifting their operations into higher and lower gear at a faster pace at the same time as technological development opens up possibilities for new work methods.

Instead of standing on the sidelines, Castellum has acquired United Spaces, a co-working company. With this acquisition, Castellum is broadening its offering of office space; it intends to continue expanding with more co-working spaces in its portfolio going forward. Castellum's ambition is to be on the leading edge, and believes a great deal in co-working as the future way of working. Co-working is built on community, an open environment that stimulates networking among different companies.

Castellum wants to open several co-working spaces in the Nordic region in 2019, and views this as a natural choice both for individuals and for larger companies. Our vision is that our members will always have an office with services close at hand, regardless of where in the world you wake up today.

*"Co-working is about much more than attractive workspaces. It's resource-efficient for the planet and the wallet, but it's also about building communities among people, spontaneous meetings, and creativity. I'm convinced that this is a disruptive business model which will change the entire office market and replace today's stationary office solutions."*

# Castellum's property portfolio in 2018

Castellum is present in the nation's major growth regions; approximately 65% of Sweden's 10 million inhabitants live in Castellum's cities. Castellum's property portfolio is concentrated in selected cities and the objective is to be one of the three largest property owners in each city. Castellum's geographical markets can be characterized as stable, with good prospects for long-term positive development. The property portfolio is concentrated in growth areas in Sweden, Copenhagen and Helsinki. The commercial portfolio consists of 47% office, 23% public sector properties, 15% warehouse/logistics, 8% retail and 2% light industry. Property locations range from city center locations to well-situated business districts with good public transportation and services. The remaining 5% consists of developments and undeveloped land. Castellum owns approximately 786,000 square meters of unutilized development rights and ongoing developments in which the remaining investment volume totals approximately SEK 1.6 billion.

Castellum's property portfolio on December 31, 2018 comprised 647 properties (676) with a total rental value of MSEK 5,841 (5,777) and a total leasable area of 4,283,000 square meters (4,381,000). For properties owned at year end, the net operating income after property administration expenses over the year was MSEK 3,896 (3,604).

## Investments in 2018

During the year, a total of MSEK 5,292 (6,488) was invested, of which MSEK 2,455 (3,595) was acquisitions and MSEK 2,837 (2,893) new construction, expansions and reconstructions. After sales of MSEK 2,635 (875), net investments amounted to MSEK 2,657 (5,613).

Castellum has ongoing projects with remaining investments of approximately SEK 1.6 billion. During the year, the property portfolio changed according to the table at right.

## Sustainable property portfolio

Environmental inventories are to be carried out for all properties to identify and address environmental and health risks; currently these are 86% complete. Inventory is planned for the remaining 14%.

When a property is acquired, it is analyzed both in terms of energy utilization and environmental risk; all new constructions and major renovations are environmentally certified.

The environmental risks in Castellum's property portfolio are considered small, and no fines have been paid for environmental offenses.

One way of future-proofing the property portfolio is to environmentally certify the properties. Castellum owns the greatest number of properties among Swedish listed property companies; all together, 33% of the total area — equivalent to 141 buildings (1,407,000 square meters) — is environmentally certified. Further certification is in progress for a further 257,000 square meters, equivalent to 6%. The purpose of certification is to reduce the property portfolio's climate impact and risks, reduce costs, create premises that are attractive to customers and their businesses, and to improve safety and working environment for customers.

## Changes in the property portfolio

	Value, MSEK	Number
Property portfolio on January 1, 2018	81,078	676
+ Acquisitions	2,455	16
+ New construction, expansions and reconstructions	2,837	7
- Sales	-2,745	-52
+/- Unrealized changes in value	5,326	-
+/- Currency translation	217	-
<b>Property portfolio December 31, 2018</b>	<b>89,168</b>	<b>647</b>

## Castellum's environmentally certified properties\*

	Completed properties		Ongoing projects	
	Number	sq. m.	Number	000 sq. m.
EU Green Building	55	460,506	2	18,822
Miljöbyggnad	41	401,856	23	113,113
BREEAM	46	602,467	14	125,181
LEED	5	95,720	0	0
WELL	1	13,409	0	0
<b>Total**</b>	<b>141</b>	<b>1,407,948</b>	<b>39</b>	<b>257,116</b>

\*Certifications can refer to property, land or part of property. \*\*Note that some of Castellum's properties are doubly certified. Hence, the total area is slightly smaller compared with the key figures above.

## ENVIRONMENTAL CERTIFICATION SYSTEM



### Miljöbyggnad

Miljöbyggnad is a Swedish system that certifies buildings in energy, indoor environment and building materials. It also includes health and safety aspects. The system awards Gold, Silver or Bronze levels and is used for both residential and commercial premises.



### EU GreenBuilding

EU GreenBuilding focuses on improving the efficiency of energy usage. The requirement is to improve energy efficiency by 25%, or to use 25% less energy compared with new construction requirements in the building regulations [BBR] of the National Board of Housing, Building and Planning.



### BREEAM

BREEAM, from the UK, is together with LEED the most commonly used environmental classification system in the world. The system evaluates and rates the overall environmental impact of buildings.



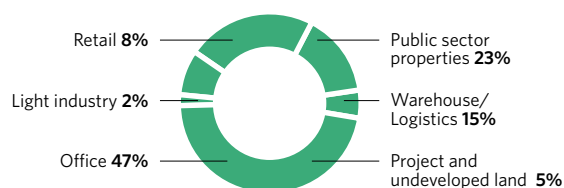
### LEED

LEED, from the US, is together with BREEAM the most commonly used environmental classification system in the world. The system evaluates and rates the overall environmental impact of buildings.

### WELL

WELL certification is based on scientific studies and the standard was developed by the WELL Building Institute (IWBI), based in New York. WELL certifies the social sustainability of a building, focusing on health and wellness. The WELL standard is founded on seven distinct concepts known to affect health.

## PROPERTY VALUE BY CATEGORY



## PROPERTY VALUE BY REGION



## Property portfolio December 31, 2018

Category	December 31, 2018					January-December 2018					Net operating income, MSEK
	Number	Area, 000 sq. m.	Property value, MSEK	As SEK/sq. m.	Rental value MSEK	As SEK/sq. m.	Economic occupancy rate	Income MSEK	Property costs, MSEK	As SEK/sq. m.	
<b>Office</b>											
Stockholm	29	284	10,504	37,044	602	2,122	94.1%	567	112	394	455
West	63	356	9,359	26,304	570	1,602	93.0%	530	123	347	407
Central	80	540	9,537	17,650	755	1,397	93.2%	703	191	354	512
Öresund	44	387	10,236	26,454	767	1,984	88.3%	678	174	448	504
North	11	65	1,289	19,742	103	1,584	86.5%	89	25	375	64
Finland	1	14	819	56,732	52	3,577	99.6%	51	11	804	40
<b>Total Office</b>	<b>228</b>	<b>1,646</b>	<b>41,744</b>	<b>25,355</b>	<b>2,849</b>	<b>1,731</b>	<b>91.9%</b>	<b>2,618</b>	<b>636</b>	<b>386</b>	<b>1,982</b>
<b>Public sector properties</b>											
Stockholm	12	89	5,329	59,681	256	2,869	97.5%	250	43	482	207
West	15	110	2,112	19,196	141	1,280	96.5%	136	28	250	108
Central	23	256	5,715	22,301	389	1,518	97.3%	378	79	309	299
Öresund	8	91	3,219	35,325	193	2,125	97.9%	190	22	242	168
North	14	177	3,880	21,990	278	1,574	96.5%	268	56	316	212
<b>Total Public sector properties</b>	<b>72</b>	<b>723</b>	<b>20,255</b>	<b>28,010</b>	<b>1,257</b>	<b>1,739</b>	<b>97.2%</b>	<b>1,222</b>	<b>228</b>	<b>314</b>	<b>994</b>
<b>Warehouse/logistics</b>											
Stockholm	36	256	4,497	17,549	293	1,142	94.6%	277	46	178	231
West	68	586	6,268	10,691	447	763	89.4%	400	86	147	314
Central	30	153	1,185	7,761	117	767	91.6%	107	26	174	81
Öresund	28	192	1,685	8,787	161	837	90.1%	145	34	175	111
<b>Total Warehouse/Logistics</b>	<b>162</b>	<b>1,187</b>	<b>13,635</b>	<b>11,487</b>	<b>1,018</b>	<b>858</b>	<b>91.3%</b>	<b>929</b>	<b>192</b>	<b>162</b>	<b>737</b>
<b>Retail</b>											
Stockholm	32	189	3,602	19,070	265	1,402	94.8%	251	41	217	210
West	14	53	848	15,921	67	1,253	96.6%	64	17	322	47
Central	18	90	1,525	16,901	114	1,261	97.5%	111	25	278	86
Öresund	11	46	822	18,056	67	1,478	91.3%	62	15	329	47
North	3	17	318	18,750	27	1,597	88.0%	24	8	466	16
<b>Total Retail</b>	<b>78</b>	<b>395</b>	<b>7,115</b>	<b>18,019</b>	<b>540</b>	<b>1,367</b>	<b>94.8%</b>	<b>512</b>	<b>106</b>	<b>269</b>	<b>406</b>
<b>Light industry</b>											
Stockholm	10	44	673	15,444	50	1,149	92.7%	46	9	205	37
West	15	63	625	9,842	52	819	94.9%	49	10	164	39
Central	13	52	413	7,978	42	818	95.7%	41	10	190	31
Öresund	4	42	318	7,546	33	782	84.1%	28	5	124	23
<b>Total Light Industry</b>	<b>42</b>	<b>201</b>	<b>2,029</b>	<b>10,096</b>	<b>177</b>	<b>882</b>	<b>92.4%</b>	<b>164</b>	<b>34</b>	<b>171</b>	<b>130</b>
<b>Total investment properties</b>	<b>582</b>	<b>4,152</b>	<b>84,778</b>	<b>20,417</b>	<b>5,841</b>	<b>1,407</b>	<b>93.2%</b>	<b>5,445</b>	<b>1,196</b>	<b>288</b>	<b>4,249</b>
Leasing and property administration									374	90	-374
<b>Total after leasing and property administration</b>									<b>1,570</b>	<b>378</b>	<b>3,875</b>
Developments	40	131	3,923	-	106	-	-	53	32	-	21
Undeveloped land	25	-	467	-	-	-	-	-	-	-	-
<b>Total</b>	<b>647</b>	<b>4,283</b>	<b>89,168</b>	<b>-</b>	<b>5,947</b>	<b>-</b>	<b>-</b>	<b>5,498</b>	<b>1,602</b>	<b>-</b>	<b>3,896</b>

The table above relates to the properties owned by Castellum at the end of 2018 and reflects the income and costs of the properties as if they had been owned during the entire period. The discrepancy between the net operating income of MSEK 3,896 accounted for above and the net operating income of MSEK 3,945 in profit and loss is explained by the deduction of the net operating income of MSEK 153 on properties sold during the year, as well as the adjustment of the net operating income of MSEK 104 on properties acquired/completed during the period, which are recalculated as if they had been owned or completed during the entire year.

# Castellum's development portfolio

*"It is pleasing that Castellum will be developing the Nyhamnen district in central Malmö through modern court offices for the Swedish National Courts Administration and E.ON's new head office in the Nordic region. Through these projects, Castellum — in close collaboration with the City of Malmö — will strengthen its position as the most exciting urban and property developer in the Öresund region."*

## Investments in 2018

One of Castellum's strategies for reaching an overall growth target of 10% involves enhancing its development portfolio. Investments in new construction, expansions and reconstructions of properties in Castellum's portfolio often result in higher yields than investments through acquisitions. Castellum has invested SEK 59 billion over the last ten years, an average of SEK 5.9 billion per year.

A total of MSEK 5,292 (6,488) was invested in 2018, of which MSEK 2,455 (3,595) pertained to acquisitions and MSEK 2,837 (2,893) to new construction, expansions and reconstructions. After sales and cash settlement of MSEK 2,635 (875), net investments amounted to MSEK 2,657 (5,613).

Castellum will continually invest in existing portfolios and develop new portfolios, resulting in a quality shift to a more sustainable and stable portfolio, as well as increased earning power. In addition, Castellum will be an active player that promotes urban development and growth.

## A year of success for Castellum's project development

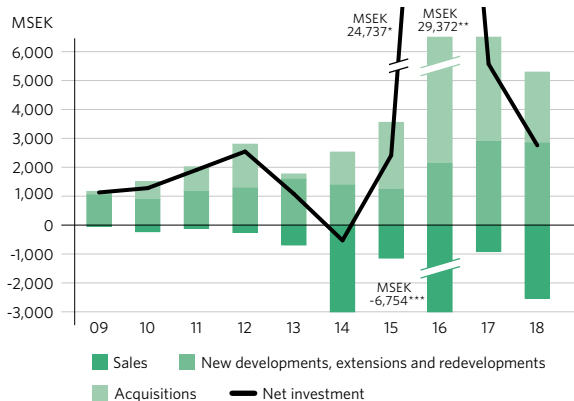
Seen from the perspective of project development, 2018 was an eventful year for Castellum. The company won the bids on two extensive projects in the new Nyhamnen district of Malmö. In this development area — a strategic one for Malmö — Castellum will construct two new office buildings: E.ON's new head office in the Nordic region (approximately 24,500

square meters) and the new Swedish National Courts Administration (approximately 25,000 square meters). The latter will be Northern Europe's largest workplace for lawyers. In total, both projects comprise investments of SEK 2.3 billion; together, they represent the largest development project in Castellum's history.

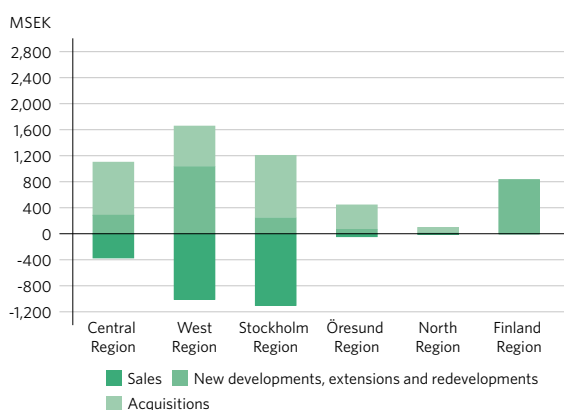
Castellum's warehouse and logistics portfolio also developed over the year, through the addition of new projects and through the completion of projects already begun. Castellum takes a proactive stance regarding development of warehouse and logistics premises in strategically important locations. One such location is Brunna, in the Kungsängen district just outside Stockholm. There have long been several established businesses in service, e-commerce and warehouse and logistics here, and the level of demand for warehouse and logistics premises in the area is high. To meet the demand and increase the quality of the property portfolio, Castellum has begun new production of two warehouse and logistics buildings. The investments are estimated at MSEK 140 and MSEK 204, and are equivalent to a total of approximately 24,600 square meters. The area's proximity to two European highways, the E4 and the E18, make it a strategically attractive location; there have long been several established warehouse and logistics businesses here.

Among the completed logistics projects, the first stage of the Hisingen Logistics Park is one of the largest. The park is a modern logistics facility located close to the Port of Gothenburg, which is the only transatlantic port in the Nordic

INVESTMENTS AND SALES PER YEAR



INVESTMENTS AND SALES PER REGION 2018



\*Net investment 2016 \*\*Acquisitions 2016 \*\*\*Sales 2016

region. The facility, which is the equivalent of an investment of MSEK 244, is fully leased to e-commerce players who depend on premises that are directly linked to the port in order to facilitate rapid distribution to end consumers. At the end of 2018, construction was begun on the second stage as well, which upon completion in 2020 will be one of the largest logistics facilities of its type in the Nordic region.

Three warehouse and logistics projects — Balltorp 1:124 just outside Gothenburg, Rosersberg 11:130 in Sigtuna, north of Stockholm; and Söderhällby 2:1 outside Uppsala — were also completed during the year. All the completed logistics projects are fully leased.

In addition, a number of large constructions focused in and around the major metropolitan areas were begun during the year. The reconstruction of the Sabbatsberg 24 property, Stockholm Vatten's former head office from the early 1900s, was initiated in early 2018. The property, a well-known landmark in central Stockholm, was acquired by Castellum in 2017. In the initial stage, approximately 9,000 square meters were converted into modern workplaces; the investment is estimated at MSEK 418. Completion of the initial stage is estimated for the second quarter of 2020.

The reconstruction of Sabbatsberg 24 is part of the ongoing development of Torsgatan between Norra Bantorget and Sankt Eriksplan. Castellum already owns several neighboring properties and plans over the long term to join Stockholm City and other property owners in the area to create a concept for all of Torsgatan.

In Gothenburg, Castellum is constructing the new Emigranten Göteborg office building next to the Masthuggskajen urban development project on Södra Älvstranden. The building will have a leasable area of approximately 4,200 square meters and will be completed in the spring of 2020. Emigranten Göteborg is being built adjacent to the venerable Amerika-huset building, and will expand Castellum's property portfolio at the best site in Gothenburg. The investment is estimated at MSEK 230, and will be certified under Miljöbyggnad level Gold, one of Sweden's highest environmental certifications for buildings.

There is also a series of office projects in Castellum's development portfolio whose completion is expected in the first half of 2019. This includes one of Castellum's larger office projects, Olaus Petri in Örebro, as well as the Nordic region's first WELL-certified office buildings, Eminent in the Hyllie district of Malmö.

*“Castellum is strengthening its positioning in strategically located Brunna with flexible and modern warehouse and logistics construction in one of Stockholm's most attractive locations.”*

## “An intense year marked by job satisfaction and team spirit.”

### **What focus have you had on your project development in Region West over the last few years?**

This year, there was a great deal of focus on ensuring deliveries regarding finances, time and quality in our ongoing projects. We completed the reconstruction of the Kungssport building in central Gothenburg, as well as three large logistics and warehouse projects for expansive customers primarily in the e-commerce segment. The Hisingen Logistics Park is a major logistics project begun two years ago; the initial stage was completed during the year. The second stage was begun at the end of 2018; overall, this will be one of Gothenburg's largest logistics spaces. This year we also started construction of the Emigranten Göteborg building located in the Masthuggskajen district, a new area of development in central Gothenburg.

### **What is unique about project development at Castellum?**

My impression is that our customers and partners feel our organization, our knowledge and our brand are stable, sustainable and down-to-earth. This means we are regarded as a reliable partner who helps promote our customers' business advantages and develop the Gothenburg region in the right direction. The amount of trust we have is a major asset in our daily work.

### **Which of your team's achievements in 2018 are you most proud of?**

Looking back over 2018, it's difficult for me to choose one single initiative. I'd rather turn the question around and say all of our deliveries in all the projects we were involved in. A lot needs to fall into place, and it has been an intense year but we still always managed to retain our job satisfaction and team spirit.



Henrik Axelsson,  
Head of Project Development, Region West

**Castellum promotes development in the cities where it operates**

For Castellum, as a long-term property owner and urban developer, it is important to contribute in various ways to sustainable urban enrichment through the development of new and existing areas. Alongside other social commitments, Castellum also cooperates with some 169 city networks and corporate associations to develop the cities where it conducts operations.

We also routinely cooperate with other parties to push development, share knowledge about new technologies and exchange experience. For example, Castellum is a member of the following organizations: the EPRA Sustainability Committee, theGRESB Benchmark Committee, the Swedish Energy Agency's Client Group for Premises (BELOK), the Center for Management in the Construction Sector (CMB) at Chalmers University of Technology, and Sweden Green Building Council. In addition, the company cooperates closely with local energy and sanitation companies, as well as universities and colleges.

**Sustainable investments in Castellum's project development**

By directing Castellum towards more sustainable investments, we not only take our own impact on the environment into account; our approach also promotes making the buildings more attractive for our stakeholders, reducing property management problems and costs, and facilitating closer monitoring.

All Castellum investments are made from a perspective of sustainability. Each investment issue is reviewed by the Group's Head of Sustainability and must also be approved from a sustainability perspective. These criteria are included in the planning stage and follow the entire project life-cycle in order to become a natural part of daily management in the next step. For the last few years, Castellum has worked on sustainability issues in connection with new construction and larger reconstructions. In 2018, the Group's joint sustainability program was further developed and divided into two different levels: investments under MSEK 10 and investments over MSEK 10. Castellum obtains environmental certification for all new constructions and larger reconstructions. For new production in Sweden, Miljöbyggnad level Gold applies; in Denmark and Finland, BREEAM Excellent applies. Other types of projects are certified.


SUSTAINABILITY PROGRAM FOR NEW CONSTRUCTION AND RECONSTRUCTION	
PROCUREMENT UNDER MSEK 10	
Generally, the following items are required: Code of Conduct, sustainability policy, environmental management system, waste plan, environmental plan, an environmental project manager and energy-efficient product choices — such as LED lighting and A-certified goods. All of this presumes the selection of sustainable building materials from both environmental and health perspectives, according to the assessments of the organization created for specifically this purpose: Byggarbetsbedömningen.	
COMPREHENSIVE SUSTAINABILITY PROGRAM FOR NEW CONSTRUCTION AND RECONSTRUCTION	
PROCUREMENT OVER MSEK 10	
<ul style="list-style-type: none"> <li>• Miljöbyggnad level Gold*</li> <li>• Choosing renewable energy sources</li> <li>• Healthy indoor climate and carefully prepared moisture prevention work</li> <li>• Sustainable construction materials</li> <li>• Near zero-energy buildings*</li> <li>• Always investigate WELL health certification**</li> <li>• Create a more attractive building through esthetic decoration</li> <li>• Engage local artists in projects**</li> </ul>	<ul style="list-style-type: none"> <li>• Install solar cells**</li> <li>• Investigate the possibilities of outdoor offices according to Castellum's WorkOut concept**</li> <li>• Create inviting stairwells**</li> <li>• Energy-efficient and environmentally friendly construction sites</li> <li>• Non-fossil fuel powered vehicles at construction sites</li> <li>• Restoration and increased amount of ecosystem services</li> <li>• Climate risk management</li> <li>• Incentives for entrepreneurs to create workplaces in projects</li> </ul>


\*For new production in Sweden, Miljöbyggnad level Gold applies; in Denmark and Finland, BREEAM Excellent applies. Other types of projects are certified.  
 \*\*Applies only to construction of office premises.


# Castellum's development portfolio December 31, 2018





**Backa 20:5**  
**GOTHENBURG**   
 New development, car retail





**Rosersberg 11:130**  
**SIGTUNA**   
 New development, logistics





**Söderstaden**  
**STOCKHOLM**   
 New development, office





**Balltorp 1:124**  
**MÖLNDAL**   
 New development, logistics




**Sabbatsberg 24**  
**STOCKHOLM**   
 Redevelopment, office




**Tibble 1:647**  
**BRUNNA**   
 New development, warehouse/logistics





**New Swedish National Courts Administration**  
**MALMÖ**   
 New development, office




**Smygmaskan 1**  
**MALMÖ**   
 New development, office




**Varpen 11**  
**HUDDINGE**   
 New development, car retail





**E.ON**  
**MALMÖ**   
 New development, office





**Spejaren 4**  
**HUDDINGE**   
 New development, logistics





**Örnäs 1:17**  
**UPPLANDS-BRO**   
 New development, warehouse/logistics





**Generatoren 1**  
**MÖLNDAL**   
 New development, office/warehouse





**Spiran 12**  
**NORRKÖPING**   
 Redevelopment, office





**Hisingen Logistics Park, Stage 1**  
**GOTHENBURG**   
 New development, logistics





**Söderhällby 2:1**  
**UPPSALA**   
 New development, logistics




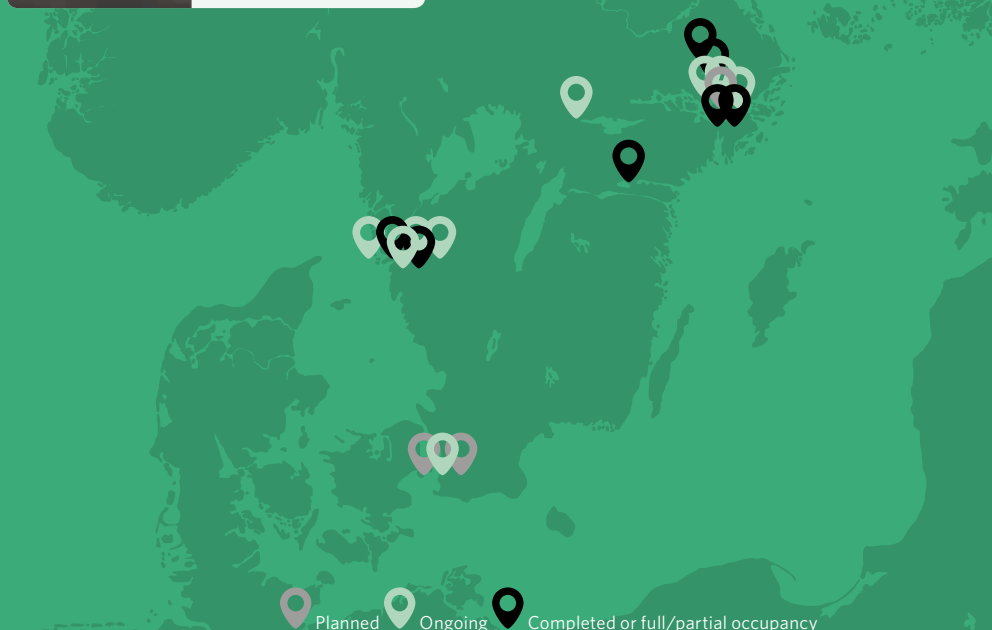
**Hisingen Logistics Park, Stage 2**  
**GOTHENBURG**   
 New development, logistics



**Masthugget 26:1**  
**GOTHENBURG**   
 New development, office



**Olaus Petri 3:244**  
**ÖREBRO**   
 New development, office



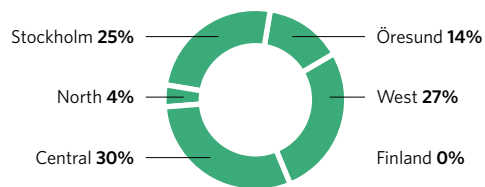
## Building rights and planned developments

Part of Castellum's strategy is to improve its development portfolio through new construction. In this context, owning building rights in attractive locations with local zoning plans already in place is a competitive advantage, as this involved the shortest possible lead time before customers can occupy the premises. At year-end, Castellum had approximately 786,000 square meters of unutilized building rights (leasable area). A number of these include finalized project plans which can be launched relatively promptly. During the year, Castellum made several major potential projects public, and these are summarized on the following pages. The projects are characterized by their location in attractive development areas, in combination with a clear sustainability focus.

Unutilized building rights are valued at MSEK 1,154 (1,508), equivalent to approximately SEK 1,500 (1,700) per square meter on average. Of the building rights approximately 240,000 square meters corresponding to approx. MSEK 482 (939) are recognized as development projects and undeveloped land.

The remaining are recognized among offices, public sector properties, warehouse/logistics and light industry properties since they are additions to already developed properties.

**BUILDING RIGHTS BY VALUE AND REGION**



### **E.ON, Malmö**

At the end of 2018, work was in progress on a detailed development plan and building permits for the construction of an office building in the Nyhamnen district of Malmö with E.ON as the primary tenant. The investment, estimated to be SEK 1.1 billion, comprises a key element of Castellum's strategy for growth as a builder of societal structure in the Öresund region. Both E.ON and Castellum want to build an office building that, from a sustainability perspective, is extraordinary.



### **New Swedish National Courts Administration, Malmö**

A lease has been signed between the Swedish National Courts Administration and Castellum, who is beginning new construction of a modern, 25,000 square meter court building centrally located in the Nyhamnen district of Malmö. The investment, estimated at approximately SEK 1.2 billion, comprises a key element of Castellum's strategy for further growth in the Öresund region and will be one of the largest construction projects in the company's history.





### **GreenHaus, Helsingborg**

At present, work is in progress on developing and constructing a modern office building in the Oceanhamnen district of Helsingborg. The building, named GreenHaus, will offer flexible office solutions and a leasable area of over 8,000 square meters. It will be certified under WELL.



### **WeXO, Växjö**

In Växjö, work on planning an office property and meeting place for digital innovation was inaugurated in 2018. Today, Växjö is a strong, expansive IT stronghold where demand for creative office solutions is high. Last year, Castellum announced an architectural competition and selected Tengbom as the winner; the architectural firm will be commissioned to design the planned WeXO building.



### **Söderstaden in the Globen area, Stockholm**

At the end of 2017, it was announced that Castellum had won the City of Stockholm's land allocation competition for Söderstaden, a major development area south of the Stockholm city center. This urban development project, one of Castellum's largest, will be carried out in consortium with two property companies, Wallenstam AB and Åke Sundvall AB. The project covers approximately 100,000 square meters; Castellum's share of 30,000 square meters will comprise commercial properties such as office space, hotels and restaurants. The remaining 70,000 square meters will be designated as residential premises and space for new hockey training rinks.

Depending on the final design and volume, and provided that the proposal is implemented, Castellum estimates that the total investment, after the acquisition of development rights as well as land development, will amount to about MSEK 1,200-1,400. Through the site registration, Castellum and the other parties gain the exclusive right to negotiate with SGA Properties, the City of Stockholm's wholly owned subsidiary, about how the site is to be developed and will subsequently have the possibility of acquiring development rights. It is still too early to comment in detail on the time schedule for the project, but the consortium estimates completion over six to eight years, with the earliest possible start in 2020. The opportunity to enable the development of a completely new city district in one of Stockholm's most exciting areas — with major arenas, a subway line and proximity to Södermalm — is an important development project for Castellum in the Stockholm region.

*"Building a sustainable example for the future that takes into account people and the environment feels completely natural to us."*

## E.ON prioritizes health and wellness at work

Castellum is developing and building a new WELL certified office building in the Nyhamnen district of Malmö, which will be E.ON's future head office in the Nordic region. "The building will reflect our brand, and be a model of sustainability. Ensuring people's health and wellness at work is also important to us, which is why WELL certification really appeals to us," says Linda Palac, Managing Director of E.ON Fastigheter. Sustainability and digitalization were two of the crucial factors in E.ON's choice of Castellum as a partner and future landlord of the company's new head office in the Nordic region.

The construction process is expected to begin in 2019 and continue for two years before one of the world's most sustainable workplaces will be ready for occupancy by E.ON's approximately 1,500 employees. The company's employees will encounter a workplace that is out of the ordinary, not only in the form of the building's spectacular design but also through the experience that E.ON wants to create in partnership with Castellum. The aim is to create a workplace where employees feel comfortable, and that also attracts new employees.

### **A clear vision: an activity-based office with sustainability in focus**

E.ON's current office in Malmö is divided among three properties: two buildings on Carl Gustavs väg and one on Nobelvägen.

"We have known for a while that the premises are not suitable for our current needs, and it has become increasingly clear that we need a new shared office property that promotes our activity and corporate culture as well as strengthening us as an attractive employer," says Linda Palac, who is also the Project Director for the new main office.

The new shared building means that the total office space in Malmö will decrease by roughly one half, and the entire company's work method will be changed to an activity-based one that requires a completely different office design than the current one. The building will be certified under The WELL Building Standard, which places strict requirements on sustainability as regards the building itself, but also includes people's health and wellness at work.

"Our future employees should be attracted by the office, and think: This is where I want to work!"

That is why E.ON wants to build a creative environment, with opportunities for spontaneous meetings and also space to work alone. The idea is to start from the task to be solved, and to select the work environment that is best suited, which provides opportunities for new forms of collaboration. A more flexible office also means that it should be simple to change based on changed work methods, organization or staffing. All areas should be used as efficiently as they can, and have double functions.

"A stimulating environment where people feel at home is important. Apart from such fundamental requirements as good lighting, acoustics and air, we also want to create comfortable environments with lots of greenery, sustainable natural materials and elements of water."

The future result: a unique building with a double-glazed facade, large terraces and 100% recycled or renewable energy.

Seen as a whole, the building will have a double-glazed facade, with large windows and extensive amounts of borrowed light. Several floors will have terraces with natural elements so that we can be in touch with nature, which we know stimulates people and makes them feel good.

"We will have a large, inviting staircase that will induce people to move instead of taking the elevator. There will also be a gym in the building, with opportunities for exercise, as well as a restaurant." E.ON wants to achieve the highest possible environmental certification, with an energy solution built on 100 percent recycled or renewable energy.



*Linda Palac, Managing Director, E.ON Fastigheter*

"We want to practice what we preach, which is why we are focusing on various energy-efficient solutions including a large solar cell farm on the roof that will drive our charging stations in and around the building. We are also looking at an energy solution called an ectogrid, in which our office will share produced or surplus energy and heat with neighboring buildings."

### **An office that will be a model of sustainability for the future**

There are many WELL certified properties in the world, but not many where the tenant themselves are active in driving development.

"Building an example of sustainability for the future, where both people and the environment are taken into account, feels entirely natural for us and is completely in line with E.ON's operations. That is why WELL is something we think is incredibly exciting, and entirely right for the future. Since Castellum is the property company in Sweden that has the same focus on sustainability as we do, and has also come furthest with WELL, it was natural to choose them as our partner. We feel that Castellum is more open to innovative thinking and experimentation. They are unbelievably good at listening to what we want, and they view the partnership as something bigger than just raising a building. They would gladly be a forerunner, doing something 'out of the box', and we think that's exciting," says Linda Palac.

The work on planning the building in detail, in partnership with Castellum, continues. According to the current schedule, the building will be ready for occupancy in 2021.




*Axel Carstam, Head of Digitalization  
for Castellum, Region Öresund*

**What requirements does an activity-based office place on digitalization?**

First, it places stricter requirements on flexibility for all digital systems. They need to be easily adaptable so that they support the needs of the organization for mobility both at the office and outside it. The interactions between various systems also increase when working in an activity-based manner. That is why all IT solutions need to be extra robust and secure.

**How will an employee at E.ON's new main office be able to work online, in a smart and efficient manner?**

For example, the property is equipped with a sensor system that recommends the most suitable place for work to the employees, depending on the work task and personal preferences. The system continuously measures workspace use and work environment conditions to ensure that the premises are used smartly and efficiently.

**How have you linked digitalization with sustainability in the building?**

The building is equipped with sensors that continually read and control energy and heating systems, which makes more flexible regulation of consumption possible. Moreover, the information is accessible to all of E.ON's employees so that they can see how their behavior impacts energy consumption. The system promotes reducing the environmental burden, since it becomes possible to work more efficiently with routine, need-based maintenance in contrast to the current, more static system where components are sometimes replaced unnecessarily.



*Filip Eland, Head of Sustainability  
for Castellum*

**E.ON has an objective of building an example of sustainability for the future. Why is Castellum the right partner?**

Castellum has years of solid experience in creating sustainable workplaces. We work continually with sustainability in all of our business, and see profitability in it on many levels. So far, we have certified over 33% of all the space in our properties, and in June 2018 we completed the first WELL certification in the Nordic region.

**What, specifically, does WELL entail? How can employees see the difference between working in a WELL certified building compared with another modern, newly built office building?**

In the real estate business, various environmental certifications regarding materials selection, energy use and other hard values is common. WELL is the first certification that also takes into account the soft values that impact wellness among those working in an office. This includes creating, to a great extent, an environment with natural light and aesthetic elements that create calm and comfort, and designing the office so that it promotes movement and activity. For example, in the form of attractive staircases, an active outdoor environment and offering opportunities for exercise. Today, we spend 90 percent of our time indoors, and a large part of that time at our workplaces. Our physical and social environments are one of the factors that impact our health and ability to perform. Choosing the right office is therefore of great importance in creating a successful business.

**What added value do long-term sustainability efforts create? How can it yield a return on investment? Can it be measured in dollars and cents?**

I would turn the question around: what happens if we don't do it? In addition to taking responsibility and creating value for society, our planet and future generations, sustainability initiatives increase competitive advantages for Castellum. A well-integrated sustainability initiative contribute to better property management and to efficient control of properties. This in turn leads to greater customer satisfaction, dedicated employees and improved profitability.

## Larger ongoing projects



**OLAUS PETRI 3:244, ÖREBRO**

<b>LOCATION:</b>	Next to Resecentrum, Örebro
<b>AREA:</b>	14,526 sq. m.
<b>COMPLETED:</b>	Q2 2019
<b>INVESTMENT:</b>	MSEK 465

New production of the Citypassagen office property, located in Örebro adjacent to Resecentrum near the northern route, began in 2016. Demand for downtown office premises in expanding Örebro is high, and this centrally located seven-floor building will increase the supply of modern and flexible office space. The investment is estimated at MSEK 465, of which MSEK 45 relates to the value of the site owned by the Group. The building is expected to be completed during the second quarter of 2019 and is fully leased.



**SPEJAREN 4, HUDDINGE**

<b>LOCATION:</b>	Smista district, Huddinge
<b>AREA:</b>	9,300 sq. m.
<b>COMPLETED:</b>	Q1 2019
<b>INVESTMENT:</b>	MSEK 349

Spejaren 4 is the final project in Castellum's development of the area around Smista Allé. The building is planned to be 9,300 square meters and will include a car retail. The investment is estimated at MSEK 349 and will be completed during the first quarter of 2019. The new building will be constructed according to the Miljöbyggnad environmental certification system, with the ambition of achieving a Silver rating. The building is 53% leased.



**SMYGMASKAN 1, MALMÖ**

<b>LOCATION:</b>	Hyllie district, Malmö
<b>AREA:</b>	9,600 sq. m.
<b>COMPLETED:</b>	Q2 2019
<b>INVESTMENT:</b>	MSEK 349

Castellum is constructing a modern, high-sustainability office building of almost 9,600 square meters in the expanding Hyllie district of Malmö. The project, called Eminent, will be one of the first office buildings in the Nordic region to be certified under WELL, an international construction standard that factors in wellness at the workplace. The WELL standard is based on seven concepts that affect health: air, water, lighting, sound, diet, exercise and wellness, which implies particularly high requirements for ventilation, heating, lighting and sound. In addition to WELL, the intention is also to certify the building under Miljöbyggnad level Gold. The investment is estimated at MSEK 349; the building is expected to be completed during the second quarter of 2019 and is 92% leased.



**SABBATSBERG 24, STOCKHOLM**

<b>LOCATION:</b>	Central Stockholm
<b>AREA:</b>	9,092 sq. m.
<b>COMPLETED:</b>	Q2 2020
<b>INVESTMENT:</b>	MSEK 418

In spring 2017, Castellum acquired Stockholm Vatten's former main office, located at Torsgatan 26 in central Stockholm. The property, designed by Ferdinand Boberg in the early 20th century, has a leasable area of 13,000 square meters and new development rights have been deemed possible. In 2018, Castellum began the renovation of phase 1 (approximately 9,000 square meters) into modern premises. Castellum already owns some of the properties neighboring Torsgatan 26 and sees great development potential in the area. The plan for Torsgatan, in partnership with the City of Stockholm and other property owners, is to create a vibrant mixed-purpose block in an attractive central location. The building is 28% leased.



### MASTHUGGET 26:1, GOTHENBURG

<b>LOCATION:</b>	Masthuggskajen district, central Gothenburg
<b>AREA:</b>	4,185 sq. m.
<b>COMPLETED:</b>	Q1 2020
<b>INVESTMENT:</b>	MSEK 230

Construction of the Emigranten Göteborg office block has begun, on a historic site adjacent to Castellum's existing Amerikahuset property. The building is located in the middle of the Masthuggskajen district, which is a part of the larger RiverCity urban development project. The building is 0% leased.



### HISINGEN LOGISTICS PARK, PHASE 2, GOTHENBURG

<b>LOCATION:</b>	Hisingen district, Gothenburg
<b>AREA:</b>	34,484 sq. m.
<b>COMPLETED:</b>	Q2 2020
<b>INVESTMENT:</b>	MSEK 294

In December 2018, Castellum began new construction of stage 2 of the Hisingen Logistics Park, which upon completion in the second quarter of 2020 will be one of the Nordic region's largest logistics facilities, with a modern standard for fully automated warehouses. The investment is estimated at approximately MSEK 294 including land acquisition. The building is fully leased to a major e-commerce player.

## LARGER ONGOING PROJECTS IN 2018

Property	Area, sq. m.	Rental value		Occupancy rate, Jan 2019	Total inv. incl. land, MSEK	Of which inv. MSEK 2,018	Remaining inv., MSEK	Completed	Category
		MSEK	SEK/sq. m.						
Olaus Petri 3:244, Örebro	14,526	35	2,400	100%	465	248	77	Q2 2019	New development, office
Sabbatsberg 24, Stockholm	9,092	45	4,950	28%	418	100	302	Q2 2020	Redevelopment, office
Smygmaskan 1, Malmö	9,600	26	2,700	92%	349	123	135	Q2 2019	New development, office
Spejaren 4, Huddinge	9,300	25	2,700	53%	349	201	113	Q1 2019	New development, car retail
Hisingen Logistics Park, phase 2, Gothenburg	34,484	24	700	100%	294	2	292	Q2 2020	New development, logistics
Masthugget 26:1, Gothenburg	4,185	13	3,200	0%	230	36	192	Q1 2020	New development, office
Örnäs 1:17, Upplands-Bro	15,719	15	1,000	0%	204	70	134	Q4 2019	New development, warehouse/logistics
Generatoren 1, Mölndal	6,800	13	1,600	100%	141	91	41	Q3 2019	New development, office and warehouse
Tibble 1:647, Brunna	8,894	12	1,300	0%	140	95	45	Q2 2019	New development, warehouse/light industry
Backa 20:5, Gothenburg	4,852	9	1,750	100%	103	52	51	Q1 2019	New development, car retail

**BREEAM** evaluates and rates the overall environmental impact of buildings.

**Miljöbyggnad** is a certification system intended to create environmentally sustainable buildings. It takes into account energy, indoor environment and building materials.

**Green Building** means that energy consumption is 25% lower than the energy requirements in the building regulations from Boverket, the Swedish National Board of Housing, Building and Planning.

**WELL** is the first construction standard that takes wellness in work life into account.

## Larger completed projects



### HISINGEN LOGISTICS PARK, PHASE 1, GOTHENBURG

<b>LOCATION:</b>	Hisingen district, Gothenburg
<b>AREA:</b>	30,200 sq. m.
<b>COMPLETED:</b>	Q2 2018
<b>INVESTMENT:</b>	MSEK 244

Castellum completed a new logistics building in Gothenburg's port district during the second quarter. The building, the first part of Hisingen Logistics Park, comprises more than 30,200 square meters and was built in a flexible manner with a modern standard for fully automated warehouses: high ceilings, excellent load bearing capacity, and weather-proof docking stations. The facility is environmentally certified under Miljöbyggnad level Silver, and is fully leased with e-commerce companies as tenants.



### BALLTORP 1:124, MÖLNDAL

<b>LOCATION:</b>	Mölndal, south of Gothenburg
<b>AREA:</b>	18,000 sq. m.
<b>COMPLETED:</b>	Q1 2018
<b>INVESTMENT:</b>	MSEK 197

In the spring of 2018, Castellum completed a new warehouse and logistics building in Mölndal, just south of Gothenburg. The building meets high standards for security, and has high ceilings to meet the needs of the tenant, a leading e-commerce player. The facility is environmentally certified under Miljöbyggnad level Silver, and is fully leased.



### ROSERSBERG 11:130, SIGTUNA

<b>LOCATION:</b>	Rosersberg, Stockholm
<b>AREA:</b>	12,200 sq. m.
<b>COMPLETED:</b>	Q3 2018
<b>INVESTMENT:</b>	MSEK 135

During the year, Castellum completed a logistics facility of 12,200 square meters in the Rosersberg district in Stockholm. The area, an established location for many logistics companies, is strategically located along the E4 adjacent to Arlanda airport. The building is environmentally certified under Miljöbyggnad level Silver and equipped with the innovative Solatube daylight system that directs daylight where light from ordinary windows can't reach. The building is fully leased.

### LARGER COMPLETED PROJECTS IN 2018

Property	Area, sq. m.	Rental value		Occupancy rate, Jan 2019	Total inv. incl. land, MSEK	Of which inv. MSEK 2018	Remaining inv., MSEK	Completed	Category
		MSEK	SEK/sq. m.						
Hisingen Logistics Park, phase 1, Gothenburg	30,200	22	750	100%	244	71	25	Q2 2018	New development, logistics
Balltorp 1:124, Mölndal	18,000	15	850	100%	197	17	0	Q1 2018	New development, logistics
Varpen 11, Huddinge	5,555	15	2,550	100%	179	39	0	Q1 2018	New development, car retail
Rosersberg 11:130, Sigtuna	12,200	13	1,100	100%	135	31	2	Q3 2018	New development, logistics
Spiran 12, Norrköping	7,915	18	2,300	46%	110	35	8	Q3 2018	Redevelopment, office
Söderhällby 2:1, Uppsala	5,963	8	1,300	100%	101	32	0	Q1 2018	New development, logistics

**BREEAM** evaluates and rates the overall environmental impact of buildings.

**Miljöbyggnad** is a certification system intended to create environmentally sustainable buildings. It takes into account energy, indoor environment and building materials.

**Green Building** means that energy consumption is 25% lower than the energy requirements in the building regulations from Boverket, the Swedish National Board of Housing, Building and Planning.

**WELL** is the first construction standard that takes wellness in work life into account.

## Transactions

Castellum acts from a long-term perspective; its strategy for growth includes continually refining and developing its property portfolio by investing in new construction, expansions and reconstructions, as well as making new acquisitions. The purpose of the investments is to improve cash flow, thereby increasing the value of the properties. New projects are gradually added through acquisitions of both development properties and unutilized development rights. Castellum continually develops its property portfolio, which also includes divestments, in order to strengthen its position as the leading player in Nordic growth cities.

Castellum's portfolio activity levels in 2018 were greater as regards divestments but lower as regards acquisitions year-on-year; investments totaled MSEK 5,292 (6,488), of which MSEK 2,455 (3,595) pertained to acquisitions and MSEK 2,837 (2,893) pertained to new construction, expansions and reconstructions. After sales and cash settlement of MSEK 2,635 (875), net investments amounted to MSEK 2,657 (5,613).

Castellum carried out several acquisitions and changes of possession in 2018. At the end of June 2018, Castellum acquired the Salmisaarenaukio 1 property in the Ruoholahti district of Helsinki for MEUR 81. As a result of the acquisition, Castellum established itself in a new attractive market; the investment is part of Castellum's strategy to build a strong Nordic property portfolio. Castellum sees good opportunities for growth in the office and logistics segments in Helsinki and for becoming one of the largest property owners over the long term.

Castellum also expanded its portfolio in central Uppsala through acquiring the Dragarbrunn 19:1 and Dragarbrunn 16:6 properties, thereby cementing its position as one of the largest players in the city. In addition, five properties were acquired from Sveareal in attractive locations in Linköping, Norrköping

and Västerås for the purpose of strengthening the central property portfolios in these cities. Castellum also carried out a number of smaller supplementary acquisitions in 2018.

In December, it acquired all of Serneke's properties in and around Säve airport. The initial purchase price totals approximately SEK 1 billion, of which MSEK 750 was paid on the date of occupancy. The remaining payment will be received with further additional purchase considerations in pace with the development of a detailed plan and receipt of construction permits, with the year 2030 as the outer limit. Pricing of the purchase consideration depends on how much area can be constructed. At present, a maximum additional purchase consideration is estimated at SEK 1 billion. The total land area, approximately 3 million square meters, is an area deemed suitable for logistics and heavier industry by Business Region Göteborg (BRG). As a result of the acquisition, Castellum will have a fantastic land bank to build on for many years to come in Gothenburg, Sweden's best logistics location.

Castellum's transaction strategy also includes divestments. In October, Castellum divested 38 properties in the Gothenburg and Stockholm regions at an underlying property value of MSEK 1,798. The purpose of the sale was a quality shift, concentrating on strategic locations and reducing the share of smaller properties in the portfolio, primarily in the industrial and store property segment. As a result of the transaction, Castellum relinquished several solitary properties and left the Alingsås and Lerum submarkets.

Eight properties valued at MSEK 333 in Västerås were also divested for the purpose of refining the portfolio and implementing a quality shift. During the year, Castellum also divested properties in future residential areas in Stockholm, and carried out a number of local divestments in Sweden.

### Increased Nordic presence through establishment in the Finnish market

At the end of June 2018, Castellum acquired the Salmisaarenaukio 1 property in the Ruoholahti district of Helsinki for MEUR 81. As a result of the acquisition, Castellum established itself in a new attractive market; the investment is part of Castellum's strategy to build a strong Nordic property portfolio. Several major companies have head offices in the region, and Castellum sees strong possibilities for growth in both the office and logistics segments in an otherwise strong and stable market.

*"It is pleasing to state that through the acquisition in Finland, Castellum is taking the next step in its strategy of growing and establishing itself in several Nordic growth cities. Over the long term, our ambition is to become one of the largest property owners in Helsinki."*

Henrik Saxborn, CEO, Castellum



## Larger acquisitions



### SALMISAARENAUKIO 1, HELSINKI

<b>LOCATION:</b>	Ruoholahti, Helsinki
<b>AREA:</b>	14,433 sq. m.
<b>OCCUPANCY:</b>	June 2018
<b>INVESTMENT:</b>	MEUR 81

During the year, Castellum acquired an office property in central Helsinki, Finland, thereby establishing itself as a player in a new and attractive market. The Salmisaarenaukio 1 property, comprising 14,433 square meters, is located in the Ruoholahti office district, which is one of Helsinki's most attractive and easily accessible office clusters. Castellum sees strong possibilities for growth in both the office and logistics segments in an otherwise strong and stable market. Castellum took possession of the fully leased property as of June 2018.



### SÄVE AIRPORT, GOTHENBURG

<b>LOCATION:</b>	Hisingen district, Gothenburg
<b>AREA:</b>	172,234 sq. m.
<b>OCCUPANCY:</b>	December 2018
<b>INVESTMENT:</b>	at least SEK 1.1 billion

Castellum purchased Säve airport in late December. The investment will total at least SEK 1.1 billion. Castellum regards the acquisition as a unique opportunity to drive the growing logistics market in Gothenburg. With this acquisition, Castellum ensures an expansion of logistics in Sweden's strongest logistics market. The total land area, approximately 3 million square meters, is an area deemed suitable for logistics and heavier industry. This will facilitate construction of large logistics and production facilities, something unique for Greater Gothenburg. A total of five neighboring properties, with an occupancy rate of 79%, were included in the transaction.



### BÄGAREN 3, 5 AND 6, NORRKÖPING; DOLKEN 5, LINKÖPING AND KLIO 10, VÄSTERÅS

<b>LOCATION:</b>	Central sections of Linköping, Norrköping and Västerås
<b>AREA:</b>	20,474 sq. m.
<b>OCCUPANCY:</b>	September 2018
<b>INVESTMENT:</b>	MSEK 251

In September, Castellum acquired and took possession of office properties totalling 20,474 square meters, thereby strengthening its position in Linköping, Norrköping and Västerås. The occupancy rate in the properties is 97%.

### LARGER PROPERTY ACQUISITIONS DURING 2018

Property	Area, sq. m.	Rental value		Occupancy rate, Jan 2019	Acquisition, MSEK	Access	Category
		MSEK	SEK/sq. m.				
Åseby 1:2, 1:5, 3:10, 7:2, 9:1 and Nolvik 9:1, Gothenburg	54,153	50	921	79%	1,030	Dec 2018	Warehouse, hangar, office, hotel and undeveloped land
Salmisaarenaukio 1, Helsinki	14,433	52	3,550	100%	MEUR 81	June 2018	Offices
Bägaren 3, 5 and 6, Norrköping; Dolken 5, Linköping and Klio 10, Västerås	20,474	25	1,250	97%	251	Sep 2018	Office
Söderhällby 19:1, Uppsala	2,964	10	3,350	99%	127	Apr 2018	Retail

### LARGER PROPERTY SALES DURING 2018

Property	Area, sq. m.	Rental value		Underlying prop. price, MSEK	Deferred tax and transaction costs, MSEK	Net sale price, MSEK	Access	Category
		MSEK	SEK/sq. m.					
38 properties in Stockholm and Gothenburg regions	172,234	167	970	1,806	-91	1,715	Dec 2018	Light industry and retail, plus warehouse and office
8 properties in Västerås	41,376	39	944	333	-21	312	Nov 2018	Office, warehouse and light industry
Torsplan 1, Stockholm	18,127	20	1,100	237	-4	233	Mar 2018	Developments
Drevern 1 and Sicklaön 393:4, Stockholm	8,017	13	1,624	161	0	161	Jan 2019	Office and retail



## Speed's robots make maximum use of spaces

In 2011, Speed Group moved into Castellum's property in the Arendal port district just outside Gothenburg.

"The conditions were ideal. We needed a facility with a strategic geographical location close to the port. What's more, the design of the premises suited us perfectly," says CEO Anders Appelqvist.



Anders Appelqvist, CEO, Speed Group

Speed Group was founded in 2004, and has grown tremendously since its beginnings. Today, it is a national player with over 1,000 employees, modern warehouse and logistics centers in several locations around Sweden and four different facilities in Borås, where its head office is also located.

"The right premises are crucial to our operations, since we have great demands for flexibility and sensitivity towards our customers," Anders Appelqvist says.

Castellum helped Speed find the perfect premises in the Port of Gothenburg, with an area of 28,000 square meters for a storage and logistics facility and 1,000 square meters of office space.

"With our fully automated robot facility — the only one in the Nordic region — we have full flexibility regarding volume and all types of logistics commissions."

The robots make maximum use of the spaces, sorting products in where there is room and then keeping track of where they are.

"One of the many advantages of AutoStore is that it is highly space-efficient. For example, we don't need space for forklift paths, like a manual warehouse does. It's also a very dependable system that rarely breaks down. If a robot or a station goes offline, the system can still be run," says Nicklas Wall, Head of Logistics Operations at Speed in Gothenburg.

The 52 robots are battery-operated, and recognize themselves when they need to go to a

charging station. A total of 1,200 orders can be processed per hour.

For Speed Group, sustainable development in its social, ecological and financial dimensions is an important business tool that is also significant for its own corporate culture.

"When it comes to sustainability, Castellum is a valuable partner since they share our values. Right now, for example, we are replacing all the traditional fluorescent lamps with LED lighting; sensors turn them on when people are moving around."

The premises also meet customers' even stricter demands for security as regards burglaries and fire classification.

"From the start, the property was built with very strict safety requirements. The building itself, for example, has a windowless concrete lip four meters high, which prevents anyone from breaking in through the wall. The area is also surrounded by an electric fence."

Speed Group offers its customers third-party logistics solutions with full responsibility for everything from warehouse, logistics, staffing and recruitment to training.

"This is a rapidly-changing industry, and we see how the need for flexible, cost-efficient solutions is continually growing among our customers. Every customer commission is unique, and everyone required their own solution that depends on production and flow," says Anders Appelqvist.



# The Castellum share

Castellum's goal is for the company's share over the long term to yield a competitive return in relation to risk, and to have a high level of liquidity. The risk level should be lower than the industry average. All actions are based on a long-term perspective and the company presents frequent, open, true and fair financial statements to shareholders, capital and credit markets, and the media that facilitate external assessment and evaluation of the company and the share.

Castellum has a goal of 10% yearly growth in income from property management. The outcome for 2018 was 17%, and over the last ten years the average yearly increase was 8%.

**17%**

Increase in income from property management, SEK per share

**SEK 176**


Long-term EPRA NAV, SEK per share

**22.3%**

Total yield in 2018

**SEK 6.10/15%**

Proposed dividend in SEK/ increase in dividend, %



The running track on the roof of Castellum's property at Torsplan 2 in Stockholm continues to attract attention and is frequently used by the tenants, who can enjoy the view over the roofs of Stockholm during their workouts. Torsplan 2 is certified under BREEAM Outstanding, the highest environmental classification an office building can achieve, and has won several awards.

## The Castellum share

Castellum is one of the major listed real estate companies in Sweden. The company is listed on Nasdaq Stockholm Large Cap. Castellum's market capitalization (i.e. the value of all outstanding shares in Castellum) amounted to SEK 44.6 billion (37.8), as of December 31, 2018. This corresponds to approximately 13% of the total market capitalization, SEK 336 billion, of Swedish real estate companies operating solely in this sector. The Castellum figure is just under 0.7% of the total market capitalization — approximately SEK 6,082 billion — of all listed Swedish companies.

The number of Castellum shares outstanding is 273,201,166. During 2018, a total of 300 million (273) shares were traded, equivalent to an average of 1,201,000 shares (1,086,000), per trading day, corresponding on an annual basis to a turnover rate of 110% (99%). The share turnover is based on statistics from Nasdaq Stockholm, Cboe CXE EU, Turquoise and Cboe BXE EU.

### Proposed dividend

The Board intends to propose to the Annual General Meeting to approve a dividend of SEK 6.10 per share, an increase of 15% year-on-year. The payment is proposed to be distributed to the shareholders in two equal payments of SEK 3.05 each. The payout ratio amounts to 56%, based on income from property management before tax.

If the Annual General Meeting approves the Board's proposal, the record date for the first dividend will be Monday, March 25, 2019. This means that the final day for trading shares

including dividend is Thursday, March 21, 2019. Record date for the second dividend is Monday, September 23, 2019, meaning that the final day for trading shares including dividend is Thursday, September 19, 2019. The first dividend is planned for Thursday, March 28, 2019, and the second dividend is planned for Thursday, September 26, 2019.

The proposed dividend, equivalent to 56% of income from property management, exceeds Castellum's objective of distributing at least 50% of income from property management, taking into account investment plans, consolidation needs, liquidity and financial position in general. Unrealized changes in value, positive or negative, are thus not included in the distributable income.

### Net asset value

Net asset value is the total equity that the company manages for its owners. On this basis, Castellum wants to generate stable return and growth at low financial risk. When assets and liabilities are valued at fair value, the net asset value can be calculated using shareholders' equity in the balance sheet. It should be taken into account, however, that the effective tax is lower than the reported nominal tax rate, due in part to the possibility of selling properties in a tax-efficient manner, and in part to the time factor which means the tax is to be discounted.

Long term net asset value (EPRA NAV) can be calculated to SEK 176 per share (153). The share price at the end of the year was thus 93% (90%) of the long term net asset value.

# 6.10

The Board intends to propose to the Annual General Meeting to approve a dividend of SEK 6.10 per share, an increase of 15% year-on-year.

*"Since 1997, Castellum's share has been listed on Nasdaq Stockholm Large Cap under the symbol CAST."*

# 22.3%

During 2018 the total yield of the share, including dividend of SEK 5.30, was 22.3%.

### WHY CASTELLUM IS OF INTEREST TO INVESTORS

Castellum is one of Sweden's largest real estate companies, with a long-term approach to strategy, growth in property value, income from property management and dividends.

#### STABLE GROWTH SINCE THE IPO IN 1997

Since 1997, Castellum has enjoyed annual growth in income from property management of 10% in SEK per share and an average annual dividend of 52% of income from property management.

#### STRONG BALANCE SHEET AND LOW FINANCIAL RISK

Castellum's goal is that the loan-to-value ratio should not permanently exceed 50%. At the end of 2018, it totalled 45%. The target interest coverage ratio is at least 200%. At year end 2018, it amounted to 454%.

#### WELL DIVERSIFIED PORTFOLIO

The focus is on commercial properties with a contract portfolio of approximately 5,900 customers from a variety of business categories reflecting Swedish, Danish and Finnish business life. Risk diversification is thus broad, and the single largest contract represents approximately 2%.

#### LOCAL OPERATIONS WITH FOCUS ON SUSTAINABILITY

Currently, Castellum is found in some 20 cities in Sweden as well as in Copenhagen and Helsinki, with local organizations for leasing, service and management.

#### CREDIBILITY THROUGH TRANSPARENCY

Castellum's ambition is to provide up-to-date, accurate information about company development that is fully adequate for investment decisions concerning company shares.

## Net asset value

	MSEK	SEK/share
Equity according to the balance sheet	39,749	145
<b>Reversed:</b>		
Derivatives according to balance sheet	716	3
Goodwill according to balance sheet	-1,659	-6
Deferred tax according to balance sheet	9,203	34
<b>Long-term net asset value (EPRA NAV)</b>	<b>48,009</b>	<b>176</b>
<b>Deduction</b>		
Derivatives as above	-716	-3
Estimated real liability, deferred tax 6%*	-2,975	-11
<b>Short-term net asset value (EPRA NNNNAV)</b>	<b>44,318</b>	<b>162</b>

\*The actual net deferred tax liability has been estimated at 6% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realized in 2 years with a nominal tax of 21.4%, giving a present value of deferred tax liability of 21%, and that the properties are realized in 50 years where 33% are sold directly with a nominal tax of 20.6% and that 67% are sold indirectly in corporate wrappers where the buyers tax discount is 8%, which gives a present value of deferred tax liability of 6%.

## Earnings

In 2018, income from property management per share adjusted for nominal tax attributable to income from property management (EPRA EPS) amounted to SEK 9.65 (8.39). This results in a share price yield of 5.9% (6.1%) based on the share price by year end, corresponding to a multiple of 17 (16). This visible income from property management should be adjusted for the long-term increase in value of the property portfolio and effective tax paid.

Earnings after tax per share amounted to SEK 27.28 (21.51) in 2018. Based on the share price, this yields a return of 16.7% (15.5) corresponding to a P/E ratio of 6 (6).

## Total yield

Total yield reflects the development of the share price plus dividends paid during the period.

The Castellum share price at year end was SEK 163.35 (138.40), equivalent to a market capitalization of SEK 44.6 billion (37.8) calculated on the number of shares outstanding. The total yield of the share in 2018, including dividend of SEK 5.30, was 22.3% (15.4%).

## Growth, yield and financial risk

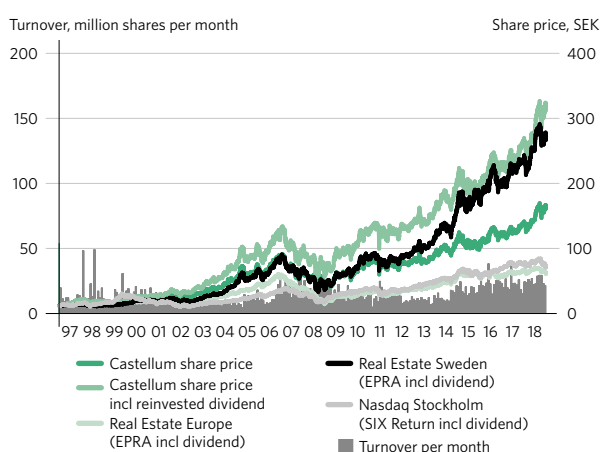
	2018	3 yrs avg/yr	10 yrs avg/yr
<b>Growth</b>			
Rental income SEK/share	8%	5%	4%
Income from prop. mgmt SEK/share	17%	9%	8%
Net income for the year after tax SEK/share	27%	20%	∞
Dividend SEK/share	15%	13%	8%
EPRA NAV SEK/share	15%	16%	9%
EPRA NNNNAV SEK/share	17%	17%	10%
Property portfolio SEK/share	10%	11%	8%
Change in property value	6.2%	5.7%	2.5%
<b>Yield</b>			
Return on EPRA NAV	18.5%	20.1%	12.6%
Return on EPRA NNNNAV	22.0%	20.0%	12.1%
Return on total capital	10.6%	10.1%	7.1%
<b>Total yield of the share (incl. dividend)</b>			
Castellum	22.3%	20.3%	16.1%
Nasdaq Stockholm (SIX Return)	-4.4%	4.7%	13.8%
Real Estate Index Sweden (EPRA)	15.3%	12.7%	18.6%
Real Estate Index Europe (EPRA)	-7.7%	0.0%	11.9%
Real Estate Index Eurozone (EPRA)	-8.2%	4.2%	12.2%
Real Estate Index Great Britain (EPRA)	-13.0%	-3.6%	8.1%
<b>Financial risk</b>			
LTV ratio	45%	48%	50%
Interest coverage ratio	454%	367%	333%

## Dividend yield

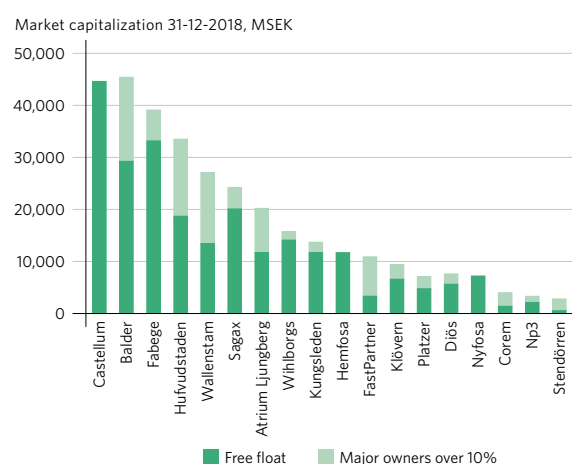
Dividend yield — the company's dividend divided by the current share price — represents the yield shareholders receive in cash every year following the decision by the Annual General Meeting. The key ratio thus expresses the relationship between two different "spheres": Castellum's performance in the form of dividends and the stock market's pricing of the company. The valuation thus reflects the market's view of the dividend yield required to achieve a total yield that matches the market's required yield for the Castellum share.

The proposed dividend of SEK 6.10 (5.30) corresponds to a dividend yield of 3.7% (3.8%) based on the share price at the end of the year.

## THE CASTELLUM SHARE'S PRICE TREND AND TURNOVER FROM THE IPO MAY 23, 1997 UNTIL DECEMBER 31, 2018



## LISTED REAL ESTATE COMPANIES



### Net asset yield and earnings including long-term change in value

In companies that manage real assets such as property, the income from property management only reflects a part — albeit a large one — of the overall result. The value of real assets is, by definition, protected: over time, and with proper maintenance, the trend in their value compensates for inflation.

The net asset value (i.e. the denominator of the income/capital yield ratio) is adjusted annually in accordance with IFRS regulations for changes in value. The numerator (i.e. the earnings) must be similarly adjusted to produce a correct return. The income from property management reported must therefore be supplemented with a component of value change as well as effective tax to produce an accurate view of income and yield.

One problem is that changes in value can vary greatly between years and quarters, thus leading to volatile results. For a long-term player with a stable cash flow and a properly compiled property portfolio, the long-term change in value can be used to adjust the numerator in the equation.

### Net asset yield and earnings including long-term change in value

		Sensitivity analysis	
		-1%-unit	+1%-unit
Income from prop. mgmt 2018	2,952	2,952	2,952
Change in property value (10-year avg)	2,099	1,259	2,938
As %	2.5%	1.5%	3.5%
Current tax, 9%	-268	-268	-268
<b>Earnings after tax</b>	<b>4,783</b>	<b>3,943</b>	<b>5,622</b>
Earnings, SEK/share	17.51	14.43	20.58
Return on EPRA NAV	10.5%	8.4%	12.5%
Earnings/share price	10.7%	8.8%	12.6%
P/E ratio	9	11	8

### Shareholder value created

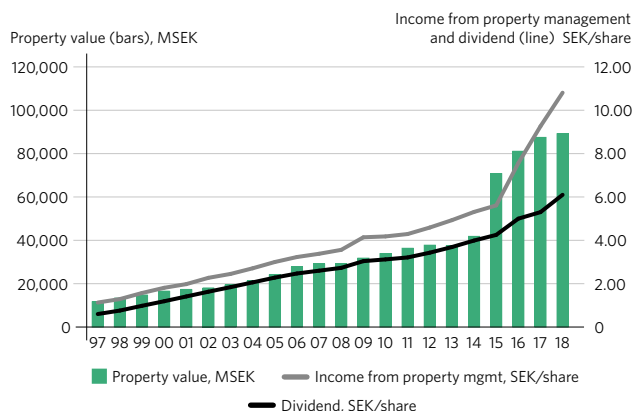
At the IPO in May 1997, Castellum's property portfolio amounted to approximately SEK 10 billion, income from property management to approximately MSEK 300 and shareholders' equity to approximately SEK 4 billion. Since then, Castellum has created shareholder value by increasing shareholder's equity to SEK 48 billion and a dividend of approximately SEK 11.5 billion has also been distributed as of December 31, 2018. The property portfolio grew over the same period to approximately SEK 89 billion at the end of 2018, while income from property management increased to MSEK 2,952.

### Valuation

The investor's required yield for a given share forms the basis for valuation over the long term. The required yield is based on the required yield for secure investments plus a risk premium for shares. The risk premium, and thus the required yield varies from share to share as well as over time. This is partly due to the risk the investor perceives for a particular company, which they want to be compensated for: the higher the risk, the higher the required yield. Depending on the investor's — or rather the investor collective's — assessment of the share's future total yield (dividend yield plus change in share price) and risk level, an acceptable share price will emerge.

Over the short term, however, supply and demand for the share in question affects share price movements and sets the current share price. Factors affecting price in the short term (apart from current investor assessments of the share's long-term yield) include industry outlook, macroeconomic assessments, geopolitical events, allocation aspects, potential yield on alternative investments, and regulations. Over the long term, however, the company's actual performance in terms of total yield and growth become crucial to share price development. As shown in the table on page 58, Castellum has achieved a total average yield of 16% per year over the past ten years, of which dividend yield represents approximately 4% and share price development around 12%, with a risk level for the Swedish property market that is moderate. The average dividend growth for the same period amounted to 8% per year.

### CASTELLUM'S PROPERTY VALUE AND INCOME FROM PROPERTY MANAGEMENT PER SHARE SINCE THE IPO 1997



### SHAREHOLDERS DISTRIBUTED BY COUNTRY, DECEMBER 31, 2018



## Shareholders

Castellum had approximately 44,400 shareholders at year end, an increase of roughly 32% compared with year-end 2016. The proportion of registered shares abroad amounted to 55% at the end of the year. The largest owner constellations confirmed as of December 31, 2018, are shown in the table below.

## Investor Relations

Investor relations are primarily based on quarterly financial reports, press releases related to significant commercial events

and presentations by Castellum. Presentations take place in connection with quarterly financial reports, visits from investors and analysts, and investor meetings both in Sweden and abroad. The large share of foreign shareholders means that there are extensive contacts with foreign investors. Additional market and financial information is provided on the Group's webpage [www.castellum.com](http://www.castellum.com).

## Repurchase of company shares

Castellum repurchased none of its own shares in 2018.

### SHAREHOLDERS AS OF DECEMBER 31, 2018

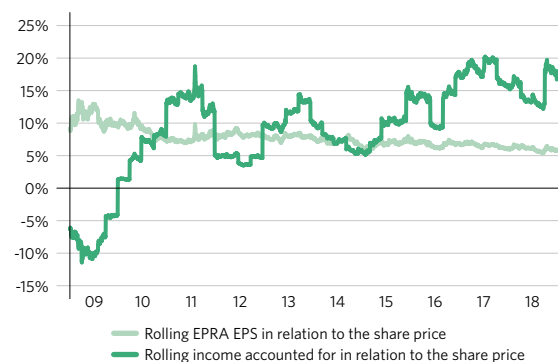
Shareholders	Number of shares, thousand	Percentage of votes/capital
Rutger Arnhult	15,209	5.6%
Stichting Pensioenfond ABP	14,963	5.5%
BlackRock	13,677	5.0%
SEB Fonder & Liv	13,372	4.9%
PGGM Pensioenfond	11,717	4.3%
Vanguard	9,061	3.3%
Szombatfalvy constellation	8,804	3.2%
AMF Försäkring & Fonder	8,234	3.0%
Lannebo Fonder	7,866	2.9%
Sixth Swedish National Pension Fund	6,701	2.5%
Norges Bank	5,477	2.0%
CBRE Clarion Securities	3,267	1.2%
SHB Fonder & Liv	3,224	1.2%
Länsförsäkringar Fonder	3,181	1.2%
State Street Global Advisors	3,179	1.2%
Principial Global Investors	3,126	1.1%
Folksam	3,125	1.1%
Nordea Fonder	2,005	0.7%
AFA Försäkring	1,830	0.6%
BMO Global Asset Management	1,693	0.6%
Cohen & Steers	1,635	0.6%
Avanza Pension	1,592	0.6%
Aberdeen Standard Investments	1,520	0.6%
Castellum Board and Executive Management	200	0.1%
Other shareholders registered in Sweden	46,939	17.2%
Other shareholders registered abroad	81,604	29.8%
<b>Total shares outstanding</b>	<b>273,201,166</b>	<b>100.0%</b>

Source: Holdings by Modular Finance AB. Data collected and analyzed from Euroclear, Morningstar, Finansinspektionen, Nasdaq and Millistream.

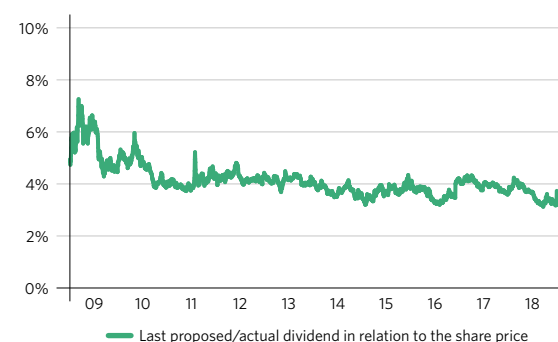
### SHARE PRICE/NET ASSET VALUE



### YIELD, EARNINGS PER SHARE



### THE SHARE'S DIVIDEND YIELD



## TEN-YEAR SUMMARY

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Key metrics, SEK/share</b>										
Income	20.41	18.97	19.33	20.12	20.23	19.81	18.74	17.80	16.82	16.43
Income from property management	10.81	9.26	8.80	8.11	7.67	7.12	6.64	6.21	6.04	5.98
Net income for the year	27.28	21.51	21.20	15.24	6.41	9.03	7.79	3.76	10.39	0.85
Dividend (for 2018, proposed)	6.10	5.30	5.00	4.25	3.99	3.69	3.43	3.21	3.12	3.04
Property value	326	297	259	221	199	200	192	179	168	155
<b>Valuation</b>										
Income from prop. mgmt per share/Share price	6.6%	6.7%	7.0%	7.7%	7.2%	8.2%	8.3%	8.4%	7.6%	9.5%
Share price/Income from prop. mgmt per share	15	15	14	13	14	12	12	12	13	11
Income from prop. mgmt after tax per share (EPRA EPS)/Share price	5.9%	6.1%	6.6%	7.5%	6.8%	8.0%	7.9%	8.2%	7.2%	9.6%
Dividend/Share price (dividend yield)	3.7%	3.8%	4.0%	4.1%	3.8%	4.2%	4.3%	4.3%	3.9%	4.8%
Share price/EPRA NAV per share	93%	90%	94%	94%	107%	94%	92%	88%	100%	88%
Share price/EPRA NNNAV per share	101%	100%	103%	105%	122%	103%	103%	98%	108%	99%
<b>The share</b>										
Market capitalization, MSEK	44,627	37,811	34,123	19,795	20,024	16,416	15,137	13,989	15,014	11,890
Total yield, Castellum share	22.3%	15.4%	23.8%	2.3%	26.9%	13.1%	13.0%	-3.1%	32.6%	27.4%
Nasdaq Stockholm (SIX Return)	-4.4%	9.5%	9.6%	10.4%	15.8%	28.0%	16.5%	-13.5%	26.7%	52.5%
Real Estate Index Sweden (EPRA)	15.3%	15.9%	7.2%	25.4%	37.1%	20.6%	16.2%	-13.0%	48.5%	24.0%
Real Estate Index Europe (EPRA)	-7.7%	13.4%	-4.5%	18.8%	26.5%	10.1%	28.7%	-9.2%	19.8%	33.7%
Real Estate Index Eurozone (EPRA)	-8.2%	17.7%	4.7%	17.4%	24.1%	5.6%	29.2%	-14.2%	15.5%	43.1%
Real Estate Index Great Britain (EPRA)	-13.0%	12.7%	-8.5%	12.1%	22.5%	22.6%	29.9%	-8.1%	7.9%	11.8%
Payout ratio, income from property management	56%	57%	57%	52%	52%	52%	52%	52%	52%	51%
Payout ratio, EPRA NAV	3.5%	3.4%	3.8%	3.8%	4.0%	4.0%	4.0%	3.8%	3.9%	4.3%
<b>Share price, SEK</b>										
Closing share price, final trading day of the year	163.35	138.40	124.90	104.73	105.94	86.85	80.08	74.01	79.43	62.91
highest share price during the year	170.25	140.00	133.50	125.38	108.02	93.27	81.99	84.60	79.61	63.99
lowest share price during the year	121.20	114.80	97.87	97.96	85.94	76.14	66.20	56.61	50.76	37.14
average (highest/lowest per day)	148.05	126.59	117.62	109.18	97.49	82.82	75.73	76.95	65.68	50.83
<b>Number of shares, thousand</b>										
average and outstanding	273,201	273,201	234,540	164,000	164,000	164,000	164,000	164,000	164,000	164,000
registered	273,201	273,201	273,201	172,008	172,008	172,008	172,008	172,008	172,008	172,008
Number of shareholders	44,400	38,000	30,000	19,100	16,300	12,200	9,900	9,400	10,000	8,900
Percentage of shareholders registered abroad	55%	50%	51%	50%	52%	62%	60%	51%	46%	46%
Turnover, thousand shares per year	300,200	272,600	285,000	188,379	133,083	106,266	129,276	150,482	152,186	191,129
Turnover rate per year	110%	99%	103%	114%	81%	65%	79%	92%	93%	117%
<b>EPRA measures</b>										
EPRA Earnings (Income from property mgmt after tax paid), MSEK	2,636	2,291	1,937	1,481	1,355	1,318	1,192	1,149	1,086	1,137
EPRA Earnings (EPS), SEK/share	9.65	8.39	8.26	7.84	7.17	6.97	6.31	6.08	5.75	6.02
EPRA NAV (long-term net asset value), MSEK	48,009	41,834	36,222	21,184	18,618	17,510	16,480	15,920	15,158	13,381
EPRA NAV, SEK/share	176	153	133	112	99	93	87	84	80	71
EPRA NNNAV (Triple net asset value), MSEK	44,318	37,632	33,082	18,946	16,432	15,940	14,689	14,196	13,913	11,979
EPRA NNNAV, SEK/share	162	138	121	100	87	84	78	75	74	63
EPRA Vacancy rate	7%	9%	9%	10%	11%	12%	11%	11%	11%	10%
EPRA Yield	5.1%	5.3%	5.5%	6.1%	6.4%	6.6%	6.7%	6.7%	6.6%	6.8%
EPRA "Topped-up" Yield	5.2%	5.4%	5.6%	6.3%	6.6%	6.7%	6.9%	6.8%	6.8%	7.0%

EPRA, the European Public Real Estate Association, is an association for listed real estate owners and investors in Europe that sets standards for financial reporting such as earnings per share (EPRA EPS), net asset value (EPRA NAV) and triple net asset value (EPRA NNNAV), EPRA Vacancy, EPRA Yield and EPRA "Topped-up" Yield.

# Sustainability

Castellum is the Nordic region's most sustainable real estate company; sustainability initiatives are fully integrated into our operations and are ingrained in the ownership, management and development of our property portfolio as well as our customer relations, employees and financing.

At Castellum, sustainability is about managing business operations responsibly and creating long-term solutions from economic, ecological and societal perspectives. As a long-term player and community builder, it goes without saying that we promote the development of a sustainable society. We are convinced that our sustainability investments will generate higher profitability, and shareholder value for Castellum shareholders. Castellum's in-depth sustainability reporting is presented on pages 194-207.

**33%**

environmentally certified property portfolio

**85**

young people on holiday work or internships in 2018, of which 23 interns, corresponding to 6% of all employees

**95%**

non-fossil fuel energy

At the end of 2017, Castellum won the major land allocation competition for the Söderstaden development area south of Stockholm city center. The project covers 100,000 square meters; Castellum's share encompasses 30,000 square meters of commercial properties such as office space, hotels and restaurants.



# Castellum's sustainability efforts

## Vision

Castellum's sustainability efforts are a natural, integrated part of its operations; over time, the company will become a leader in sustainability and promote sustainable development. Castellum regards society's requirements under laws and regulations as minimum requirements, and the company strives for continual improvements with clear goals aimed at promoting sustainable development. As a responsible agent of societal progress, Castellum will be part of driving this development forward.

## Strategy

Castellum's operations should promote sustainable development, and its sustainability initiatives should be integrated into its operations, yielding tangible results. This work permeates the entire business from ownership, property management and property portfolio development to customer relationships, employees and financing. Corporate social responsibility is crucial to the company's success, and its work drives profitability and long-term shareholder value. All actions should be marked by a high level of expertise, good business ethics and accountability.

## Attitude to climate change and the planet's limits

Castellum acknowledges the scientific evidence that human activity is accelerating climate change. Overstepping the planet's limits involves great risk for our future. To promote a global agenda, Castellum must therefore govern its operations and set goals in line with the UN's Sustainable Development Goals and the international climate agreement. To future-proof Castellum's portfolio, buildings will be made more energy-efficient, life cycle perspectives will be taken into account in investments, responsibility for natural resources and biological diversity will be assumed, the share of renewable energy will be increased and operations will be adapted to climate change. Castellum will be involved in the climate plans and policies of its customers and of government agencies, it will display leadership and to the greatest extent possible will influence the industry toward a greener approach.

Castellum regards the impact of a changed climate as a significant risk that over the long term constitutes a risk to our operations, our properties and our tenants. If extreme weather arises — floods or heavy rains, for example — it causes damage and disruptions in several ways: directly to the property or neighboring infrastructure (e.g. electrical outages, wastewater backing up out of drains, or disruptions to public transportation to and from our properties). Therefore, Castellum has implemented specific risk analysis processes for all investments in order to take into account such climate risks as the risk of flooding, land erosion and vulnerability to extreme weather.



Castellum is the first real estate company in the Nordic region to have its climate targets approved by the Science Based Targets (SBT) initiative. Castellum's target is to achieve 100% climate neutrality in its operations by 2030, thereby supporting the UN's climate agreement and the national ambition for a fossil fuel-free Sweden.

Castellum's climate goals have been reviewed and approved by the Science Based Targets Initiative (SBT), a collaboration between the Carbon Disclosure Project (CDP), the UN, the World Resource Initiative (WRI) and the World Wildlife Fund (WWF). The purpose of the SBT is to guide companies across the globe in defining carbon emissions and in establishing scientifically correct objectives in line with the goals of the Paris Agreement on reducing global warming.

Castellum's strategy for reducing its environmental impact focuses on several areas, including:

- Converting to 100% renewable energy
- Reducing energy consumption in our properties
- Converting to a fossil fuel-free vehicle fleet by 2020
- Orientation toward reduced climate impact in developments

# Castellum's sustainability commitments



## GLOBAL COMPACT

Castellum has signed the UN Global Compact, which is an initiative to coordinate matters of human rights, labor conditions, the precautionary principle and responsibility concerning the environment and anti-corruption. The Global Compact contains 10 principles.

As a responsible developer of societal progress, Castellum will be part of driving this development towards a sustainable society. Castellum regards the precautionary principle and society's requirements under laws and regulations as minimum requirements, and the company strives for continual improvements for the purpose of promoting sustainable development.

To achieve properly functional sustainability initiatives, Castellum will:

### Overall

- Govern its operations in line with the UN's Sustainable Development Goals.
- Comply with Castellum's Code of Conduct, which is built on the UN Global Compact. All Castellum's employees and partners must understand and comply with their respective Codes of Conduct.
- Continually increase competence in sustainability through education and communication of sustainability issues.
- Routinely monitor, report on and improve our sustainability efforts.

### Ecological sustainability

- Minimize carbon emissions in Scopes 1, 2 and 3, which promote global warming.
- Use natural resources responsibly and efficiently so as not to jeopardize the planet's limits, and thus our climate and the opportunities for future generations in a finite world.
- Build and manage from a service life perspective, and promote circular models.

- Promote increased biological diversity and limit the use and spread of environmentally hazardous products.
- All properties held for more than one year are to be environmentally inventoried, and these will be updated at least every ten years.
- Create conditions for responsible waste management through minimizing waste, guarding against pollutants and regarding waste as a resource for reuse and recycling.

### Societal sustainability

- Offer comfortable, healthy environments for people in and around the properties we manage and for our employees' well-being.
- Create an equitable organization with a diversity reflecting the composition of society.
- Contribute to employment and young people's opportunities to enter the job market.
- Engage in issues that are significant for societal development.
- Call attention to and change discriminatory structures in the organization.
- Be an attractive employer and attract the best and most professional employees.

### Financial sustainability

- Maintain long-term, sustainable financial growth in cash flows.
- Create business models for collaboration regarding sustainable investments.
- Maintain low financial and operational risk for a strong increase in value in the company while offering shareholders a competitive dividend.
- Use financial and human capital efficiently.



## THE UN SUSTAINABLE DEVELOPMENT GOALS

At the UN Summit in September 2015, 17 global goals were adopted that will lead the world toward a sustainable and equitable future by 2030. Castellum has conducted surveys in accordance with the UN's global sustainability goals to analyze relevant goals for the company's operations. In 2017, these goals were implemented in Castellum's new sustainability strategy: *Castellum's Agenda for the Sustainable City 2030*.

## Castellum's sustainability awards in 2018

In 2018, Castellum continued to garner international attention for its sustainability initiatives.

### The only Nordic property and construction company on the Dow Jones Sustainability Index

For the third consecutive year, Castellum kept its position as the only Nordic company in the property and construction sector on the Dow Jones Sustainability Index (DJSI), which includes the companies in all of the world's industries that are the best performers in the field of sustainability. Every year, the DJSI — owned by RobecoSAM — invites over 3,500 listed companies in all industries internationally to take part in the evaluation. The top performers globally qualify for the prestigious index established in 1999 for the purpose of steering investors towards more sustainable investments. Castellum is one of seven Swedish companies that qualified for the index.

### Named first in the world by GRESB

Every year, the Global Real Estate Sustainability Benchmark (GRESB) conducts a global review of sustainability efforts in major property companies and funds; 800 property companies around the world took part in this year's study. For the third consecutive year, Castellum was named a global sector leader, which means it ranks first in the world in the office and industrial premises sector.

### Member of the Carbon Disclosure Project (CDP)

Castellum is part of the Climate Disclosure Leadership Index, with a rating of B on a scale of A to D-. CDP is an independent non-profit organization with the world's largest collection of information on companies' climate impacts.

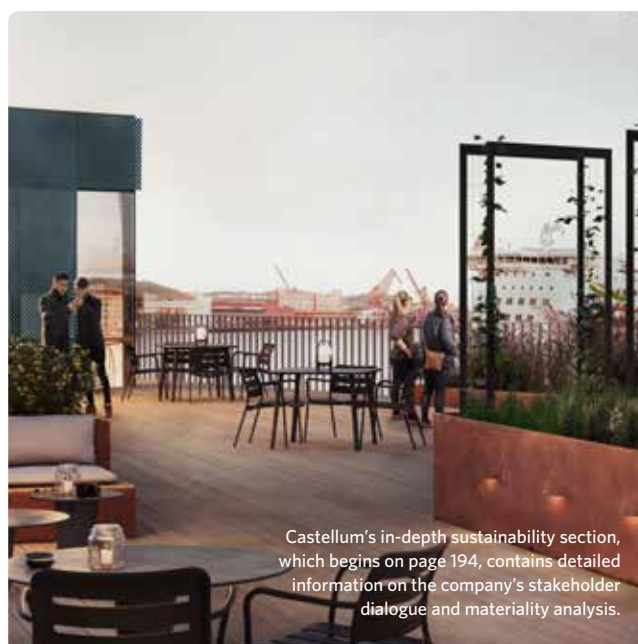
### Received the EPRA Gold Award for the highest rating among the best sustainability reports in Europe

The European Public Real Estate Association (EPRA) works to improve standards and transparency in the property industry in order to increase reliability and thus increase security for investors. The prize for the best sustainability reporting in Europe, EPRA Gold, is a recognition that Castellum both does what it promises in the area of sustainability and additionally is clear in its communications.

### First property company in the Nordic region to have its climate targets approved by Science Based Targets (SBT)

During this period Castellum was also the first property company in the Nordic region to have its climate targets approved by the SBT initiative. Castellum's target is to achieve 100% climate neutrality in its operations by 2030, thereby supporting the UN's climate agreement and the national ambition for a fossil fuel-free Sweden.

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



Castellum's in-depth sustainability section, which begins on page 194, contains detailed information on the company's stakeholder dialogue and materiality analysis.

# Organization and governance of sustainability efforts

## POLICIES FOR SUSTAINABILITY ACTIVITIES

Regulations that control Castellum's sustainability efforts:

### External regulations

- The UN Sustainable Development Goals
- Global Compact
- The Swedish Companies Act
- The Swedish Environmental Code
- The Swedish Work Environment Act
- Environmental Classification: Green Building, Miljöbyggnad, BREEAM, LEED, WELL
- ISO 14001
- Building Regulations from the National Board of Housing, Building and Planning
- Other applicable laws and regulations

### Important internal regulations

- Sustainability Policy
- Code of Conduct
- Code of Conduct for suppliers
- Internal environmental management system
- Internal control processes
- Other instructions

Our sustainability efforts permeate all operations and are controlled via a management system comprising joint policies, guidelines, overall measurable objectives and detailed action plans. The aim of this work is to monitor, document, evaluate and improve Castellum's sustainability activities. Castellum follows the precautionary principle, which is integrated into Castellum's sustainability policy and business processes, and is monitored via the company's environmental management system. Activities are followed up annually and are regularly reported to Group Management and the Board. Castellum's Head of Sustainability is responsible for conducting and developing the sustainability efforts of the Group as a whole. Each region has a Sustainability Coordinator, and sustainability efforts are actively integrated into operations. The work as Head of Sustainability and Sustainability Coordinator entails ensuring that the company's sustainability policy is observed, implementing measures that lead to Castellum's sustainability goals and monitoring climate-related risks and opportunities. Castellum's Board of Directors annually adopts a sustainability policy and Codes of Conduct, and routinely discusses and follows up on various efforts. In 2017, ambitious and measurable new goals regarding sustainability were drawn up and have now been worked into operations; their outcomes are shown in the outcome section. In 2018, a challenging objective was added: to increase the proportion of employees with international backgrounds.

Castellum's Agenda for the Sustainable City consists of a number of ongoing goals on an annual basis and milestones until 2030. It is an ambitious agenda wherein the most challenging objectives are to achieve net-zero carbon emissions by 2030 and to obtain a gender-equal organization for all occupational categories. Achieving these goals will require the involvement and commitment of all employees, which we actively encourage and support, for example, through regular educational activities.

Castellum's CEO is ultimately responsible for all sustainability work. Castellum's Sustainability Report is prepared in accordance with the GRI Standards and a limited assurance report provided by Deloitte. To maintain structured environmental work, Castellum is ISO 14001 certified. The Group has a joint operational sustainability group to develop the work, exchange experiences and monitor changes in the business environment. In addition, there is a sustainability forum for the purpose of involving development efforts in operations.

The sustainability forum consists of managers from core operations: HR, Communications, Project Development, Management, Regional CEOs, Finance and Purchasing. As Castellum's sustainability efforts require ever more committed and skilled employees, further training in sustainability issues is offered on a regular basis. All Castellum employees have undergone a mandatory web-based course in sustainability and codes of conduct that is a part of the introduction for new employees.



### THE PLANET

We will responsibly and efficiently reduce resource use and carbon emissions that cause global warming.



### FUTURE-PROOFING

We will create a sustainable property portfolio in a changing world.



### WELL-BEING

We will promote health, wellness and productivity.



### CONDUCT

We will conduct business in a responsible manner in relation to the community as well as to our stakeholders.

## Continuous improvement



1%

Water-use reduction per year

1.5%

Energy-efficiency improvement per year

# Castellum's agenda for the sustainable city

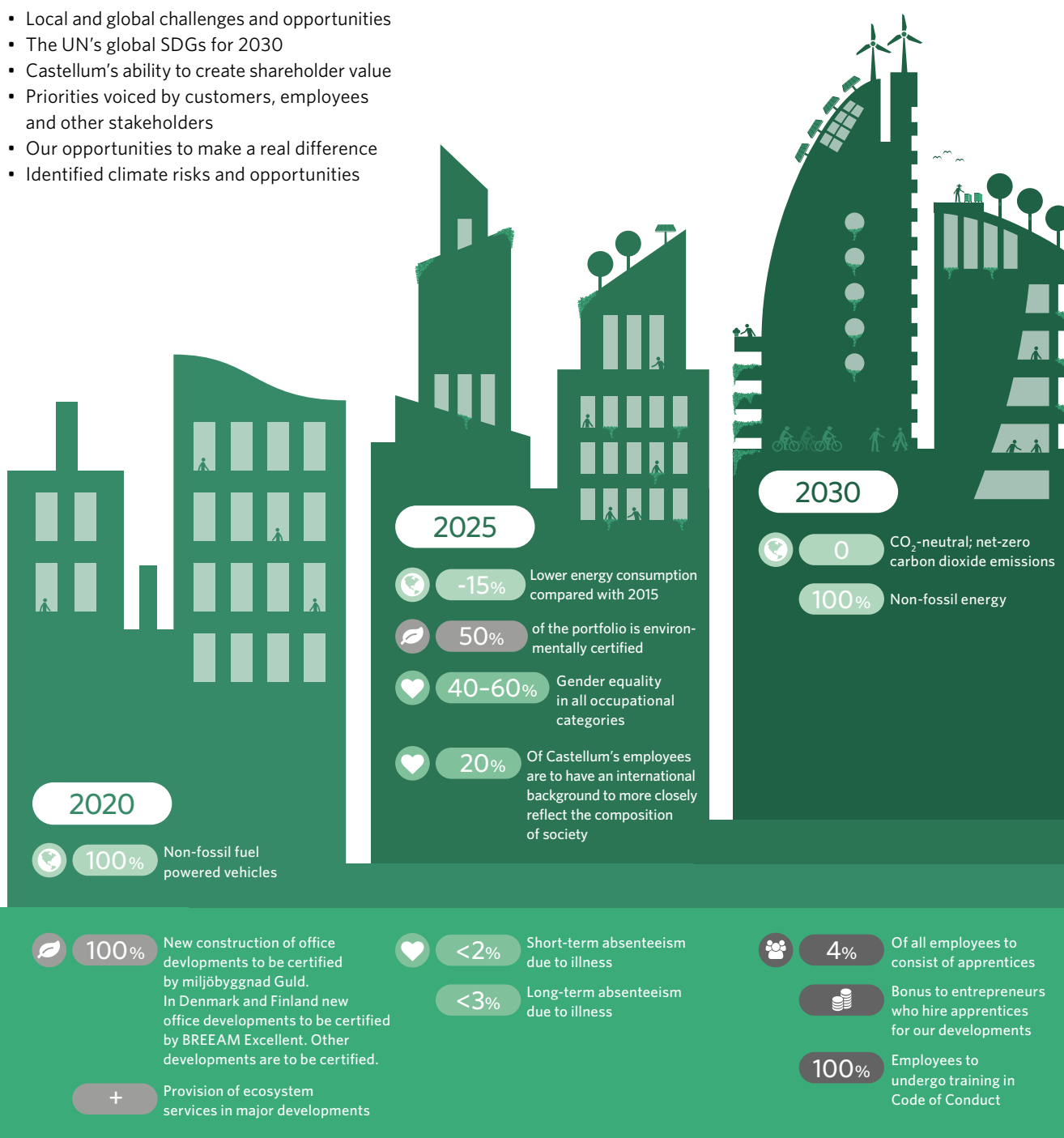
Our objective is clear — Castellum will be the most sustainable real estate company and a major player in building a sustainable society.

The purpose of our sustainability agenda is to ensure that we are a relevant and successful company, not just for today, but well into the future. Our agenda has been developed through analysis, dialogue and discussion. This agenda is primarily constructed upon:

- Local and global challenges and opportunities
- The UN's global SDGs for 2030
- Castellum's ability to create shareholder value
- Priorities voiced by customers, employees and other stakeholders
- Our opportunities to make a real difference
- Identified climate risks and opportunities

## Focus areas and goals

Castellum's agenda for the sustainable city comprises four focus areas. In turn, these consist of 16 interim goals in total. On the following pages, the work in 2018 is presented from the perspectives of the planet, future-proofing, well-being and conduct. Furthermore, the outcomes of the goals linked to the respective focus areas are presented.



# The planet

## Direction of the focus area

We will responsibly and efficiently reduce resource use and carbon emissions that cause global warming.

## Targets

- 15% in energy savings per square meter in 2025, compared with 2015 index and energy savings per >1.5% yearly in the like-for-like portfolio
- Net-zero carbon emissions and 100% non-fossil fuel energy by 2030
- 100% of all vehicles to be non-fossil fuel powered by 2020
- 1% water conservation per year in the like-for-like portfolio

## Outcome

- -1% (0%) savings cf. 2015, and +3% (-6%) in like-for-like
- 86% (78%) less CO<sub>2</sub> emissions since 2007. 95% (95%) renewable energy
- 62% (34%) non-fossil fuel powered
- 1% water conservation (4%)

## Efficient use of resources

Castellum's efforts to reduce the company's climate impact are ambitious, and are in progress throughout operations. Working efficiently to develop a more sustainable property portfolio has been a goal of the company since the mid-1990s. This work has yielded results, and Castellum is now among the most sustainable companies in the industry.

To future-proof Castellum's property portfolio and attain the global sustainability goals established by the UN and prioritized by the company, several challenging goals have been set. Buildings must be more energy-efficient, natural resources must be more efficiently utilized, biodiversity in urban environment must

be increased, renewable energy must be improved and changing weather conditions must be taken into account. Castellum is involved in the climate plans and policies of its customers and of government agencies. It supports international treaties such as the Paris Agreement, displays leadership and to the greatest extent possible influences the industry to reduce its climate impact. For example, Castellum was the first property company to sign the Swedish government's "Fossil Free Sweden" initiative, and also works actively with industry organizations such as the Sweden Green Building Council to develop environmental certification systems and the national initiative to create more sustainable buildings. Castellum is also the first property company in the Nordic region to have its climate targets approved by the Science Based Targets (SBT) initiative. Castellum's target is to achieve 100% climate neutrality in its operations by 2030, thereby supporting the UN's climate agreement and the national ambition for a fossil fuel-free Sweden.

## More efficient energy use

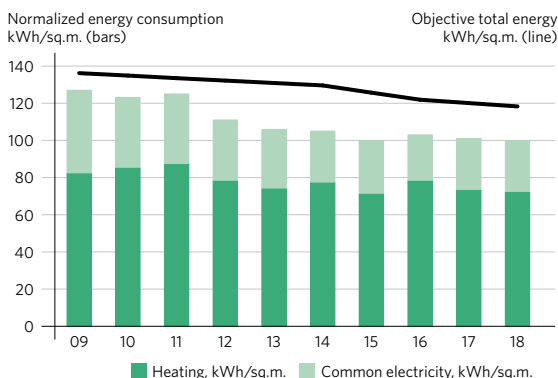
Castellum works continuously to reduce energy use by optimizing operations and investing in energy-efficient technologies. Over the past year, 93 developments comprising MSEK 73 were implemented, of which MSEK 5 pertained to investments in solar cells (6 facilities) for the purpose of enhancing efficiency. Energy use within the Group is systematically monitored and then analyzed in follow-up systems. The measures implemented are prioritized in order of greatest potential for enhancing efficiency.

Expansion is underway for Castellum's own portal for web-based property monitoring, to check values for operations, alarms, elevators and entries. This project saves energy and time, and simultaneously provides customer benefits in the form of better services through preventive measures. At present, 304 properties representing 2,213 thousand square meters are connected to the portal.

In 2018, the normalized energy consumption for heating and property electricity in the comparable portfolio (like-for-like) increased 3% year-on-year. The increase is due to the challenging weather conditions in 2018: a long, cold winter with increased need for heating and an extremely warm summer that involved

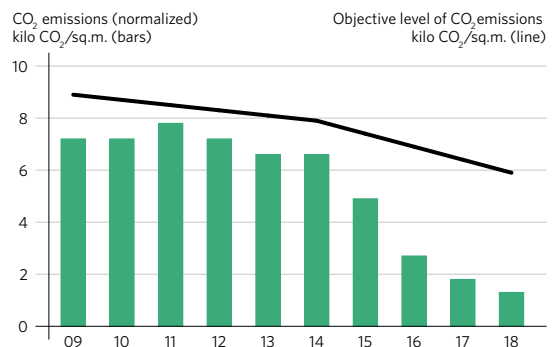
## TARGET AND OUTCOME, ENERGY CONSUMPTION PER SQ. M.

Absolute consumption per square meter in the properties Castellum manages.



The actual change in the like-for-like portfolio was +3%. Castellum began systematically measuring energy consumption and heating in 2007, which is why it is utilized as a base year.

## CARBON EMISSIONS



extra air conditioning. Another contributing factor was that over time it was not possible to maintain the full effect of 6% conservation, attained the preceding year, in property management. Heating use increased 1% in 2018, while electricity use increased 4%. Since 2007, energy consumption has decreased by a total of 28% per square meter. Castellum's heating consumption of 64 kWh per square meter can be compared with the industry average according to the Swedish Energy Agency's reference value for heating premises of 122 kWh per square meter. This means Castellum's buildings are 47% more energy efficient than the Swedish average for these premises.

### Increased share of renewable fuels

Of Castellum's total carbon emissions, 13% are directly influenced by oil, gas, and service, benefit and pool vehicles (Scope 1); the remaining emissions — for example, purchased energy such as district heating and electricity, 84% (Scope 2), and travel by plane, train, taxi and private vehicles 3% (Scope 3) — can only be influenced indirectly.

To reduce emissions, work is underway to phase out fossil fuels; currently four oil furnaces are still in operation. Approximately 12% of Castellum's customers are responsible for their own heating and 22% for electricity on the property. A total of 1,219 kW of solar cells have been installed on Castellum's properties, equivalent to a total of approximately 8,500 square meters of solar cells. Six large solar cell facilities, equivalent to a total investment of MSEK 5, were built in 2018. In addition, there are two wind turbines on roofs, totalling 3 kW.

Castellum's use of district heating means that its carbon emissions are dependent on the fuel mix used by the district heating facilities. At present, Castellum makes use of 26 district-heating facilities, which account for 90% of the Group's total emissions.

Castellum is in dialogue with the district-heating suppliers with the highest carbon emissions per kWh in order to influence these suppliers to reduce emissions. The transfer to green district heating with renewable fuels is ongoing and currently amounts to 50% of our district heating suppliers.

During 2018, carbon emissions decreased by 2% per square meter; since 2007m they have decreased by 85% per square meter. Of Castellum's total energy use, 95% is renewable.

Since 2001, only green electricity has been used in the Group.

Almost all of Castellum's servers are now virtual, in principle. A virtual server means that a physical server has been converted into software, which reduces energy consumption.

### Reduced amount of waste

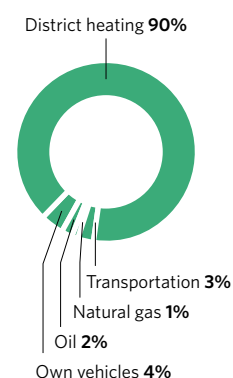
Castellum has long worked actively to reduce the amount of waste that goes to dumps by offering to household waste sorting facilities. Monitoring the work is complicated by several sanitation companies being hired, only a few of which can report follow-up in terms of weights. In addition, customer operations differ, which means their needs for waste management differ as well. Statistics are currently obtainable from 24% (20%) of the sanitation companies. The statistics include waste from buildings managed by Castellum, but not waste from projects or construction contracts.

### Water consumption

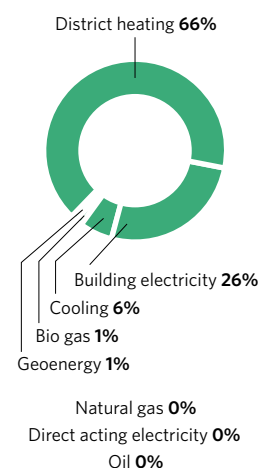
Castellum utilizes water from the municipal water system, monitors consumption and takes measures to reduce it.

In 2017, Castellum adopted a target of reducing water use per square meter in the like-for-like portfolio by 1% per year up until 2030. Conservation in the like-for-like portfolio was -1% year-on-year.

### DISTRIBUTION OF CARBON DIOXIDE EMISSIONS



### DISTRIBUTION OF TOTAL ENERGY CONSUMPTION



### MULTI-YEAR OUTLOOK: ENERGY, CARBON EMISSIONS AND WATER, 2014-2018

	2018		2017		2016		2015		2014	
	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity	Absolute	Intensity
<b>Total energy consumption</b>	<b>349,014</b>	<b>98</b>	<b>343,140</b>	<b>94</b>	<b>342,918</b>	<b>99</b>	<b>239,731</b>	<b>90</b>	<b>246,979</b>	<b>93</b>
<b>Total energy consumption, normalized</b>	<b>371,220</b>	<b>104</b>	<b>365,927</b>	<b>100</b>	<b>362,935</b>	<b>104</b>	<b>261,985</b>	<b>98</b>	<b>276,564</b>	<b>104</b>
of which actual heating	238,494	64	244,060	64	244,529	69	167,522	61	168,896	61
of which normalized heating	260,699	70	266,847	70	264,546	75	189,776	69	198,481	72
of which electricity and cooling	110,520	33	99,080	30	98,389	29	72,209	29	78,082	32
<b>Total CO<sub>2</sub>e emissions</b>	<b>5,188</b>	<b>1.2</b>	<b>7,393</b>	<b>1.7</b>	<b>8,585</b>	<b>2.0</b>	<b>11,537</b>	<b>3.4</b>	<b>15,408</b>	<b>4.3</b>
of which Scope 1	675	0.2	1122	0.3	608	0.1	639	0.2	854	0.2
of which Scope 2	4,362	1.0	6,133	1.4	7,747	1.8	10,720	3.2	14,339	4.0
of which Scope 3	151	0.0	138	0.0	230	0.1	179	0.1	216	0.1
<b>Total water consumption</b>	<b>969,783</b>	<b>0.3</b>	<b>1,008,457</b>	<b>0.3</b>	<b>1,044,503</b>	<b>0.2</b>	<b>747,334</b>	<b>0.3</b>	<b>740,170</b>	<b>0.3</b>

# Future-proofing

## Direction of the focus area

We will create a sustainable property portfolio in a changing world.

## Targets

- 50% of the property portfolio in square meters will be environmentally certified in 2025.
- All new constructions and larger reconstructions will be environmentally certified. Miljöbyggnad level Gold applies to new construction or reconstruction of office and retail premises. A lower certification level may only be used if there are particular reasons why Gold cannot be achieved.
- Eco-system services will be evaluated for new construction and major projects, and at least as many eco-system services — or more — will be recreated on site.

## Outcome

- 33% of the property portfolio in square meters is environmentally certified, and certification of an additional 6% is in progress. Castellum owns more environmentally certified buildings than any other listed property company in Sweden.
- All of Castellum's major new constructions or reconstructions for office and retail met this goal in 2018.
- A tool for ecosystem services was implemented in 2018 and is being used in all new projects.

## Sustainability certifications at Castellum

For Castellum, offering customers and employees healthy and safe work environments is important. To achieve this, Castellum works with such processes as environmental inventories and accepted property environmental certification systems.

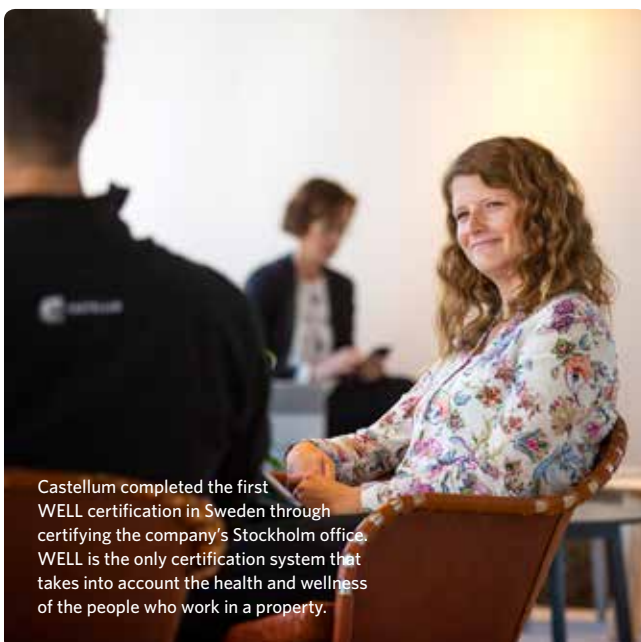
The objective is for all properties to be environmentally inventoried. Castellum environmentally certifies all new constructions and major reconstructions. If these are office and retail projects, they must be certified under Miljöbyggnad, level Gold. A lower certification level may only be used if there are particular reasons why Gold cannot be achieved. New office and retail in Denmark and Finland are to be certified according to BREEAM, level Excellent. Castellum also has its own sustainability program that applies to all investments.

## Castellum's supply chain

Castellum strives to use resources as wisely and efficiently as possible in new construction, expansions and reconstructions. Castellum has a Code of Conduct for Suppliers that applies to all procurements, which means that projects are carried out with strict sustainability requirements.

Castellum imposes clear sustainability requirements in new construction and expansions by applying common sustainability programs for procurements. There are general sustainability requirements for developments under MSEK 10, and a comprehensive sustainability program is applied to developments over MSEK 10. Read more about Castellum's ideas concerning sustainable investments in connection with new constructions and reconstruction on page 44.

Creditors are the Group's largest suppliers, followed by construction contracts (i.e. construction companies), energy suppliers for heat and electricity, then engineering, planning, and IT services. For major purchases and procurements, Castellum's ambition is to monitor suppliers and contractors in accordance with Group-wide requirements. Monitoring takes place in various ways, in part through auditing Castellum's environmental management system, inspections, questionnaires and site visits. In 2018, Castellum purchased services or products from a total of 6,998 suppliers, of which the 69 largest suppliers with a purchase volume over MSEK 10 accounted for 63% of the purchase volume. Furthermore, no significant changes occurred in Castellum's chain of suppliers during the year.



Castellum completed the first WELL certification in Sweden through certifying the company's Stockholm office. WELL is the only certification system that takes into account the health and wellness of the people who work in a property.



# Well-being

**Direction of the focus area**

We will promote health, wellness and productivity.

**Objectives**

- Equality among all occupational categories by 2025
- <2% short-term sick leave
- <3% long-term sick leave
- By 2025, 20% of Castellum’s employees are to have international backgrounds to more closely reflect the composition of society.

**Outcome\***

- The following distributions regarding equality:
  - Group Management: 44% women, 56% men
  - Regional management groups: 40% women, 60% men
  - Admin/customer service: 32% women, 68% men
  - Project and business development: 24% women, 76% men
  - Support functions: 65% women, 35% men
 For more detailed information, see the diagram below.
- 1.6% short-term sick leave
- 2.2% long-term sick leave
- 6% of Castellum’s employees have an international background. For more detailed information, see the diagram at right.

## Working environment

Castellum protects and supports both employees and suppliers, and it is our responsibility that no one becomes ill, either physically or mentally, or is injured owing to their work. Castellum works routinely on developing and improving working environments within the entire Group. Castellum also has a Code of Conduct for suppliers where demands are placed on suppliers to meet the same requirements as Castellum regarding working environments. During the year, 18 work-related accidents were reported, 8 of which involved Castellum employees. Total sick leave remained low, at 3.8% (2.0).

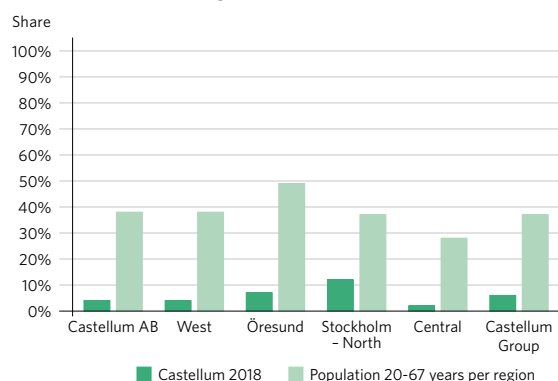
To reach the Group’s tough sustainability goals of net-zero carbon emissions by 2030 and a non-fossil fuel powered vehicle fleet by 2020, Castellum’s employees must prioritize sustainable travel and meetings.

Castellum’s guidelines include the following requirements:

- Travel over 450 km should primarily be booked by train
- Environmental requirements are imposed on all travel (e.g. green taxis should be booked)
- Annual climate compensation for all of the Group’s travel

### DIVERSITY AT CASTELLUM IN 2018, BY REGION\*

International backgrounds decrease from 7% to 6% in 2018

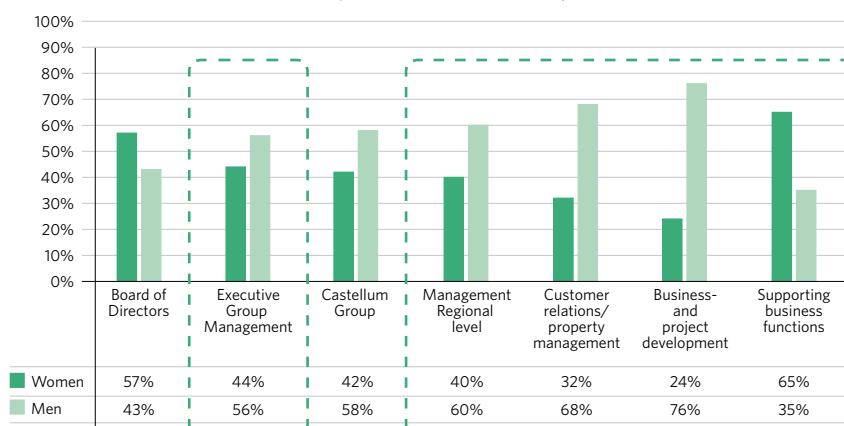


The number of employees with foreign backgrounds at Castellum in 2018, compared with foreign backgrounds among the populace aged 20-67 in the same locations and respective regional head office. Source: Statistics Sweden

Equality involves a distribution in the range of 40-60%. Green markers are subject to goal tracking in accordance with Castellum’s sustainability strategy. Action plans must be drawn up annually by the HR division, with focus on the least equal and larger occupational groups, which are monitored at a detailed level (e.g. customer relations/property management).

\*Note for 2018 employee turnover statistics: Castellum has transitioned to the Full-Time Equivalent (FTE) principle as of 2018. FTE takes into account actual work time during the year; deductions are made, for example, for level of service and actual time of employment during the year. Example: an employee who begins employment on July 1 and works 70% (28 hrs/wk) up through December 31 is counted as 0.35 FTE (employed for 50% of the year at 70% employment)

### EQUALITY AT CASTELLUM, 2018\*



# Conduct

## Direction of the focus area

We will conduct operations in a responsible manner in relation to the community as well as to our stakeholders.

## Objectives

- 4% of all employees annually must be apprentices or interns.
- Bonus to entrepreneurs who hire apprentices for our developments.
- 100% of employees to undergo training in the Code of Conduct.

## Outcome

- A total of 85 young people were apprentices, had internships or holiday work at Castellum in 2018. Of these, 23 were interns, equivalent to approximately 6% of Castellum's employees; 14 of them were in developments.
- All employees have undergone web-based training in the Code of Conduct.

## Code of Conduct

The Code of Conduct, which applies to all Castellum employees, regulates how employees should behave toward each other as well as toward Castellum's tenants, suppliers, partners, and other stakeholders they meet in daily operations. It is based on Castellum's values and the principles of the UN Global Compact, and clarifies Castellum's position on human rights, working conditions, business ethics and information. Castellum is to provide quality service, comply with laws and regulations, never discriminate against anyone, and create a healthy working environment with a high safety level. Castellum also maintains focus on the gender equality issues compiled in the company's diversity plan.

Castellum's operations are subject to each country's laws and regulations concerning, for example, working conditions, occupational safety and freedom of association. Castellum's HR manual addresses issues such as working environment, equal opportunities, salaries, pensions and company cars. Every new employee reviews the HR manual with their immediate supervisor, and the information is also available on the Group's Intranet.

Preventative efforts regarding corruption issues, where conduct in various everyday situations is discussed, are conducted throughout the Group. A pivotal element is that all employees understand and follow the Code of Conduct. Castellum has a whistleblower function that can be reached via the Group's web page and Intranet. The function aims to help both employees and external parties act responsibly. All whistleblower cases are handled in accordance with established procedures. Those reporting a whistleblower case receive prompt feedback and then the aim is to maintain a dialogue with the initial notifying person. He or she is also encouraged to contact the Compliance Department. All cases are handled confidentially. In 2018, Castellum received some ten cases through the whistleblower function. Some of the cases led to a change in routines or to targeted communication efforts.

## Community involvement

For Castellum, community involvement is about offering healthy and productive urban environments where people do well. It is also about contributing to urban development that encourages the integration of different societal groups.

Another important aspect for Castellum in this area is to contribute to more young people and people with varied cultural backgrounds entering the labor market. Castellum holds stakeholder dialogues and participates in joint projects with other property owners and players to create better living environments together.

In 2018, a total of 85 young people worked at Castellum as vacation workers, interns, apprentices, with academic degree projects, or as trainees. Twenty-three of these young people were apprentices, which is equivalent to approximately 6% of

Castellum's employees. Castellum has also set a goal of creating workplaces for young people in all major projects. During the year, Castellum also offered internships to people with non-Swedish background cultures who had recently come to Sweden.

One example of how Castellum works is Project Samspelet (Teamwork), inaugurated in 2017 together with Peab, for the new construction of Citypassagen in Orebro. Through Samspelet, we created a platform for interaction, inclusion and integration. The project will run during the Citypassagen construction project and includes sports activities as well as joint meetings and gatherings. The aim was also to create an interest in the construction and property industries, where the need for labor in the next few years will be great. In addition to this commitment, Castellum collaborates with organizations such as the Jobbsprånget internship program, which is an initiative that matches companies with academics who have just arrived in Sweden.

### Developing local communities

Castellum has implemented several programs in the cities where we operate. Currently, Castellum's program covers 100% of the company's properties. Castellum's commitment varies in accordance with local needs and those of the specific properties; the programs include a stakeholder analysis to investigate current

needs. Depending on the needs and interests of the city, decisions on Castellum's involvement are taken locally. Castellum's commitment in the programs currently includes how we measure and positively influence the environment and societal interaction in order to improve the local community and the environments in and around our properties. As a long-term player and community developer, Castellum is involved in developing both new and existing areas. The programs currently comprise 169 different commitments, including societal involvement in our cities, and participation in city networks, sustainability networks and corporate associations where Castellum interacts with customers, municipalities and other partners to develop cities.

Castellum also actively works with community associations as well as schools and universities to offer young people apprenticeships and summer jobs.

Castellum's sponsorship and support of the local community is primarily focused on promoting young people's education and health. During the year, Castellum sponsored the Science Festival, Young Entrepreneurship and local sports associations. Moreover, direct support was given to Stockholms Stadsmision and to the Swedish Childhood Cancer Foundation. In 2018, Castellum gave a total of MSEK 8.3 in direct support through sponsorships and other initiatives.

## Elias is an apprentice at Castellum's Copenhagen office

After several years at various jobs such as truck driver, store employee, letter carrier and home care provider, Elias Hajjami felt he wanted to invest in an education and an occupation he felt comfortable in.

"I found a new course in office work where you could specialize in accounting, and felt it suited me since I'm interested in finance and have always found mathematics easy."

Elias applied for the course and was accepted, but when it was time to find an intern position to finish the course things came to a halt.

"It turned out to be incredibly difficult to find an intern position, and the competition was tough."

Through his contact person at the job center in his municipality, however, he was given the opportunity to come to Castellum for an interview — which led to an intern position.

"At Castellum, I'm learning everything about financial management such as bookkeeping, invoicing, customer contact and more."

"Besides learning so much, I'm also gaining

working life experience and references for the future."

Elias is doing very well at Castellum, and feels he has been well taken care of.

"I am pleased to be here and to learn so much, while I feel I'm being of use."

Sustainability, especially from a social perspective, has been a priority at Castellum since the company was formed. Since 2012, Castellum has had a program for apprentices, covering four percent of the employees, in which three quarters are employed following their internship period.

"It means a lot to Castellum to have apprentices, and to help young people out in their work life. Moreover, it's part of our corporate responsibility," says Bettina Lange, Business Area Manager for Castellum in Copenhagen.



VISIT CASTELLUM.SE  
TO SEE ELIAS TALK ABOUT  
WHAT IT'S LIKE TO BE AN  
APPRENTICE AT CASTELLUM.

# Organization and employees

Approximately 400 employees work at Castellum. Most work with managing the Group's properties via our local organizations to create close customer relationships, short decision paths, and local decision-making power. We believe this creates the best conditions for growth, as well as a corporate culture in which our employees thrive and develop, that over time builds a strong corporate culture that can achieve much.

**381**

Number of employees

**6%**

of employees are interns or apprentices

**6,874**

education hours

Development of the Oceanhamnen district, in the middle of Helsingborg with the ocean as its nearest neighbor, is underway. Castellum plans to construct GreenHaus, a modern office building with flexible office solutions that will also be certified under WELL.

# One Castellum

The work on forging One Castellum continued in 2018. This has entailed a focus on harmonizing internal processes and building a flexible structure that promotes experience-exchanges and competence development. We still manage the company's properties through retaining our regional closeness to the customer, to ensure shorter decision-making processes and local empowerment. This creates conditions for growth, as well as a company culture where our employees thrive and where we put people first.

## One brand for One Castellum

The primary aim of last year's reorganization was to pull together a more unified organization, as well as providing even better possibilities for various business areas to focus on the local business. At Castellum, we're convinced that our shared structure in combination with a strong local presence creates the absolutely best business advantages.

This happens through our understanding of customers' specific requirements and our deep knowledge of the specific context of each local property and rental market. This is how the initiative to take action is created — something that makes a difference, promotes business and enables employees to grow.

Our efforts to gather the organization together under the Castellum brand continued during the year. Castellum has been divided into four geographical regions: Central, West, Öresund and Stockholm-North. At the Group level are the finance, accounting and investor relations functions with responsibility for investment-market issues (e.g. financial reporting and stock-market information) and to the credit markets (e.g. borrowing and financial risk management). Supporting corporate functions such as IT, human resources, sustainability, legal, transactions and communication are gathered at the Group level, with strong representation in operations.

Cooperation with consultants and sub-contractors occurs when the company purchases expert/specialist services — for example, auditing — and/or to relieve workload peaks within shared corporate functions. Cooperation with various suppliers also occurs for Castellum's project operations, and in conjunction with construction-industry entrepreneurs for new construction and renovation projects.

As part of creating One Castellum and benefiting from the Group's scale advantage, a number of operational processes have been gathered together, and a number of shared tools have emerged. Coordination also means that shared work processes have been established. Castellum has harmonized its HR processes as regards benefits, conditions of employment and incentive systems. These initiatives are being

taken with the purpose of strengthening the Castellum Spirit, increasing mobility within the company and ensuring a clear remuneration and incentive structure.

Castellum is to be an attractive employer with committed, motivated leaders working towards the same goal, thereby meeting high expectations. A high level of ambition is important for development. The company works to attract, recruit, develop and retain the right managers and employees. Strengthening the organization requires continual, goal-oriented work in which our employees challenge themselves and their co-workers to improve themselves. The objective is to be the best choice of property management partner in all markets where Castellum is represented. The company always strives for improvement, and is clear and transparent as regards expectations of the people who work in the Group. Constructive monitoring is a natural and mutual part of the relationship between managers and employees.

In taking decisions, Castellum is a constructive, goal-oriented company that works purposefully, at a rapid tempo, to meet the high expectations of customers, owners and employees.

## Age distribution — number of employees

	No. of women	No. of men	Total
<b>Excluding Board</b>			
Under 30 years	9	22	31
30-50 years	108	91	199
Over 50 years	43	108	151

## Castellum's values

Castellum's strategic aims have been compiled into the company's three-year strategic plan. Group Management holds ultimate responsibility for the plan, which has since been presented and accepted by the Board. The strategic plan contains the company's overall strategies and objectives. It also contains Castellum's values: the Castellum Spirit, which provides guidance in everyday assignments and various business situations concerning what is expected of an employee at the company, and how we should conduct ourselves with each other. It clearly indicates what is unique about Castellum, and




ALLBRIGHT

## CASTELLUM NOMINATED FOR ALLBRIGHT PRIZE

In August, Castellum was put on AllBright's Green List and nominated for the 2018 AllBright Prize. The Green List consists of the most equitable Swedish listed companies over the preceding year. Castellum placed 16th out of 47 companies in total.

AllBright is a politically independent, non-profit foundation that works for equality and diversity in executive positions in the business community.

Castellum views diversity, inclusion and equality as important keys for growth; they are priority issues we are continually working on. Castellum's diversity and equality initiatives must promote equal rights for everyone on the issues of work, conditions of employment and other work conditions and development in the workplace. Our ambition is to pursue our diversity and equality initiatives as an integrated part of our ordinary operations.



Education, %		
University	24%	27%
Upper secondary school	14%	33%
Compulsory school	0%	2%
Division of labor, %		
Customer relations/ property management	22%	44%
Business and project development	2%	7%
Support functions	15%	8%
Group Management	1%	1%
Employment type, %		
Permanent employees	36%	60%
Part-time employees	2%	1%
Employment type, %		
Permanent employees	38%	61%
Project employees	0%	1%
Temporary employees	1%	0%

Adds up to 100% per category. For more detailed information, see the diagrams on page 71: "Diversity at Castellum in 2018, by region" and "Equality at Castellum in 2018."

All data in the HR section is based upon actual data. The information has been compiled and assured by Castellum's HR Department. Regional HR information has been broken down by county for Sweden. Castellum operations in Denmark and Finland have few employees, so these have been included in the statistics for Sweden.

**THE FOUR MOST IMPORTANT ADJECTIVES IN OUR WORLD**

Castellum's values consist of the four key words:

- Personal
- Passionate
- Proactive
- Reliable

how we will differentiate ourselves from our competitors. It will also be a clear symbol of the new Castellum: all employees are committed to a shared fundamental vision that permeates everything we do.

**We are a part of society**

Alongside a unified organization under one common brand, one important sub-goal has to be a commonly shared view of careers, leadership and diversity. Castellum strives to create gender balance in leadership as well as among employees. The company has guidelines for gender equality and diversity as part of its sustainability policy. In 2018, Castellum adopted a Group-wide gender equality policy with clear objectives. This means that by 2025, Castellum will have achieved a long-term gender equality balance in leadership positions and all professional categories (40–60%) as well as an increased share of employees with international backgrounds that reflects the actual composition of our communities over the long term.

At the moment, there is positive gender equality representation, both on the Board and in the company's Group Management. The total proportion of women in the company was 42% (38%) at year end. In employee surveys, Castellum is pleased to note that it distinguishes itself as a workplace where the people surveyed feel they are treated equally based on gender and ethnic origins.

Castellum's guidelines for gender equality and diversity contain concrete action plans to ensure a better-balanced company. There is currently a relatively large imbalance in certain professions and trades, while other categories strongly uphold our gender-equality objectives.

Castellum participates in the Jobbsprånget internship program run by IVA, the Royal Swedish Academy of Engineering Sciences, where newly arrived immigrant academics with residence permits are provided with the opportunity to work as interns in the business community for a period of four months.

We are carrying out a bonus program for all employees wherein it is possible for all participants to share in all earnings improvements. This contributes to an inclusive culture where operational objectives are a natural part of everyday activities.

**Our Trust Index indicates satisfied employees**

Every 18 months, an employee survey is carried out, in which all Castellum employees have a chance to voice their opinions about Castellum as employer, both from an employee and a management perspective. The last survey was in June 2017, and the response rate was 88%. 85% of employees stated that Castellum was a very good place to work. Castellum's trust

index ended up at 81% — a weighted value of all questions and responses, comparable to an employee-satisfaction index. Employee survey results constitute an important tool in future development efforts on behalf of the company and employees. The next employee survey will be conducted during the second quarter of 2019.

The factors that distinguish Castellum are pride in the company as a workplace, its perception as gender equal and the friendly atmosphere among colleagues. The primary area identified as requiring further development was leadership. This area feels like a natural step to concentrate on, especially after the launch of freshly updated fundamental corporate values. In 2018, a Group-wide management program was introduced in which 15 people took part. An additional leadership program will start in January 2019.

**Inspiring workplaces create satisfied employees**

Castellum wants to take good care of its employees, and works on company wellness through various activities and wellness subsidies, as well as providing regular company healthcare and advanced health insurance benefits. Wellness activities are both preventative and rehabilitating, with the aim of promoting a continued state of well-being for employees. During the year, our Stockholm office earned WELL certification. Absenteeism at the company remains low, equivalent to 2% (1%), of which 2% (1%) for women and 2% (1%) for men.

The occurrence of work-related injuries at Castellum is very low, at 1 per thousand of time worked. During the year, work-related injuries consisted of cuts, falls, and injuries while being transported to and from work. Injury figures are low for Castellum's suppliers as well, who reported 10 work-related injuries for the year. The following type of work injuries occurred under supplier responsibility: slips, falls, cuts and crushing injuries.

It is important to us at Castellum to practice what we preach. A large part of our operations involve creating inspiring workplaces for our customers, which we have also taken note of as regards our own workplaces. In planning these offices, we have placed great importance on creating workplaces that make our employees feel comfortable and are adapted to specific existing needs. The offices feature many coordination and meeting places; they encourage mobility and action and are wired with smart technology.

**Commitment, clarity and expectation**

Castellum works as much with competence development as with designing motivational work situations to create committed employees.

Employee dialogues and appraisal reviews are to be carried out annually so that objectives can be set and followed up, as well as to determine

competence development requirements. In the course of 2018, 77 (87%) of all employees took part in performance reviews: 74% of women and 80% of men (EPRA Emp-dev).

Strengthening the Group through continual improvement efforts — known as “Best Practice” — is a continuous process. Joint development work is under way in the Group, as are exchanges of experience among the regions in order to make competence available throughout the organization. The company-wide development teams provide strong background conditions for continuous improvement, and these groups consist of participants who represent all regions. The groups regularly discuss issues within specific areas, such as leasing, IT, facility management, project development, sustainability, communication, purchasing and personnel.

Work within these multi-regional project groups has constituted a central element in the internal development efforts currently being driven by the corporation. From these contexts, we benefit greatly from our new organizational structure, which turns out to be very suitable for this kind of work. Several project groups were ongoing at year end, focused on everything from implementation of a new operational

system to strategic development groups from business-critical areas. The Group also runs an intranet channel where experience and specialized knowledge can be easily exchanged among employees, regardless of geographical location.

Most important with the experience exchange is to inspire and learn from each other and continuously meet in various group formations for internal exchanges of knowledge. These meetings are valued internally. Another annual event is Castellum Day, where all Castellum employees meet to enrich knowledge, exchange experience and tips, and strengthen the company bond.

Competence development takes place via internal as well as via external resources. Within Castellum, competence development is broadly defined; it can be education adapted to a particular employees’ job description, but it can also be within an area that the Group is currently focused upon. During the year, completed education hours at Castellum totalled 6,874, which amounts to approximately 18 hours per employee per year (EPRA Emp-Training). The mandatory Web-based sustainability training introduced in 2017 was also taken by all new employees in 2018.

#### HR'S AMBITIONS:

- Support organization management with work tools characterized by logic, simplicity and clarity. Doing the right thing should be easy.
- Work with a focus on solutions, and with a great deal of ambition in all processes.
- Stimulate continual development and training of managers.
- Make Castellum an attractive employer through working actively on leadership, manager supply, competence development, succession issues and talent pools.

#### EMPLOYEE TURNOVER\*

Employee turnover	Number of employees 2018	Of which women 2018	Number of employees 2017	Of which women 2017
<b>New employees during the year</b>				
under 30	4	49%	24	40%
30-50	18	52%	41	56%
over 50	2	68%	11	55%
<b>Total new employees</b>	<b>23</b>	<b>53%</b>	<b>76</b>	<b>51%</b>
Share of new employees	6%		19%	

#### EMPLOYEE TURNOVER\*

Employee turnover	Number of employees 2018	Of which women 2018	Number of employees 2017	Of which women 2017
<b>Employees who left during the year</b>				
under 30	5	15%	8	54%
30-50	21	53%	60	60%
over 50	10	60%	27	29%
<b>Total number of leavers</b>	<b>36</b>	<b>49%</b>	<b>95</b>	<b>44%</b>
Proportion of leavers	10%		24%	

\*Note for 2018 employee turnover statistics: Castellum has transitioned to the Full-Time Equivalent (FTE) principle as of 2018. FTE takes into account actual work time during the year; deductions are made, for example, for level of service and actual time of employment during the year. Example: an employee who begins employment on July 1 and works 70% (28 hrs/wk) up through December 31 is counted as 0.35 FTE (employed for 50% of the year at 70% employment)

#### ABSENTEEISM 2018

	Men	Women	Total
Sick leave, Castellum (Absentee-rate)	3.8%	3.6%	3.8%
of which short-term sick leave	1.5%	1.7%	1.6%
of which long-term sick leave (Lost-day rate, counted after day 15)	2.3%	2.0%	2.2%
Number of stress-related sick leave cases per thousand, Castellum (Occupational disease rate)	0.6 per thousand	1.4 per thousand	0.9 per thousand
Work-related injuries Castellum, per thousand (Injury rate. Minor injuries are included)	2.3 per thousand	0.0 per thousand	1.4 per thousand
Work-related injuries at Castellum suppliers, number (Injury rate. Minor injuries are included)	10	0	10
Work-related deaths: Castellum employees	-	-	-
Work-related deaths: Castellum suppliers	-	-	-

#### GENDER PAY RATIO 2018 (EPRA DIVERSITY-PAY)

	Women base salary*	Men base salary*	Women, total remuneration**	Men, total remuneration**
Group Management***	93%	95%	93%	95%
Other employees***	101%	103%	101%	103%

\*Key figure relates to average salary according to market salary statistics from Mercer, IPE. \*\*Key figures relate to average salary of total remuneration. \*\*\*For further information on salaries for Group Management and other employees, fees and benefits, see Note 11, page 138-139.

# 381

As of year end Castellum had 381 employees, of whom 42% were women. No seasonal variations occur. The proportion under collective bargaining agreements was 24%.

## Jobbsprånget gives Salim hope for the future

As part of Castellum’s diversity efforts, the company takes has been part of Jobbsprånget since the autumn of 2018. This is a venture to bring in more academics who are new arrivals to Sweden into the job market. Jobbsprånget is a national internship program that offers four-month internships. At Castellum, we see this as an opportunity to match our needs for competence with relevant candidates currently outside the job market. The participants, or “Jobbsprångare,” are assigned a mentor; the internships can vary depending on the Jobbsprångare’s experience and expertise.

Salim Soltaninejad and Marie Frid are sitting in a well-lit meeting room with a view of the Stockholm skyline at Castellum’s regional office at Torsgatan 11. The coffee cups sit empty; broad smiles and gestures fill the spaces where words are absent. Salim was given the intern position at Castellum through Jobbsprånget, a national internship program for new arrivals in Sweden.

Together with his wife Samaneh, Salim arrived at Arlanda airport in January 2018 in the hopes of a brighter future than the one they had left behind in their native Iran.

“It’s so free here. People can wear the clothes they want, for example, and you can go on parental leave from your job. And Swedish people are nature lovers,” Salim says.

His mentor, Marie Frid, points how that she has seldom thought about what it’s like to be a new arrival to Sweden, but Salim emphasizes the things she and native-born Sweden often take for granted.

“It’s a great to be able to help someone get into Swedish society and to show them an innovative Swedish company like Castellum. We have much to be proud of here,” says Marie, who works on project management for logistics facilities at Castellum.

Taking active social responsibility has been natural for Castellum since the company was formed — everything from sponsoring local youth leagues to offering internships and reducing its own and its customers’ environmental impact.

“For example, we place requirements on our contractors that they create job opportunities for young people or the long-term unemployed in our major construction projects,” Marie says.

Salim thinks the greatest benefit of the internship at Castellum is the relationship with his colleagues and the language development. He returns several times to how wonderful it is to get to know Sweden through the people he meets here, and how welcome he has felt at the workplace.

Salim is a trained architect and worked in his native land for four years before he came to Sweden. During his internship he will shadow construction projects and draw blueprints and illustrations, and he hopes to build a network in the industry that will gradually lead to a job as an architect — preferably in Stockholm.

“Stockholm is fantastic. There are so many opportunities to develop and to work here. And Sweden is so beautiful, in both summer and winter,” Salim says.



*“It’s great to be able to help someone get into Swedish society and to show them an innovative Swedish company like Castellum.”*

Marie Frid, Project Manager, Castellum





# Financing

Owning and managing properties is a capital-intensive business, which requires readily accessible financing. Financing can be carried out utilizing both equity and borrowed capital, and the look of a company's capital structure depends on the financial risk that the company and its owners are prepared to take.

**45%**

LTV ratio

**454%**

Interest coverage ratio

**3.1 yrs**

Average fixed interest rate term

**3.4 yrs**

Average loan-to-maturity structure

In March 2018, Castellum won a prestigious commission: to build a new Nordic headquarters building for E.ON in the new Nyhamnen district, in central Malmö. The building will meet the highest standards regarding sustainability certification; together with the new Swedish National Courts Administration, it is the largest development in Castellum's history.

# Financing

The chosen capital structure is pivotal for the financial returns and risk exposure anticipated by owners. Among the factors influencing the choice are business risk and tax shield, as well as the risks and costs associated with increased borrowing. By the time Castellum was listed, it had already established that the company would have a low level of financial risk — expressed today in the formulation that the long-term loan-to-value ratio should not exceed 50% and that the interest coverage ratio should be at least 200%.

As of December 31, 2018, Castellum's assets amounted to SEK 92 billion and the loan-to-value ratio was 45%, while the interest coverage ratio during the year was 454%.

## Finance policy and monitoring

Castellum's financial activities are conducted in accordance with the finance policy established by the Board, and in such a way that ensures the need for long- and short-term financing, and liquidity is fulfilled. Moreover, the aim is to achieve low, stable net interest

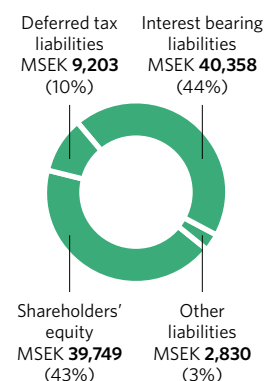
expenses, after taking established risk mandates into account. Trends in the financial markets have a great impact on Castellum. Reflecting and supporting the goals and conditions of business operations are of importance to financial operations. Using the finance policy, the Group can control and manage financial risks and ensure risk management through close control and monitoring. The financial risks are monitored and reported quarterly to both the Audit and Finance Committee and the Board. The Board annually conducts a review of the finance policy.

Castellum regularly follows up and monitors future funding needs based on assumptions about earnings, net investment volume, property value growth and maturity profile of the existing debt portfolio, covenants in loan agreements and interest-rate risk exposure. Furthermore, the Group carries out sensitivity analyses to understand how changes in the property portfolio — as well as movements in market interest rates and property values — affect the balance sheet and earnings.

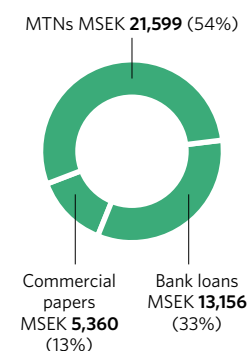
## CASTELLUM'S FINANCIAL POLICY AND COMMITMENTS IN CREDIT AGREEMENTS

	Policy	Commitment	Outcome
LTV ratio	Not exceeding 50%	Not exceeding 65%	45%
Interest coverage ratio	At least 200%	At least 150%	454%
The share of secured borrowing/ total assets		Not exceeding 45%	13%
<b>Funding risk</b>			
- average capital tied up	At least 2 years		3.4 years
- proportion maturing within 1 year	No more than 30% of outstanding loans and unutilized credit agreements		10%
- average maturing credit price	At least 1.5 years		3.0 years
- liquidity reserve	Secured credit agreements corresponding to MSEK 750 and 4.5 months upcoming loan maturities		Achieved
<b>Interest rate risk</b>			
- average fixed interest rate term	1.5-3.5 years		3.1 years
- maturing within 6 months	No more than 50%		25%
<b>Credit and counterparty risk</b>			
- rating restriction	Credit institutions with high ratings, at least S&P BBB+		Achieved
<b>Currency risk</b>			
- translation exposure	Shareholders' equity is not hedged		Not hedged
- transaction exposure	Handled if exceeding MSEK 25		Less than MSEK 25

## FINANCING DEC 31, 2018



## DISTRIBUTION OF FINANCING DEC 31, 2018



## SECURED CREDIT FACILITIES DEC 31, 2018



**Financial strategy**

Castellum's financing strategy is to support operations and manage the Group's financial risks while promoting an open and transparent climate. The strategy will be reflected in the finance policy — all to ensure risk management through close control. Castellum's financial strategy can be summarized by five cornerstones: diversification, liquidity, strength, transparency and flexibility.

**Interest rate risk**

By definition, interest rate risk refers to a potentially negative impact on the income statement and balance sheet caused by a change in market interest rates. To limit fluctuations in net interest costs, Castellum will feature a mix of fixed interest rate terms on loans and interest rate derivatives. However, as long as the Stibor rate (3 months) is negative, derivatives in the form of interest-rate swaps

**CASTELLUM'S FIVE FINANCING CORNERSTONES**

<b>DIVERSIFICATION</b>	<p>Castellum is to have a diversified loan portfolio and avoid dependence on both single sources of financing and counterparties.</p> <p>In addition, the maturity of various sources of financing and individual credits is to be distributed over time. Castellum will monitor and follow developments on financial markets for the purpose of acting quickly and matching the needs of the operation.</p> <p>At year end, Castellum's interest-bearing financing amounted to SEK 40.1 billion, of which SEK 27.0 billion came from capital market financing (an MTN program totaling 16.5, an EMTN program totaling MEUR 500, and a commercial paper program totalling SEK 5.4 billion) equivalent to 67% and the remainder comprising loans in major Nordic banks and credit institutions. As regards loan-to-maturity structure, it totaled 3.4 years at year end and the interval for the loans ranged from 1 month to 24.0 years.</p>
<b>LIQUIDITY</b>	<p>Castellum will have unused credit facilities available to respond rapidly to the needs of the operations and the opportunities provided. Moreover, there will be revolving credit facilities for the purpose of reducing the need to invest the surplus liquidity.</p> <p>At year end, Castellum had SEK 56.4 billion in credit agreements, of which SEK 40.1 billion was utilized.</p>
<b>STRENGTH</b>	<p>The Group's financial key metrics must be strong, with a loan-to-value ratio not exceeding 50% and an interest coverage ratio of at least 200%. The strength of our property portfolio is enhanced by the quality of our cash flow as well as by the composition of our debt and interest rate portfolio.</p> <p>Castellum aims to reduce the risk of a sudden negative impact on net financial items, arising from changes in the general interest rate and/or the assessment of Castellum as a borrower, that cannot be offset by earnings from operating activities.</p> <p>The loan-to-value ratio was 45% at year end, while the interest coverage ratio for 2018 was 454%.</p>
<b>TRANSPARENCY</b>	<p>Castellum encourages long-term relationships with both banks and other lenders/investors; its aim is to be transparent in order to increase the relevant parties' understanding of the Group's operations and thereby its credit exposure.</p>
<b>FLEXIBILITY</b>	<p>Castellum must have flexible financing arrangements in order to support the development of operations in relation to acquisitions, divestments and development. Our credit facilities will provide us with strong flexibility to withdraw and repay on short notice and at no extra cost. Furthermore, Castellum is to have access to flexibility, both in terms of pricing (fixed and floating) and maturities.</p> <p>At year end, Castellum had SEK 26.1 billion in credit agreements, of which SEK 20.5 billion comprised revolving credit facilities.</p>

**INTEREST RATE MATURITY STRUCTURE DECEMBER 31, 2018**

Maturity	Credit, MSEK	Closing average interest rate	Derivatives				Closing interest rate	Average fixed interest rate term
			Volume fixed interest rate, MSEK	Closing fixed interest rate**	Volume variable interest rate***	Closing variable interest rate***		
0-1 yr	26,954	1.0%*	1,400	0.9%	-16,685	-0.3%	2.9%	0.2 yrs
1-2 yrs	1,600	1.4%	2,501	1.2%	-	-	1.3%	1.4 yrs
2-3 yrs	4,250	1.5%	2,500	0.9%	-	-	1.3%	2.4 yrs
3-4 yrs	1,150	2.1%	2,150	0.9%	-	-	1.3%	3.5 yrs
4-5 yrs	5,863	2.5%	234	2.2%	-	-	2.5%	4.8 yrs
5-10 yrs	298	2.3%	7,900	1.9%	-	-	1.9%	7.2 yrs
<b>Total</b>	<b>40,115</b>	<b>1.3%</b>	<b>16,685</b>	<b>1.5%</b>	<b>-16,685</b>	<b>-0.3%</b>	<b>2.0%</b>	<b>3.1 yrs</b>

\*Including credit-agreement fees and exchange rate differences for MTNs \*\*Castellum pays fixed interest \*\*\*Castellum receives floating interest

do not always provide a stable cost structure for Castellum when combined with bank credits, since elements of the floor for the Stibor rate occur in individual cases. The choice of interest-rate profiles should take the Group's Business Plan, as well as anticipated inflows and outflows, into account.

Interest expenses are the single largest cost item and have a major impact on growth in income from property management. These are partly affected by changes in market interest rates, and partly by the margin required by creditors as compensation for lending money. The short-term market interest rate is primarily controlled by the Riksbank, whereas the long-term market interest rate is affected by other factors such as expectations of future growth and inflation. The credit margin is controlled both by supply and demand for credit and by regulations in the credit and capital markets. Both interest and credit markets can change rapidly, but are beyond Castellum's control.

Rising market interest rates are normally considered a result of economic growth and rising inflation, which in turn are also presumed to result in increased demand for commercial premises, thereby leading to increased rents and/or reduced vacancy rates. Falling market interest rates are normally assumed to have opposite causes and effects. Given this reasoning, rising or falling market interest rates are thus met by rising or falling rental income, over time.

Changes in credit margins may occur regardless of prevailing economic conditions; recently, they have been affected by factors such as an increased selection of property-related bonds in the capital markets and regulatory changes, primarily in the banking credit market. Changes in market interest rates and credit margins affect net financial items. How quickly — and by how much — largely depends on the chosen fixed interest term and the fixed term of credit margins.

To ensure a low and stable net interest cost in the cash flow, Castellum has chosen to restrict the proportion of fixed maturities due within 6 months at a maximum 50% of net debt; the average fixed interest term will be between 1.5 and 3.5 years. The interest coverage ratio is the financial key ratio that describes a company's risk level and resilience to fluctuations in net interest.

Castellum's strategy includes an interest coverage ratio of at least 200%. For 2018, the interest coverage ratio was 454% (386%). The average fixed interest term at December

31, 2018, was 3.1 years (2.4), while the share of maturities due within 6 months was 25%. Margins and fees for credit agreements are established with an average duration of 3 years (2.2).

Net financial items for 2018 amounted to an expense of MSEK 835 (expense: 885) with an average interest rate of 2.2% (2.4%), and consisted of market interest rates at issue dates plus creditors' margins. The average effective interest rate at December 31, 2018 was 2.0% (2.4%).

In the table, credit margins and fees are distributed according to the maturity segments for the reported credit volumes, while credit fees and rate differences in MTN and EMTN are reported in the segment for 0-1 year.

### Financing risk

Financing risk refers to the risk that financing is not available or is very unfavourable at a given time. It is by far the Group's largest financial risk. The Group's assets — primarily commercial properties — should be seen as long-term investments, which thereby comply with demands for a long-term approach to real estate portfolio financing. However, pricing in the credit market should also be taken into account.

Castellum should have sufficient, and competitive, financing so the Group's activities can be conducted in a suitable and cost-efficient manner. The financing risk is managed through advance planning, an appropriate loan-to-maturity structure, balanced loan pricing, diversification of financing sources and maturities, and a reasonable liquidity cushion.

At the end of the year, Castellum held credit agreements totalling MSEK 56,358 (57,240) of which MSEK 45,962 (45,120) were long-term and MSEK 10,396 (12,120) were short-term.

During 2018, Castellum terminated bank credit agreements of MSEK 6,500, while agreements totalling MSEK 15,400 were renegotiated and extended, which resulted in more favorable financing terms. In addition, loan agreements with an exchange value of MEUR 75 were taken out from the European Investment Bank (EIB). The loan carries a nominal value of MSEK 756, with a tenor of five years. At the beginning of 2018, the framework amount in Castellum's MTN program was raised to MSEK 18,000 and the commercial paper program was raised to MSEK 10,000. Moreover, bonds totaling MSEK 2,250 matured, while bonds totaling MSEK 4,575 were issued as part of Castellum's Swedish MTN program. The first international bond issue

# 454%

Interest coverage ratio 2018

was carried out in November under Castellum's EMTN program, which was launched earlier that same month. The issue was for a nominal amount of MEUR 500, with a tenor of five years. The majority of the issue amount was re-swapped to SEK.

After deduction of liquid assets of MSEK 243 (203), net interest-bearing liabilities were MSEK 40,115 (38,023), of which MSEK 21,599 (14,162) was MTNs outstanding and MSEK 5,360 (7,994) was commercial paper outstanding. Nominally MSEK 21,638 and MSEK 5,362 respectively.

Issued commitments in credit agreements — known as covenants — stipulate a loan-to-value ratio of not more than 65% and an interest coverage ratio of at least 150% and, for EMTN, also that the share of secured borrowing may not exceed 45% of the Group's total assets, which Castellum accomplished by a wide margin: 45%, 454%, and 13% respectively.

The average tenor of Castellum's credit agreements at year end was 3.4 years (2.7).

**Credit maturity structure, December 31, 2018**

Credit agreements	MSEK	Utilized in		Total
		Bank	MTN/Cert	
0-1 yr	10,396	595	8,658	9,253
1-2 yrs	5,230	1,983	3,247	5,230
2-3 yrs	13,069	2,320	3,749	6,069
3-4 yrs	8,469	3,580	2,939	6,519
4-5 yrs	16,694	3,377	7,167	10,544
>5 yrs	2,500	1,301	1,199	2,500
<b>Total</b>	<b>56,358</b>	<b>13,156</b>	<b>26,959</b>	<b>40,115</b>

**Credit and counterparty risk**

Credit and counterparty risk is the risk that the counterparty cannot fulfill its commitments,

such as liquidity supply or payment. In financial operations, credit and counterparty risk arises primarily in connection with long-term credit agreements, derivative contracts and the investment of liquid funds. Castellum limits this risk by requiring high credit ratings from its counterparties, which are currently all major Nordic banks.

**Currency risk**

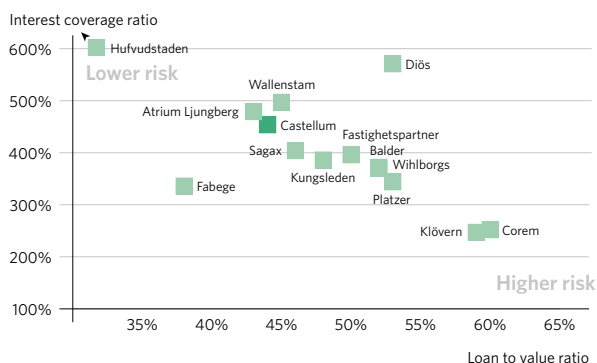
Currency risk refers to a negative impact on the income statement, balance sheet and cash flow due to changes in exchange rates. Currency risk can be divided into translation exposure and transaction exposure. At year end, Castellum owned properties in Denmark and Finland totalling MSEK 6,895 (5,671), which means that the Group is exposed to currency risk. The currency risk primarily occurs when income statements and balance sheets in foreign currency are translated into Swedish currency. As a rule, equity is not hedged for translation exposure, while transaction exposure is hedged if the exposure in any currency exceeds an exchange value of MSEK 25.

**Secured interest-bearing liabilities**

Long-term bank facilities are mainly secured with collateral comprising the company's property holdings, and commitments also include a number of covenants. Castellum's bonds under the EMTN program are also covered by financial covenants.

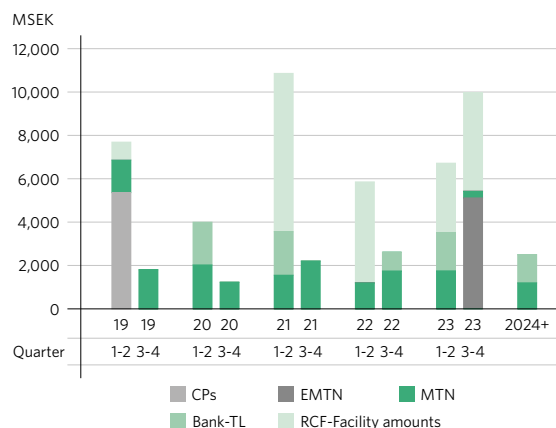
Issued MTNs, commercial paper and certain short-term bank loans — such as overdraft credits — are unsecured. Net interest-bearing liabilities amounted to MSEK 40,115 (38,023),

**LISTED REAL ESTATE COMPANIES**



Source: Rolling annual values based on each company's Q3 2018 report.

**CREDIT MATURITY STRUCTURE**



Bank-TL: Bank Term Loan RCF limits: Revolving Credit Facility - limits

of which MSEK 12,400 (15,867) was secured against mortgages and MSEK 27,715 (22,156) was unsecured. The share of secured credits utilized, with the addition of the volume of commercial paper outstanding backed up by secured credit facilities, thus totaled approximately 20% (20%) of the total value of the property portfolio. Castellum's share of unsecured assets at the end of the year was 53%. Commitments issued in credit agreements and EMTNs mean that the loan-to-value ratio may not exceed 65%, the interest coverage ratio may not be less than 150%, and the share of secured borrowing may not exceed 45% of the Group's total assets. Additionally, there are general commitments that Castellum is to provide its creditors with such financial information as annual reports, interim reports and property valuations. In some cases, the banks have the right to renegotiate credit agreements due to a significant change in business direction or delisting, and bondholders have the right to early repayment due to a change in the majority ownership of Castellum AB.

## Derivatives

### Interest rate derivatives

Under the IFRS 9 accounting standard, derivatives are subject to market valuation. For interest rate derivatives, this means that a surplus or a deficit occurs if the contracted interest rate varies from the current market rate. Castellum recognizes this change in value in the Income statement. By extending the fixed interest term, the interest rate risk in terms of cash flow is limited, whereas the risk for accounting-based changes in value is higher. It is worth noting that loans with long-term

fixed interest rates that are less flexible, but can — from an interest rate risk perspective — primarily be compared with extension via interest rate derivatives, are normally not subject to market valuation under applicable accounting standards.

In the fourth quarter, Castellum restructured certain derivatives, in the form of interest rate swaps equivalent to a negative value of nearly MSEK 500, for the purpose of improving the conditions for a stable future net interest expense.

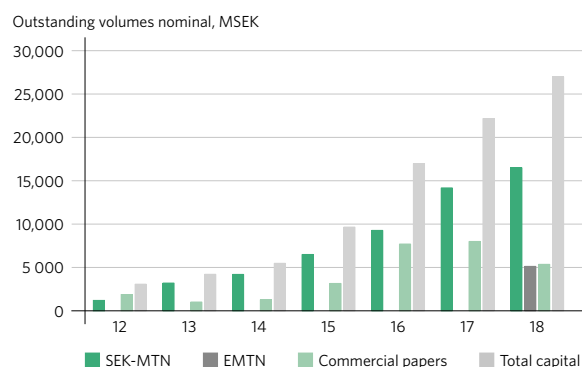
### Currency derivatives

Financing in Danish kroner and euros can be achieved through borrowing in Danish kroner and euros respectively and by using currency derivatives. The exposure is the same, but in accordance with the accounting standards in IFRS 9, derivatives are subject to market valuation, which means that a surplus or deficit arises if the stipulated exchange rate differs from the current exchange rate. Castellum applies hedge accounting under IFRS 9, which means that the effective portion of the change in value is reported in other comprehensive income.

## Organization

All financial risk management is centralized in the Parent Company. The internal bank is responsible for the Group's credit supply, risk management, financing for subsidiaries and Group-wide cash management. The Parent Company also includes a back-office and compliance function, which provides accounting and independent control of financial operations.

## DEVELOPMENT OF CAPITAL MARKET FINANCING 2013–2018



Current list of MTNs outstanding available at [www.castellum.se](http://www.castellum.se)

## FINANCIAL FACILITIES

Credit/facility type	Frame/facility type	Utilized Dec 31, 2018
MTNs, MSEK*	18,000	16,500
EMTNs, MEUR*	2,000	500
Commercial paper*	10,000	5,362
Bank credits incl. overdrafts	29,399	13,156

\* Nominal volume

## SECURED BORROWING

	Dec 31, 2018
Secured borrowing, share of total borrowings	31%
Secured borrowing, share of total property value	14%
Secured borrowing, share of total assets	13%

# Property valuation

Castellum determines property value using internal valuations based on a ten-year cash flow model with individual assessments for each property. This approach reflects both future earnings capacity and required market yield. In total, Castellum's property portfolio was valued at MSEK 89,168 (equivalent to SEK 20,147 per square meter) and the average valuation yield for Castellum's portfolio, excluding developments, land and building rights, can be estimated at 5.3%.

To guarantee the valuation, the equivalent of 174 properties were externally valued during the year, which in monetary terms corresponds to 56% of the portfolio.

**89.2**

SEK billion in property value as of December 31, 2018

**5.3%**

Average valuation yield

**6%**

Changes in value

During the year, Castellum began the reconstruction of the first stage of the Sabbatsberg 24 property. The aim is to convert the building to modern workplaces in a historic landmark, the former head office of Stockholm Vatten.



# Property valuation

## Internal valuation

Castellum recognizes its properties at fair value and has carried out an internal valuation of all properties as of December 31, 2018. The valuation was conducted in a uniform manner, and was based on a ten-year cash flow model, which is described below. The internal valuation was based on an individual assessment for each property that reflects both its future earnings capacity and its required market yield. In addition to an assumed inflation level of 1.5%, the valuation of a property's future earnings capacity took potential changes in rent levels, occupancy rates and property costs into consideration. Ongoing projects have been valued in accordance with the same principle, but with deductions for remaining investments. Building rights were valued on the basis of an estimated average market value of approximately SEK 1,500 per square meter (1,700). For further information about the valuation, see Note 12.

## Required yield

The required yield on equity is individual to each property and based on assumptions regarding a real interest rate of 3%, in-

flation of 1.5% and a risk premium. The risk premium is individual to each property and consists of general risk and individual risk. General risk reflects the fact that the property investment is not as liquid as a bond, and that it is dependent on the general economic conditions. Individual risk is specific to each property and constitutes a balanced assessment of a number of factors such as property category, the city where the property is located, the location of the property within the city, the technical standard and so on. Properties owned by site leasehold rights, where Castellum has a land rehabilitation obligation under contractual agreement, are assigned an additional individual risk premium of 1.0%. On average, the risk premium totals 6.8% with a range of 3.1-11.4%.

In addition, the cost of borrowed capital is assumed to be 5.0% and to consist of a long-term view on the real interest rate, credit margin and inflation. The loan-to-value ratio is assumed to be between 55% and 65% depending on the property category. The required yield on total capital is used to discount the estimated ten-year future cash flow. The residual value is discounted by calculating the return on total capital minus growth equivalent to inflation, in order not to assume perpetual real growth.

## Example calculation of internal valuation

To illustrate the ten-year cash flow model, the example below is provided. It should be noted that assumptions regarding cash flow trends and other assumptions included in the model are only intended to illustrate the model. Even though relevant figures are used, the example should not be regarded as a forecast of the company's expected earnings.

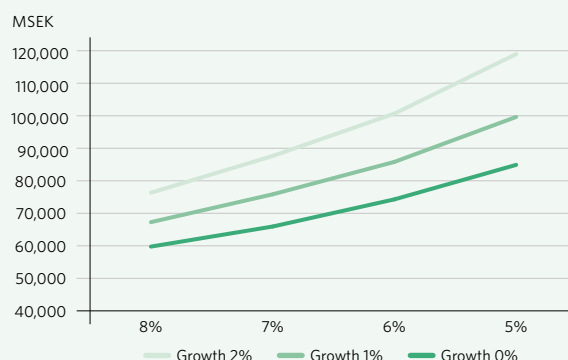
### ASSUMPTIONS IN THE EXAMPLE:

- The economic occupancy rate is assumed to increase in order to attain a long-term level of 97% in 2022.
- Net operating income for 2018 is based on actual results for the investment properties, assuming a cost of SEK 30 per square meter for pure property administration.
- Growth in rental value and property costs is assumed to be 1.5-1.8% per year during the calculation period.
- The average economic life of the property portfolio is assumed to be 50 years.
- The value of developments, land and development rights is assumed to be MSEK 89,167.
- The required yield (i.e. the discount factor) is calculated as follows:

	Required yield	Percentage of capital	Weighted required yield
Equity	9%	37%	3.3%
Borrowed capital	5%	63%	3.2%
<b>Weighted required capital</b>		<b>100%</b>	<b>6.5%</b>

MSEK	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
Rental value	5,841	5,946	6,053	6,162	6,273	6,386	6,501	6,618	6,737	6,858	6,982	
Rental income	5,445	5,560	5,751	5,854	6,022	6,112	6,234	6,419	6,535	6,653	6,772	
Economic occupancy rate	93%	94%	95%	95%	96%	96%	96%	96%	96%	96%	97%	
Property costs	-1,321	-1,341	-1,361	-1,381	-1,402	-1,423	-1,444	-1,466	-1,488	-1,510	-1,533	
<b>Net operating income = cash flow</b>	<b>4,124</b>	<b>4,219</b>	<b>4,390</b>	<b>4,473</b>	<b>4,620</b>	<b>4,689</b>	<b>4,790</b>	<b>4,953</b>	<b>5,047</b>	<b>5,143</b>	<b>5,239</b>	
Discounted cash flow, year 1-9	31,908	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Discounted residual value year 10	52,057	✓	Discounted cash flow									92,173
Assumed value for projects, land and development rights	5,061	Discounted residual value										
<b>Total property value</b>	<b>89,025</b>											

### PROPERTY VALUE AT DIFFERENT REQUIRED YIELDS AND GROWTH IN RENTAL VALUE AND PROPERTY COSTS



### Average valuation yield, MSEK

(excl. developments/land and building rights)	2018	2017
Net operating income, properties	4,249	3,976
+ Index adjustments 2019, 2% (2%)	130	92
+ Real occupancy rate, at the lowest 94%	190	295
Property administration, SEK 30/sq. m.	-132	-133
<b>Normalized net operating income</b>	<b>4,437</b>	<b>4,230</b>
Valuation (excl. building rights of MSEK 672)	84,106	76,383
<b>Average valuation yield</b>	<b>5.3%</b>	<b>5.5%</b>

Valuation yield by property type	2018	2017
Office	5.1%	5.2%
Public sector properties	5.0%	5.2%
Warehouse/logistics	5.8%	6.6%
Retail	5.9%	5.8%
Light industry	6.9%	7.1%
<b>Total</b>	<b>5.3%</b>	<b>5.5%</b>

### Uncertainty range

Property valuations are calculations performed in accordance with accepted principles on the basis of certain assumptions. The value range indicated in property valuations, which in a functioning market most often lies within +/- 5-10%, should be regarded as a measurement of the uncertainty in the assumptions and calculations made. In a less liquid market, the range may be wider. For Castellum, an uncertainty range of +/- 5% means a range in value of the property portfolio of MSEK 84,710-93,626, equivalent to +/- MSEK 4,458.

### Changes in value

The property market in 2018 was marked by demand that remained healthy, and a high level of activity with stable or rising prices. This, together with a strong rental market, resulted in a change in Castellum's value for 2018 totaling MSEK 5,216, equivalent to 6%. In addition, 52 properties were sold for MSEK 2,534 less estimated deferred tax and expenses totalling MSEK 121. Accordingly, the underlying property price was MSEK 2,655.

Since every property is valued individually, consideration has not been given to the portfolio premium that can be seen in the property market. The net increase in value, including this year's change, has been 2.5% per year over the past ten years. Average inflation during the same period was 1.0%.

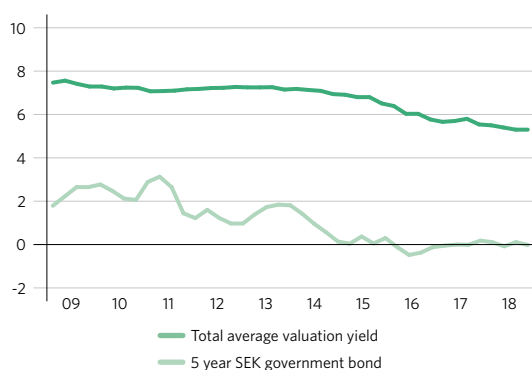
Changes in value	2018	2017
Cash flow	2,093	1,541
Project gains/development rights	751	1,103
Required yield	2,439	1,290
Acquisitions	43	579
Sales	-110	27
<b>Total</b>	<b>5,216</b>	<b>4,540</b>
<b>As %</b>	<b>6%</b>	<b>6%</b>

### Total yield

As regards the total yield from the properties (i.e. the total of investment yield and changes in value), it can be stated that how well things turn out for Castellum depends on when the measurement is begun.

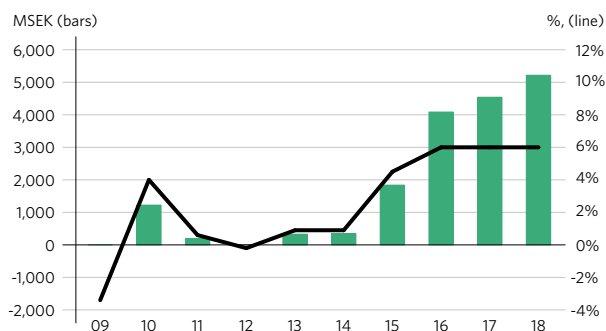
Over the last ten years, Castellum has had an average total yield of 8.1% (6.0% investment yield +2.1% change in value). In 2018, the total yield was 11.4% (5.2% investment yield +6.2% change in value). Calculations do not include project gains or acquisitions from the year the acquisition was completed.

AVERAGE VALUATION YIELD OVER TIME



Source: Thomson Reuters

VALUE CHANGES



	1 yr	3 yrs		10 yrs	
			avg/yr	avg/yr	avg/yr
<b>Total yield</b>					
Properties	11.4%	10.8%	8.1%		
The Castellum share	22.3%	20.3%	16.1%		
Nasdaq Stockholm (SIX Return)	-4.4%	4.7%	13.8%		
Real Estate Index Sweden (EPRA)	15.3%	12.7%	18.6%		
Real Estate Index Europe (EPRA)	-7.7%	0.0%	11.9%		
Real Estate Index Eurozone (EPRA)	-8.2%	4.2%	12.2%		
Real Estate Index Great Britain (EPRA)	-13.0%	-3.6%	8.1%		
<b>Changes in value</b>					
Change in property values, unweighted	6.2%	5.7%	2.5%		
Inflation	1.6%	1.5%	1.0%		

### External valuation

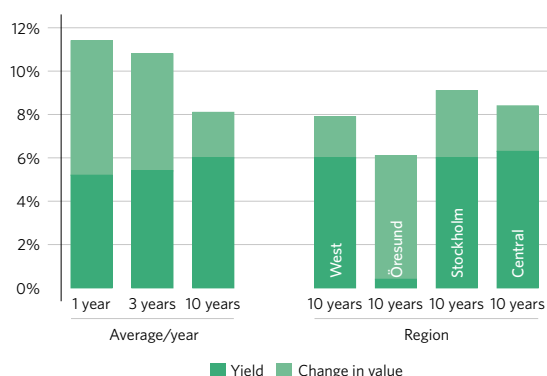
In order to validate the valuation, 174 (177) properties, equivalent in value to 56% (53%) of the portfolio, were valued externally by Forum Fastighetsekonomi AB in Sweden and CBRE in Denmark. The properties were selected on the basis of the largest properties in terms of value, but also to reflect the composition of the property portfolio as a whole in terms of category and geographical location. The external valuations of the selected properties totalled MSEK 48,345 (43,147), within an uncertainty range of +/- 5-10% at the property level, depending on the category and location of the respective properties. Castellum's valuation of the same properties totalled MSEK 49,677 (43,277) — a net deviation of MSEK 1,322 (130), equivalent to 2.7% (0%). Net deviations were MSEK 995 (1,328) and MSEK -2,314 (-1,458), with an average deviation of 6.7% (6.4%).

It should be noted that Castellum's deviation in relation to the external valuers falls well within the uncertainty range of +/- 5-10%.

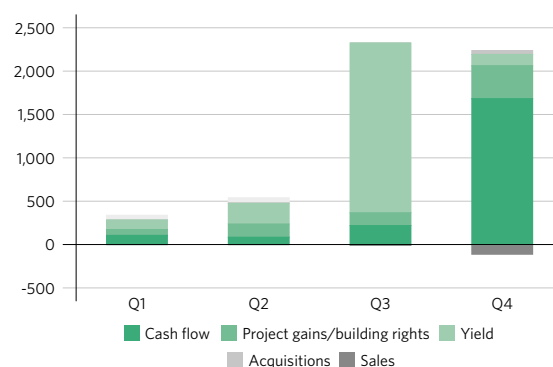
### Internal vs external valuation, MSEK

	2018	2017	2016	2015
External valuer	48,345	43,147	41,180	23,581
Proportion external of internal	56%	53%	57%	56%
External vs internal	-1,322	-130	538	42
As %	-2.7%	-0.3%	1.3	0.2%
Gross deviation positive	995	1,328	1,563	696
Gross deviation negative	-2,314	-1,458	-1,025	-654
Average deviation	6.7%	6.4%	6.4%	5.7%

### TOTAL AVERAGE YIELD PER YEAR IN DIFFERENT CYCLES UNTIL 2018



### VALUE CHANGES 2018



# Tax

At Castellum, there are a number of areas that are taxed: income tax on current earnings, property tax, VAT, stamp duty and energy taxes. Political decisions such as changes in corporate taxation, tax legislation and interpretations may lead to Castellum's tax situation increasing or decreasing.

## Income tax

Castellum's recognized income from property management for 2018 amounted to MSEK 2,952 (2,530), while taxable income from property management totaled MSEK 1,433 (1,087). In the absence of tax loss carry forwards, a paid tax of MSEK 316 (239) attributable to the income from property management would arise, equivalent to 11% effective tax paid.

## Depreciation for tax purposes

Property investments are divided into different components for which the Swedish Tax Agency specifies different depreciation rates:

Buildings (2-5% depending on type of property), land improvements 5% and inventories 20% or 30%. Land is not depreciated.

## Tax deductible reconstructions

Costs for building repairs and maintenance can be deducted immediately. The "extended repair concept" allows for direct deduction for certain types of reconstructions, even if they add value and are capitalized in the accounts.

## Sales of properties

Properties can be divested directly or indirectly in corporate wrappers; each have different tax consequences.

Profit on sales of properties that fiscally represent fixed assets is taxable, while a loss is put in a "fold" and can only be netted against profits within the Group from direct sales of properties that represents fixed assets. Profit on sales of shares that fiscally are considered fixed assets is not taxable, while a loss is not tax deductible.

For properties or shares that fiscally represent current assets, a profit is always taxable while a loss is tax deductible.

## Changes in property and derivatives values

Swedish accounting laws do not allow recognition of properties at fair value in a legal entity, meaning that changes in value do not affect taxation. Certain financial instruments, such as interest rate swaps, may be recognized at fair value in legal entities. For Castellum, changes in value resulting in a negative value on the instrument constitute a tax-deductible expense, while changes in value up to the instrument's cost are considered taxable income.

Castellum has no ongoing tax disputes.

## TAX CALCULATION 2018

MSEK	Basis current tax	Basis deferred tax
Income from property management	2,952	
Deductions for tax purposes		
depreciations	-1,031	1,031
reconstructions	-582	582
Other tax allowances	94	-79
Taxable income from property mgmt	1,433	1,534
- current income tax 22%, if tax losses are not utilized	316	
Properties sold	101	-1,803
Change in value on properties	-	5,326
Change in value on derivatives	152	-
Taxable income before tax loss carry forwards	1,686	5,057
Tax loss carry forwards, opening balance	-2,437	2,437
Tax loss carry forwards, closing balance	1,081	-1,081
Taxable income	330	6,413
<b>Tax for the year 22%</b>	<b>-74</b>	<b>-1,411</b>
<b>Revaluation, deferred tax</b>	<b>-</b>	<b>618</b>
<b>Tax according to the Income statement for the period</b>	<b>-74</b>	<b>-793</b>

## NET DEFERRED TAX LIABILITY, DECEMBER 31, 2018

MSEK	Basis	Nominal tax liability	Actual tax liability
Tax loss carry forwards	1,081	231	221
Untaxed reserves	-144	-31	-31
Properties	-50,533	-10,428	-3,165
Total	-49,616	-10,288	-2,975
Properties, asset acquisitions	4,976	1,025	
<b>In the balance sheet</b>	<b>-44,640</b>	<b>-9,203</b>	

Deferred tax is in principle both interest-free and amortization-free, and can therefore be considered equity. Actual deferred tax is lower than nominal tax partly due to the possibility of selling properties in a tax-efficient way, and partly due to the time factor which means that the tax will be discounted.

The actual net deferred tax liability has been estimated at 6% based on a discount rate of 3%. Further, assessments have been made that tax loss carry forwards are realized in 2 years with a nominal tax of 21.4%, giving a present value for the deferred tax liability of 21%, and that the properties are realized over a period of 50 years where 33% are sold directly with a nominal tax of 20.6% and 67% are sold indirectly in corporate wrappers where the buyer's tax discount is 8%, which gives a present value for the deferred tax liability of 6%.

### Deferred tax on the balance sheet

Above all, Castellum has three items that make up the basis for deferred tax: properties, tax loss carry forwards and untaxed reserves. All tax loss carry forwards are recognized since expected future taxable income may be used to net the tax loss carry forwards. Deferred tax attributable to properties arises primarily due to changes in value, tax deductions such as depreciation and deduction of certain reconstructions that are capitalized in the financial accounting. Untaxed reserves consist of transfers to the tax allocation reserve.

### Property tax

Property tax is paid on almost all the Group's properties.

Special buildings such as communication buildings, educational and healthcare buildings are tax exempt. For other properties, the tax rate — as set by the Swedish Tax Agency — depends on the type of building and site. For offices, the tax is 1% of the assessed value; for logistics and warehouse buildings, it is 0.5%. In Denmark and Finland, tax rates vary depending on which municipality the properties are located in. Property taxes for 2018 amounted to MSEK 315 (305), based on an assessed value of SEK 34 billion.

### Value added tax (VAT)

Properties are exempt from compulsory VAT. If a premises is leased to a customer who runs a permanent VAT-liable business, the property owner can voluntarily register for VAT and thus deduct input VAT on both operating expenses and investments. No deductions can thus be made for input VAT attributable to operating expenses and investments in premises not registered for voluntary tax liability. Non-deductible VAT on operating expenses for 2018 totaled MSEK 21 and was recognized as an operating expense. Non-deductible input VAT on investments for 2018 was MSEK 120 and was recognized as investment in property.

### Stamp duty

Upon acquisition of property in Sweden there is a stamp duty (title deed) of 4.25%, calculated on either the purchase price or the assessed value, whichever is greater. In Denmark, the corresponding tax is 0.6% and in Finland it is 4.0%. In Finland, a stamp duty of 2.0% can also be paid on shares in a property company. In 2018, MSEK 29 stamp duty was paid on acquisitions as part of the cost of acquisition. There is also an additional stamp duty of 2% (1.5% in Denmark) for mortgage deeds in properties. In 2018, this tax totalled MSEK 0 and is capitalized in the balance sheet.

### Energy taxes

Castellum purchases energy to use for heating, cooling, ventilation and lighting in its properties. Of this, MSEK 31 pertains to energy taxes.

### Employees

Employers in Sweden pay 31.42% in social security contributions based on salary and a payroll tax of 24.26% on pension contributions. Castellum has 388 employees for whom MSEK 85 was paid in social security contributions and payroll taxes.

### Summary of tax

In 2018, Castellum's operations generated a total of MSEK 675 (572) in various taxes.

### Summary of tax paid

MSEK	2018
Income tax	74
Property tax	315
VAT, not deductible	141
Stamp duty	29
Energy tax	31
Social security contributions and payroll tax	85
<b>Total tax paid</b>	<b>675</b>

### New legislation on interest deduction limits and lowered corporate tax

During the first quarter, the government published the "New Tax Rules for the Business Sector" draft bill referred to the Council on Legislation for scrutiny. The bill includes proposals for interest expense deduction limitations pursuant to EU directives, and was adopted on June 13, 2018 and will enter force on January 1, 2019. Broadly speaking, the legislation entails a maximum net interest expense deduction of 30% on EBITDA (in Castellum's case, the proposal means profit before tax with the add-back of net interest, changes in property and derivatives values, and deductions for tax deductible redevelopments). Moreover, the government proposes a lowered corporate tax, introduced in two steps: 21.4% as of 2019, which will be lowered to 20.6% as of 2021.

Today's strong cash flow from operations, combined with historically low interest rates and reduced corporate taxes, mean that interest rate limitations in their present format do not significantly affect Castellum's tax paid.

# Risk and risk management

Property ownership and management exposes operations to a number of internal and external risks, or uncertainty factors that could impact the Group's ability to achieve its overall objectives for growth. Castellum's risks are divided into six overall categories: business environment, strategic risks, operational risks, sustainability, people and financing.

Castellum therefore works continually, in a structured manner, to identify and actively monitor financial and other risks that operations encounter or are faced with. The Group's risk management involves a structured process of decision-making with the aim of establishing a balance between the desire to limit uncertainty or risk and the task of generating growth and shareholder value.

Castellum will construct the new Swedish National Courts Administration building in the Nyhamnen district of Malmö. The investment comprises a key element of Castellum's strategy for further growth in the Öresund region and will be one of Castellum's largest construction projects in its history.

# Risk and risk management

## Risks, exposure and risk management

Castellum defines risk as an uncertainty factor that may affect the company's ability to achieve its objectives. Risk management aims at balancing the desire to limit risk and achieving objectives. In order to assess the effect of identified risks, an internal risk rating is conducted in which each risk is assessed, from the perspectives of impact and probability. This process determines if the risk should be further monitored (Monitor), if actions should be taken (Focus) or if it can be handled through standard review and management (Review).

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 risks — risks associated with 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

RISK CATEGORY	RISK	IMPACT	PROBABILITY	PRIORITY	CHANGE
<b>BUSINESS ENVIRONMENT</b>					
Macroeconomic risks	1. Macro — crisis	Serious	Low	Focus	▲
Crises	2. Crises	Medium	Possible	Monitor	◊
Change in legislation	3. Changes in legislation	Medium	Certain	Focus	◊
	4. Regulatory compliance	Serious	Unusual	Focus	◊
<b>STRATEGIC RISKS</b>					
Composition of the property portfolio	5. Composition of the property portfolio	Major	Unusual	Monitor	◊
	6. Obsolete product/property	Medium	Likely	Monitor	◊
	7. Size — too big in a submarket/area	Minor	Unusual	Review	◊
Reputation	8. Brand	Major	Possible	Focus	◊
	9. Digitalization	Medium	Possible	Monitor	◊
Investments	10. Investments	Major	Likely	Focus	◊
	11. Strategic acquisitions	Serious	Possible	Focus	◊
Changes in value	12. Changes in value — real estate	Serious	Certain	Focus	◊
<b>OPERATIONAL RISKS</b>					
Rental income	13. Rental income	Medium	Unusual	Monitor	◊
	14. Dissatisfied customers/tenants	Serious	Low	Focus	◊
Property costs	15. Property costs	Insignificant	Possible	Review	◊
Tax	16. Tax	Insignificant	Possible	Review	◊
<b>SUSTAINABILITY RISKS</b>					
Sustainability	17. Operational environmental risks	Serious	Low	Focus	◊
	18. Risks attributable to climate change	Medium	Possible	Monitor	◊
	19. Violation of Code of Conduct	Serious	Low	Focus	◊
	20. Liability risks	Major	Possible	Monitor	◊
<b>PEOPLE</b>					
People	21. Employees	Serious	Likely	Monitor	◊
	22. People	Serious	Likely	Monitor	◊
<b>FINANCIAL RISK</b>					
Financing	23. Financing	Serious	Possible	Focus	◊
Reporting	24. Reporting	Serious	Unusual	Focus	◊
Changes in value	25. Change in derivatives values	Medium	Likely	Monitor	▲

✔ Reduced focus on risk area since previous year
 ◊ Unchanged focus on risk area since previous year
 ▲ Increased focus on risk area since previous year

## Business environment

External environment risks refer to risks due to the influence of external factors, mainly outside Castellum's control, but to which Castellum has to relate. These risks can be divided into macroeconomic risks, crises changes in legislation and regulatory compliance.

RISK	MANAGEMENT	EXPOSURE
<b>MACROECONOMIC RISKS</b>		<b>PRIORITY: FOCUS</b> <b>DEVELOPMENT: </b>
<p><b>1. Macro — crisis</b></p> <p>Macroeconomic risks are risks associated with a general reduction in demand in the economy, low inflation, deflation or situations which entail general difficulties in obtaining financing, or alternatively obtaining financing at higher credit margins.</p>	<ul style="list-style-type: none"> <li>• Business intelligence</li> <li>• Strong balance sheet and low loan-to-value ratio</li> <li>• Well-composed contract portfolio with a wide spread regarding notice period, industry, type of premises, contract size and geography</li> <li>• Deflation protection or a minimum upward adjustment of leases</li> <li>• Multiple sources of financing</li> <li>• Frequent renegotiations and supply of new credit agreements</li> <li>• Property portfolio concentrated on growth areas</li> <li>• Natural macroeconomic hedging mechanism between higher/lower interest costs and rental income, but with some time delay</li> </ul>	<p>A weak economy negatively impacts the demand for premises, leading to increased vacancies, falling market rents and loss of indexation for existing leases. In addition, the risk of payment problems — or even bankruptcies — among tenants increases, resulting in immediate negative effects on cash flow. Limited access to capital reduces Castellum's opportunities to conduct operations. Ultimately, reduced demand in the economy leads to declining property values.</p>
<b>CRISES</b>		<b>PRIORITY: MONITOR</b> <b>DEVELOPMENT: </b>
<p><b>2. Crises</b></p> <p>Crises include all crisis events that emerge in the business environment that Castellum cannot influence and are difficult to foresee: events such as terrorist attacks, cyber attacks, extreme weather events and environmental disasters as well as information leaks.</p>	<ul style="list-style-type: none"> <li>• Crisis plan</li> <li>• Succession planning for senior executives</li> <li>• Unlimited cover insurance, properties</li> <li>• Guidelines for information security, and create user understanding and awareness of information as an asset to be handled with care</li> <li>• Continuity plan IT</li> </ul>	<p>The risk is generally low, but Castellum could be indirectly affected by events in its business environment.</p>
<b>CHANGES IN LEGISLATION</b>		<b>PRIORITY: FOCUS</b> <b>DEVELOPMENT: </b>
<p><b>3. Changes in legislation</b></p> <p>Changes in legislation or ordinances, both national and international, can impact Castellum. Some examples are tax legislation, new regulations for banks, handling planning processes, and so on.</p>	<ul style="list-style-type: none"> <li>• Monitor developments regarding laws, regulations, praxis and so on within the areas most essential to Castellum</li> <li>• Actively participate as much as possible in debate</li> <li>• Prepare Castellum for new or amended regulations</li> <li>• Continual renegotiation of credit agreements</li> <li>• Broaden the financing base via more sources of financing and financiers</li> </ul>	<p>Changes in legislation can impact future opportunities to invest, or alternately result in price increases, which lead to poorer yields moving forward. New banking legislation can impact access to financing and the price of borrowed capital, and could trigger credit covenants that would lead to increased financing costs.</p> <p>Changes in tax rates and tax legislation, such as proposals regarding interest deduction limitations, new regulations concerning tax depreciation and prohibitions on "bundling" of properties, may affect Castellum's future tax expenses.</p>
		<b>PRIORITY: FOCUS</b> <b>DEVELOPMENT: </b>
<p><b>4. Regulatory compliance</b></p> <p>Inadequate compliance could lead to financial losses, supervisory sanctions, loss of reputation, and in the worst case to delisting. Some regulations, such as IFRS, are open to interpretation, which means that Castellum and regulatory supervisors may have different opinions.</p>	<ul style="list-style-type: none"> <li>• A corporate culture built on high ethical ideals</li> <li>• Strict internal control processes with quality assurance at several stages</li> <li>• Code of Conduct</li> <li>• Competent and responsible employees</li> <li>• Monitor the development of legislation, praxis, court orders etc.</li> <li>• Compliance function that reports directly to the Audit and Finance Committee</li> <li>• Whistleblower function</li> </ul>	<p>Conducting Castellum's operations responsibly is crucial for the Group's long-term success. Our operations and our ability to continue creating value are based on relationships among employees, customers, partners, investors, authorities and so on.</p> <p>All our employees create a shared image of Castellum through our conduct and what we provide to the community around us.</p>

 Reduced focus on risk area since previous year  Unchanged focus on risk area since previous year  Increased focus on risk area since previous year



## Strategic risks

Strategic risks are risks associated with Castellum's reputation or the ownership of Castellum's property portfolio, which in turn can be divided into risks regarding the composition of the portfolio, reputation, digitalization, investments and corporate acquisitions as well as changes in property values.

RISK	MANAGEMENT	EXPOSURE
<b>COMPOSITION OF THE PROPERTY PORTFOLIO</b>		<b>PRIORITY: MONITOR</b> <b>DEVELOPMENT: &lt;</b>
<b>5. Composition of the property portfolio</b> The composition of the portfolio can be affected at two levels: unfavourable geographical distribution, which means that Castellum owns properties in the wrong submarket, community or location with regard to factors such as future growth and current strong urbanization trend; or that Castellum owns obsolete properties — a property portfolio that is not future-proof based on customer preferences, technical requirements, micro-location or flexibility in usage and contractual terms and conditions.	<ul style="list-style-type: none"> <li>Macro analysis: regular reviews of the submarkets' conditions as regards economic growth, rental market, partnership climate, infrastructure investments and so on.</li> <li>Annual review of the property portfolio regarding both geographic exposure and product types</li> <li>Strategy documents established annually by the Board of Directors</li> </ul>	Castellum's property portfolio is located in some twenty cities as well as in Copenhagen and Helsinki. Currently, all locations are assessed as having the right conditions for continued holding or investments. Additionally, major transactions have been carried out over the last few years for the purpose of creating better conditions for growth in the cash flow going forward. The Group's property portfolio in the commercial property segment is divided into offices, public sector properties, and warehouse and logistics. All segments are linked to growth possibilities.
		<b>PRIORITY: MONITOR</b> <b>DEVELOPMENT: &lt;</b>
<b>6. Obsolete product/property</b> A real estate portfolio that is not future-proof may become obsolete due to customer preferences, technical requirements, micro-location or to flexibility in usage and contractual terms and conditions. It entails a risk of increased vacancies and a decline in value as a result, or alternately large investment commitments.	<ul style="list-style-type: none"> <li>Follow the rental market and its trends/offering</li> <li>"Trendspotting"</li> <li>Be customer-centric, to understand not only the needs of today but also those of tomorrow</li> <li>Follow infrastructure investments</li> <li>Participate actively in city/submarket development</li> <li>Innovation lab that follows technological developments, focusing on megatrends</li> <li>Routinely invest in the existing portfolio to "upgrade" and sell properties that are not deemed "right" going forward</li> </ul>	Castellum annually invests approximately SEK 4.5 billion, net, evenly distributed in a normal year between acquisitions, new constructions, expansions and reconstructions. Castellum also actively works on sales in order to reallocate capital to investment opportunities with better yields.
		<b>PRIORITY: REVIEW</b> <b>DEVELOPMENT: &lt;</b>
<b>7. Size — too big in a submarket/area</b> Becoming too big in a submarket or city may result in the municipality or the business environment placing stricter demands on Castellum, for example requiring the company to take overall financial responsibility for an area regarding infrastructure and so on.	<ul style="list-style-type: none"> <li>Be among the top three property owners in each respective city</li> <li>Follow market share, which is taken into account in the investment strategy established</li> <li>Conduct annual analysis of the coming three-year period to identify available growth opportunities</li> </ul>	The property portfolio is concentrated in selected cities, all of which are regarded as stable with favourable conditions for long-term positive development
<b>REPUTATION</b>		<b>PRIORITY: FOCUS</b> <b>DEVELOPMENT: &lt;</b>
<b>8. Brand</b> Insufficient preparation for managing sensitive issues, discontent and/or crisis risks an explosive situation, creating rumors and damaging confidence.	<ul style="list-style-type: none"> <li>Open culture for creating the confidence to pass on information at an early stage</li> <li>Monitoring social channels</li> </ul>	<ul style="list-style-type: none"> <li>Misdirected campaign that creates shock and upset risks ruining our reputation and confidence among customers, employees and other target groups.</li> </ul>
		<b>PRIORITY: MONITOR</b> <b>DEVELOPMENT: &lt;</b>

✔ Reduced focus on risk area since previous year 
 ◀ Unchanged focus on risk area since previous year 
 ⬆ Increased focus on risk area since previous year

## SENSITIVITY ANALYSIS — CASH FLOW

Effect on income, next 12 months

	Effect on income, MSEK		Probable scenario	
	+/- 1%		Boom	Recession
Rent level/Index	+55/-55		+	-
Vacancy	+59/-59		+	-
Property costs	16/+16		-	0
Interest expenses	-82/+22		0	-

\*Due to such factors as the interest rate floor in credit agreements, Castellum is not able to take full advantage of negative interest rates. This results in a negative outcome, even for a reduction of one percentage point in the interest rate.

## SENSITIVITY ANALYSIS — CHANGE IN VALUE

Properties	-20%	-10%	0	+10%	+20%
Changes in value, MSEK	-17,834	-8,917	-	8,917	17,834
LTV ratio	56%	50%	45%	41%	37%

## VALUE RANGE — SIMPLIFIED EXAMPLE

		Net operating income		
		-5%	+5%	
+0.5%	95	=1,267	105	=1,400
	7.5%		7.5%	
Required yield	-11%		Net operating income	-2%
	+2%		100	=1,429 Value
		7.0%	Required yield	+13%
-0.5%	95	=1,462	105	=1,615
	6.5%		6.5%	

Figures in green relate to change in value

RISK	MANAGEMENT	EXPOSURE
<p><b>9. Digitalization</b></p> <p>Trends in digitalization move quickly, creating new conditions for the property industry. New or innovative digital solutions replace old technology and working methods, making new service possible and changing customer demands.</p> <p>These trends also mean that new players enter the market. Players who do not adapt their operations to changing conditions could lose customers, suppliers and employees.</p>	<ul style="list-style-type: none"> <li>Business intelligence with a focus on megatrends and their impact on changing behaviors in operations and people</li> <li>Innovation lab that promotes business development</li> <li>Connected technology in our properties to gather data and learn from it</li> <li>Acquisition of United Spaces, a co-working company, in January 2019</li> </ul>	<ul style="list-style-type: none"> <li>Risk of inefficient working methods and/or lost customers and employees if innovation, new technology, digitalization and efficiency enhancements are not used.</li> <li>Risk that new players take over parts of Castellum's business, including customer contact.</li> </ul>
INVESTMENTS		PRIORITY: FOCUS DEVELOPMENT:
<p><b>10. Investments</b></p> <p>Erroneous investment strategy or alternately inability to execute the selected investment strategy, or inability to identify profitable investment projects.</p> <p>Investments can be in the form of new construction, expansions and reconstructions, or via acquisitions. Acquisitions of individual properties can be carried out directly as property acquisitions, or indirectly in corporate form.</p> <p>Acquisitions can also be large-scale, either in the form of regional portfolios or property categories, or in the form of strategic corporate acquisitions (i.e. the purchase of an existing organization).</p>	<ul style="list-style-type: none"> <li>Annual review and evaluation of the chosen investment strategy</li> <li>Investment decisions linked to the chosen investment strategy to ensure the correct decision</li> <li>Several investment discussions in parallel</li> <li>Three-year follow-up of investments made</li> <li>Risk-based model to determine the share of developments that can start without customers</li> <li>Structured decision-making process that analyzes market conditions and risks</li> <li>Contract forms that limit risk</li> <li>Leases signed prior to the production start are designed to limit the negative impact of unforeseen production delays, additional requirements, and so on</li> <li>Quality assurance and monitoring of completed projects</li> <li>Quality assured due diligence process regarding legal, financial and tax issues</li> <li>Introduction program for new employees</li> </ul>	<p>Investments with low yield and/or lack of growth potential mean that the growth target of 10% in income from property management is not reached. Additionally, the growth target requires making annual investments, which in a powerfully competitive property market entails increased risk that the chosen investment strategy cannot be carried out.</p> <p>Risks association with new construction, expansions and reconstructions relate to both the technological side in the form of production risks such as choice of supplier, form of contract, technical design and so on; and to the market side in the form of lease and vacancy risks as well as misjudgements regarding potential lease level and customer desires.</p> <p>In addition, there are risks in the form of negative environmental impact.</p> <p>Acquisitions via corporations also involve company-specific risks in the acquired companies — tax, disputes and environmental issues, for example. Takeover of personnel further entails employee integration.</p>
		PRIORITY: FOCUS DEVELOPMENT:
<p><b>11. Strategic corporate acquisitions</b></p> <p>Strategic acquisitions can be carried out to obtain various advantages, but can also entail risks such as difficulties integrating operations and employees, drawing management's attention away from other important business issues, a possibly new market the acquirer has limited or no experience with, expenditures for unknown or potential legal liabilities in the acquired company, and an overly expensive acquisition.</p>	<ul style="list-style-type: none"> <li>Due diligence</li> <li>Thorough planning and structured processes for incorporating a new company</li> <li>Identify in advance the skills and market awareness needed</li> <li>Identify key people in advance</li> <li>Access to the market's best advisers</li> </ul>	<p>Castellum has the efficient processes and skills (directly or indirectly via advisers) required for major strategic acquisitions.</p>
		PRIORITY: FOCUS DEVELOPMENT:
<p><b>12. Changes in value — real estate</b></p> <p>Changes in value can occur either as a result of macroeconomic factors (see section on macroeconomic risks), microeconomic factors (usually the wrong submarket, city or location) or property-specific causes (often cash flow-related).</p> <p>In addition, there is also the risk of individual properties being incorrectly assessed. Whatever the reason, changes in value impact the Income Statement, Castellum's financial position and the loan-to-value ratio.</p>	<ul style="list-style-type: none"> <li>Strong balance sheet</li> <li>A large number of properties, a geographically diversified property portfolio and great variation in lease agreements result in lower volatility in property portfolio value</li> <li>Routine analysis of the transaction market and quarterly reviews of the property portfolio valuation yield early warning signs</li> <li>Internal quality assurance and internal control of internal valuations</li> <li>Annual external valuation of at least 50% of the portfolio</li> </ul>	<p>Large negative changes in value can ultimately lead to breaking agreed terms and commitments in credit agreements, thus resulting in costlier borrowing, or in the worst-case scenario credits falling due for payment.</p>

Reduced focus on risk area since previous year Unchanged focus on risk area since previous year Increased focus on risk area since previous year

## Operational risks

Operational risks refer to risks connected with routine administration of Castellum's real estate portfolio, which directly impacts income from property management. These can be categorized as rental income, dissatisfied customers/tenants, property costs and tax.

RISK	MANAGEMENT	EXPOSURE
<b>RENTAL INCOME</b>		<b>PRIORITY: MONITOR</b> <b>DEVELOPMENT:</b> ◊
<p><b>13. Rental income</b> Rental income is impacted by a number of factors, both external and internal. External factors may include falling market rents, loss of indexation and bankruptcy (see section on macroeconomic risks). Poor management can result in dissatisfied tenants, unnecessary vacancies and customer loss owing to a poorly adapted customer offering.</p>	<ul style="list-style-type: none"> <li>• Properties in growth areas and a contract portfolio with a large number of agreements, not dependent on a single tenant or business sector, and a maturity structure spread over time</li> <li>• Proximity and attentiveness to customers</li> <li>• Experienced and competent management and leasing staff who prevent notices of termination through active renegotiations before contract expiry</li> <li>• Competitor analysis; measure customer satisfaction and follow up on net leasing</li> <li>• Strive for leases with an index clause with deflation protection and minimum adjustment</li> </ul>	For Castellum, reduced income can be derived from lower rental value, which is the potential rent that can be obtained from vacant premises, or alternately lower rental income, which is the actual rent received. Rental income is thus dependent on both the market rent of the property and on how Castellum handles vacancies. Reduced rental income ultimately leads to poorer cash flow and thus to a decline in the value of the real estate portfolio.
		<b>PRIORITY: FOCUS</b> <b>DEVELOPMENT:</b> ◊
<p><b>14. Dissatisfied customers/tenants</b> Several tenants or customers are dissatisfied and leave the Group. The opportunity to attract new customers/tenants disappears, with large vacancies and decline in value as a result.</p>	<ul style="list-style-type: none"> <li>• Be close and attentive to customers</li> <li>• Experienced and competent management and leasing staff</li> <li>• Annual measurement, Customer Satisfaction Index</li> </ul>	Castellum has a strong and clear customer focus, and it is important that the Group lives up to customer expectations. This is why a Customer Satisfaction Index measurement is conducted annually.
<b>PROPERTY COSTS</b>		<b>PRIORITY: REVIEW</b> <b>DEVELOPMENT:</b> ◊
<p><b>15. Property costs</b> Risks concerning property costs relate primarily to cost increases beyond what Castellum can be compensated for through contractual rents, indexation and supplementary charges for costs incurred. It can also refer to unforeseen costs and extensive renovation needs.</p>	<ul style="list-style-type: none"> <li>• High percentage of cost re-invoicing</li> <li>• Compensation via minimum indexation</li> <li>• Continuous optimization of operations and efficiency enhancement</li> <li>• Demarcation list landlord/tenant</li> <li>• Preventing customer losses via background checks and "in-house" debt recovery</li> <li>• Long-term maintenance planning, in order to optimize maintenance costs over time</li> </ul>	The price of electricity is determined by supply and demand in an open, deregulated and partly international market. Other media costs are partly controlled by local monopolies, which creates uncertainty in future costs. The basis for calculating site leasehold fees may change in future renegotiations, and political decisions can change both tax rate and tax assessment value used for calculating property tax. Indirect costs for employees — such as payroll taxes and other obligations — could also be affected by political decisions.
<b>TAX</b>		<b>PRIORITY: REVIEW</b> <b>DEVELOPMENT:</b> ◊
<p><b>16. Tax</b> Castellum failing to comply with existing regulations or to adapt to changing regulations regarding income tax and VAT. Additionally, tax is an important parameter in a calculation context.</p>	<ul style="list-style-type: none"> <li>• Strict internal control processes and external quality assurance of income tax returns, for example</li> <li>• Open claims regarding doubtful items</li> <li>• Routine training of employees</li> <li>• Closely following trends in legislation, praxis and court orders</li> </ul>	Incorrect tax management can lead to the wrong tax being paid, tax penalties and in some cases to remarks in the auditor's report. Incorrect fiscal management in calculations can lead to overestimation of yield — which means insufficient actual yield — or underestimation of yield with the risk of a profitable investment not being made.

✔ Reduced focus on risk area since previous year
 ◊ Unchanged focus on risk area since previous year
 ⬆ Increased focus on risk area since previous year

### Sustainability risks

Sustainability risks refer to risks directly or indirectly associated with environmental risks, climate change a code of conduct and liability risks.

RISK	MANAGEMENT	EXPOSURE
<b>SUSTAINABILITY</b>		
<p><b>17. Operational environmental risks</b> Environmental risks directly related to Castellum's operations can include the physical environment that impacts people and properties, as well as prices for natural resources in the form of materials and energy. Castellum estimates that risks related to rising raw materials prices owing to potential resource shortages will increase over the long term. With new construction, expansions and reconstructions there is also a risk that the materials and methods being used could subsequently prove hazardous in the future.</p> <p>In addition, political decisions and general opinion on specific environmental issues could impact Castellum.</p>	<ul style="list-style-type: none"> <li>• Environmentally certify all new constructions</li> <li>• Develop green relationships with customers</li> <li>• Require more efficient use of resources</li> <li>• Prioritize environmental aspects in all parts of operations</li> <li>• Monitor developments in laws and ordinances</li> </ul>	<p><b>PRIORITY: FOCUS</b>      <b>DEVELOPMENT: ◊</b></p> <p>Inadequate management of the work on environmental risks could affect Castellum's brand, legal compliance, and direct costs. Castellum works with environmental certification and environmental inventory to reduce environmental and health risks. 33% of the real estate portfolio is certified and 86% has undergone environmental in square meters inventory.</p> <p>Efficient management focusing on decreased use of resources reduces the risk of high costs and environmental and health impacts, as well as providing customers with a healthy working environment. Since 2007, energy consumption has been reduced by 28% per square meter and carbon dioxide emissions by 85% per square meter.</p>
<p><b>18. Risks attributable to climate change</b> Climate change poses a great risk to humanity from a global perspective. From a corporate perspective, climate change implies a risk of property damage caused by weather conditions changing over time, higher water levels and changes in other physical environments that impact properties. Castellum estimates these risks will potentially increase over the long run. This could mean increased need for investment in properties located in vulnerable areas, so that objects do not become obsolete. In addition, environmental policy decisions could impact Castellum, especially in the form of increased taxes or necessary investments.</p>	<ul style="list-style-type: none"> <li>• All investment issues are to be reviewed from a climate perspective in order to assess a property's sensitivity to climate change</li> <li>• All new constructions environmentally classified</li> <li>• Prioritize environmental aspects in all parts of operations</li> <li>• Monitor developments in laws and ordinances</li> </ul>	<p><b>PRIORITY: MONITOR</b>      <b>DEVELOPMENT: ◊</b></p> <p>Inadequate efforts in analyzing climate risks can lead to extensive unforeseen costs for Castellum in the form of emergency measures or obsolete properties. Castellum is currently reviewing every investment issue from a climate perspective; we also work with environmental certification to reduce climate risks.</p>
<p><b>19. Violation of Code of Conduct</b> For a major player in the construction and real estate industry, there are risks pertaining to working environment, corruption, and human rights. These risks can be found within the company, but also with suppliers and partners working on assignments for Castellum.</p> <p>This corporate responsibility risk can cause significant damage to Castellum's operations and brand.</p>	<ul style="list-style-type: none"> <li>• Mandatory training for Castellum employees on the internal code of conduct</li> <li>• Castellum's Code of Conduct for suppliers to be incorporated into contracts</li> <li>• Compliance function works systematically with monitoring and management</li> <li>• Whistleblower function</li> <li>• Comply with standards and documentation requirements</li> </ul>	<p><b>PRIORITY: FOCUS</b>      <b>DEVELOPMENT: ◊</b></p> <p>Risk of violations of code of conduct may exist internally as well as among engaged suppliers. Through properly integrated codes of conduct in the form of procurement requirements, mandatory training for all Castellum employees, an active compliance function and a whistleblower function, the risk of violation is considered low.</p>
<b>LIABILITY RISKS</b>		
<p><b>20. Liability risks</b> All ownership entails responsibility. For Castellum, the properties could be destroyed by fire, water, theft or other damage. Moreover, through negligence Castellum could cause personal injury or property damage and cause environmental damage for which it will be held liable.</p>	<ul style="list-style-type: none"> <li>• Preventive measures to minimize the risk of damage to property, persons or the environment</li> <li>• Unlimited cover insurance on all properties</li> <li>• Insurance coverage for liability and property damage</li> <li>• Environmental inventory of existing portfolio and when acquiring properties, in order to identify and address environmental and health risks</li> </ul>	<p><b>PRIORITY: MONITOR</b>      <b>DEVELOPMENT: ◊</b></p> <p>Inadequate insurance coverage may result in unforeseen costs for Castellum. The obligation to pay compensation for damage caused can also arise for personal injury and damage to the property of another, as well as for remediation of environmental damage.</p>

✔ Reduced focus on risk area since previous year  
 ◊ Unchanged focus on risk area since previous year  
 ⬆ Increased focus on risk area since previous year

## People

Risks related to people affect both employees and people in Castellum's environment.

RISK	MANAGEMENT	EXPOSURE
<b>PEOPLE</b>		<b>PRIORITY: MONITOR</b> <b>DEVELOPMENT:</b>
<p><b>21. Employees</b> Employees are one of our most important assets; their decisions and actions run our operations. The largest risk is failure to recruit, develop and retain employees and senior executives with the right skills, which may lead to underperformance at Castellum.</p>	<ul style="list-style-type: none"> <li>• Castellum's shared values</li> <li>• Open and transparent work environment</li> <li>• Skills and leadership development</li> <li>• Employee survey</li> <li>• Succession plan for key employees/senior executives</li> <li>• Market-based, competitive remuneration</li> <li>• Analysis of staff turnover</li> </ul>	<p>Wrong employees in the wrong place, disgruntled employees, poor management and an organization that does not encourage open dialogue and development can lead to employees feeling unhappy, underperforming or quitting. In turn, dissatisfied employees and high employee turnover lead to increased costs, poorer customer relations and reduced internal efficiency, which results in impaired profitability.</p>
		<b>PRIORITY: MONITOR</b> <b>DEVELOPMENT:</b>
<p><b>22. People</b> Castellum works actively to minimize the risk of employees, hired outside staff or other people being injured physically or mentally in connection with its offices, developments or properties.</p>	<ul style="list-style-type: none"> <li>• Continual work in accordance with Castellum's work environment handbook</li> <li>• Routine monitoring</li> <li>• Protection committee</li> <li>• Design and architecture with "people in focus" in order to ensure a good environment for tenants, visitors and employees</li> <li>• Provide attractive offices and environments where people feel happy and are encouraged to create good conditions for performance</li> </ul>	<p>Castellum works actively to minimize the risk of employees, outside staff hired by us or other people being injured in a workplace-related accident or an accident related to deficient working conditions, work environment or work safety.</p>

Reduced focus on risk area since previous year Unchanged focus on risk area since previous year Increased focus on risk area since previous year

## Financial risk

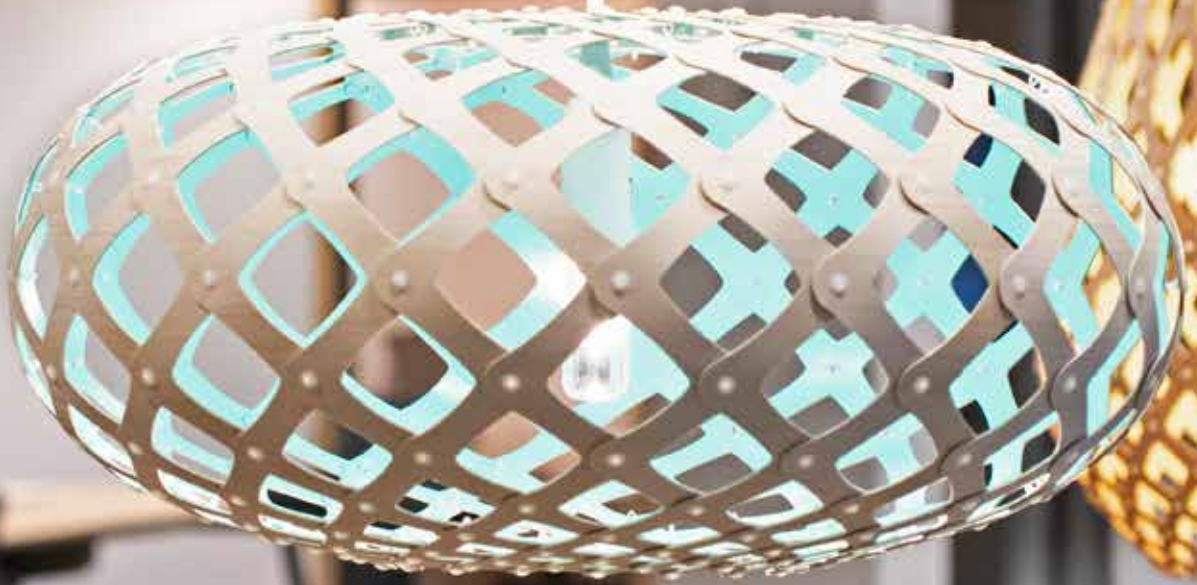
Castellum's single greatest risk is not having access to financing. Conditions and rules in the credit market can change quickly, which impacts interest rate risk, financing costs and the opportunity to obtain and extend credits.

Risks can be divided into financing risk, reporting and change in derivatives values.

RISK	MANAGEMENT	EXPOSURE
<b>FINANCING</b>  <b>23. Financing</b> Liquidity and financing risk: Financing is either not available or very disadvantageous at a given time. Chosen capital structure: Castellum breaching the 50% loan-to-value ratio or the covenant for 65% can impact market confidence in the company; <ul style="list-style-type: none"> <li>breaching the 65% loan-to-value ratio means certain agreements will fall due</li> <li>breaching the 45% secured borrowing of the Group's total assets means certain bond financing will fall due for payment</li> </ul> Interest rate risk: the risk of earnings or cash flow impact as a result of changing market rates. Castellum could breach the established mandate of an interest coverage ratio of not less than 200% or corresponding covenants of a minimum of 150%.	<ul style="list-style-type: none"> <li>A finance policy that establishes risk mandates</li> <li>Liquidity reserves/unutilized credit facility</li> <li>Multiple sources of financing in various geographical markets (banks, capital markets including bonds and commercial paper)</li> <li>Several lenders, moreover only counterparties with high credit ratings</li> <li>Continuous renegotiation of credit agreements</li> <li>Security through pledged mortgages</li> <li>Strong balance sheet</li> <li>An interest rate maturity structure spread across various tenors</li> <li>Long-term credit agreements with fixed margins</li> <li>Revolving credits to obtain maximum flexibility</li> <li>Established calculation formulas</li> <li>Reconciliation between internal and external valuations</li> <li>Compliance function to ensure independence</li> </ul>	<b>PRIORITY: FOCUS</b> <b>DEVELOPMENT:</b> ◊  Property ownership is a capital-intensive business that requires a well-functioning credit market. Access to financing is fundamental for Castellum and for continued growth. Insufficient liquidity reserves could result in Castellum missing out on business opportunities. All lenders are not equally strong financially, however, which means there are counterparty risks in the system.  Changes in capital structure might cause Castellum to breach the agreed key financial metrics of the loan conditions, which would lead to more expensive loans or to credit agreements maturing. Failure to ensure an appropriate capital structure could negatively impact capital market confidence in Castellum.  The market interest rate is impacted by central bank monetary policy, expectations for financial trends — both national and international — and unexpected events.
<b>REPORTING</b>  <b>24. Reporting</b> The risk that an official report, in the form of interim or annual reports, does not provide a true and fair view of Castellum's operations, earnings and financial position.	<ul style="list-style-type: none"> <li>A corporate culture based on high ethical ideals and orderliness</li> <li>Strict internal control processes with quality assurance at several stages</li> <li>Skilled and experienced staff</li> <li>Monitor trends in regulations in order to implement new changes in good time</li> <li>Compliance function that reports directly to the Board's Audit and Finance Committee</li> <li>External audit, full-year and half-year</li> </ul>	<b>PRIORITY: FOCUS</b> <b>DEVELOPMENT:</b> ◊  A misleading report would give Castellum bad will and a poor reputation in the market. This could lead to uncertainty among investors, increased risk premium and ultimately to a negative exchange rate impact, creating economic losses for Castellum's current owners.  Other effects include investors making incorrect investment decisions, regulators imposing sanctions and ultimately the Castellum share being delisted.
<b>CHANGES IN VALUE</b>  <b>25. Change in derivatives values</b> Changes in value to Castellum's interest rate derivatives or currency derivatives arise from changes in market interest rate or exchange rates.	<ul style="list-style-type: none"> <li>Finance policy that establishes which derivative instruments may be utilized for interest rate fixing and currency risk</li> <li>Only marketable instruments in the market to be used, which is why listed prices can be obtained</li> <li>Established calculation formulas</li> <li>Reconciliation between internal and external valuations</li> <li>Compliance function to ensure independence</li> </ul>	<b>PRIORITY: MONITOR</b> <b>DEVELOPMENT:</b> ⬆️  Changes in market interest rate and exchange rates impact the market value of the derivatives portfolio. Improper valuation of derivatives may provide an inaccurate picture of the Group's financial position.

✔ Reduced focus on risk area since previous year  
 ◊ Unchanged focus on risk area since previous year  
 ⬆️ Increased focus on risk area since previous year

*“We are so proud of our new premises, you can see the people who come here are impressed.”*



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## From start to finish — Castellum helped DIGG find a home

When the Agency for Digital Government (DIGG) — a brand-new government agency for digital administration — was looking for premises for its operations in Sundsvall, they got a great deal of help from Castellum, who both offered centrally-located offices and was an active partner throughout the entire startup period.

For DIGG, finding a property owner who could be part of the entire process of creating a new, attractive workplace as the foundation of the new agency's operations and culture was important.

“Castellum has been a fantastic help in everything that creating a completely new workplace entails. We collaborated closely on how the premises would be designed to suit our needs and support our operations. It meant a lot to us that Castellum had such good contact with local partners, from architects to craftsmen, and the reconstruction itself went very smoothly. Moreover, there was a tight schedule where we only had a few months from signing the contract to move-in,” says Bengt Kjellson, who managed the work in the DIGG organization committee right up to the start.

Charlotte Vikström, who works as an office expert at Castellum, helped DIGG both with the design of the office and with training employees how to work activity-based and make use of what the office space offers.

“Analyzing needs and work methods in this project was a little special, since the operations weren't located where we were creating the office. We had to make assumptions about how the operations would work, which together with a clear objective and proven experience from other projects provided a strong foundation. We here at Castellum are very satisfied with the results as well,” Charlotte Vikström says. The office breathes innovation and has a varied work environment that meets modern ways of working.

DIGG began its operations on September 1, 2018 and is an agency that will drive, coordinate and support digitalization in public administration (i.e. municipalities, county administrative boards and government agencies).

“Our operations are built on collaboration, and that is why we want an office that supports a flexible, activity-based approach. The premises must work well for meetings, both here and remotely,” Bengt Kjellson says.

It is also important that the premises send the



*Bengt Kjellson, DIGG Organizational Committee*

right signals about what the operations represent and that they feel welcoming. The first thing that meets the visitor's eye is a large, airy lounge section: a living room with various types of seating groups, both soft couches and office desks at different heights.

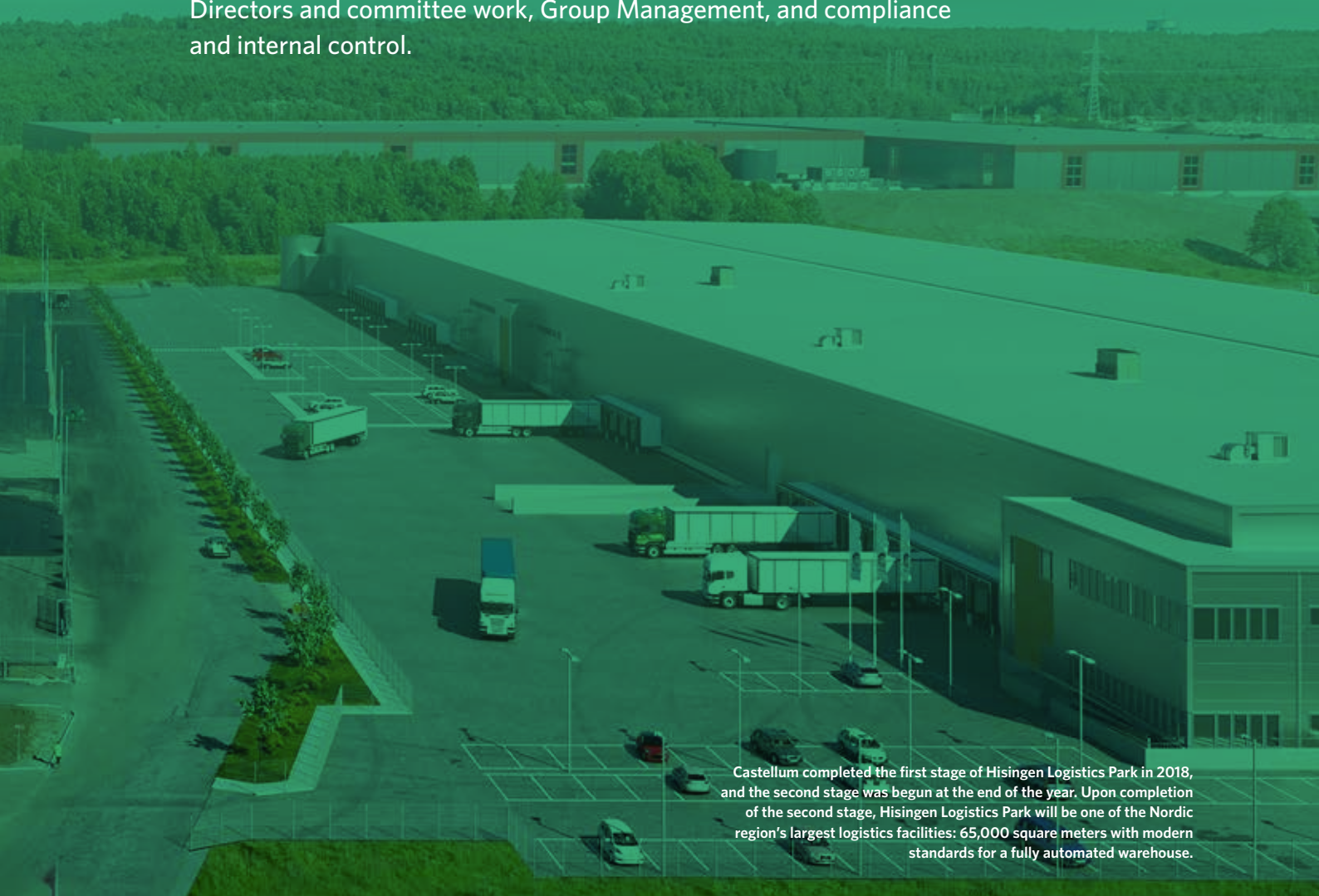
“Castellum really contributed its expertise in how to optimize the possibilities of our office and practice a flexible approach.”

There are also various meeting rooms, shared space for lunch and coffee, and many fun interior design details — for example, geometric openings in separator walls that can both let light through and serve as seating. Everything is decorated in a carefully prepared color scheme of muted pastels that matches DIGG's graphic profile.

“You can see that the people who come here are impressed. The people who work here also feel very comfortable, and we are proud of the premises. That's important, especially where recruitment and attracting people who feel they want to work here are concerned,” Bengt Kjellson says.

# Corporate Governance report

Sound corporate governance is the foundation of a trusting relationship with shareholders and other key stakeholders in the company's business environment. Governance is an important component in managing Castellum sustainably and responsibly — all in accordance with the applicable laws, other rules and best practices, and customized based on Castellum's operations. This Corporate Governance Report starts off with the Chairman's comment, followed by information on the structure of corporate governance, shareholders and the Annual General Meeting, the Nomination Committee, the auditor, the Board of Directors and committee work, Group Management, and compliance and internal control.



Castellum completed the first stage of Hisingen Logistics Park in 2018, and the second stage was begun at the end of the year. Upon completion of the second stage, Hisingen Logistics Park will be one of the Nordic region's largest logistics facilities: 65,000 square meters with modern standards for a fully automated warehouse.



## Chairman of the Board's comment

### Shareholder value in the form of strong total yield

After an uninterrupted suite of six years of rising share indexes on Nasdaq Stockholm (SIX Return), 2018 would break the trend and end up in the red. The autumn was marked by international unrest, increased uncertainty and rising volatility in the world's stock markets.

Castellum's objective — or promise to shareholders, if you will — is to create long-term, sustainable shareholder value and growth under moderate risk. Castellum's ability and performance in the stock market is graded on a daily basis in its pricing, and through the total yield we can measure our value creation, both in absolute terms and relative to our sector in the geographies where the main portion of our shareholders are located.

Over the past year, we owners of Castellum shares have enjoyed a very strong yield on our investment — just over 22% — compared with the four percent downturn for the stock market as a whole, but also compared with the property index in Sweden (+15%), the Eurozone (-8%) and the UK (-13%).

Back in 1994, when Castellum rose out of the ashes of the real estate crisis of the early 1990s, its long-term target function was formulated from a clear shareholder perspective. As support for this architecture, the structure for the incentive program for senior executives was also established; it has run in three-year cycles and the Annual General Meeting will consider the period from 2020 to 2023 in March. It consists of two elements: one annual, and one measured over three years.

One of the tasks of the Board is to routinely evaluate the structure and level of remuneration for Group Management. We set aside the proper amount of time and energy to discuss, monitor and compare with other companies, as well as to set challenging goals that drive value. The basic philosophy is to keep fixed costs in the form of salaries down, and in return to offer variable remuneration that adds up to a competitive total. If the shareholders receive a healthy yield, it is reasonable to reward executive management as well. In the real estate industry, a number of larger players and competitors for Castellum are publicly owned, and are thus prohibited from offering variable remuneration to management; this has promoted a high level of fixed remuneration. Through its incentive program, Castellum can limit this burden. To further link the interests of executive management with those of shareholders, the participants additionally pledge to purchase Castellum shares for at least half of the variable remuneration paid, after tax. This gradual investment of taxed income promotes an understanding of long-term value creation, and gives the confidence to drive change.

The three-year portion of the ongoing program, which is linked in its entirety to the Castellum share's total yield, expires in May 2020 at which point the outcome will become clear. Viewed over a longer succession of periods, Castellum has offered its shareholders a healthy average yield: just over 20% over the last three years and just over 16% over ten years.

A significant portion of the total yield is the dividend. One promise to our shareholders is a dependable dividend linked to the growth targets in income from property management.

For a number of years, the business community in general — and the capital-intensive real estate industry in particular — have been living in a "perfect storm" of low financing costs and a strong economy, something that has also favored Castellum. We have been prospering, but Castellum's executive management — challenged and assisted by the Board — has also carried out a thorough repositioning of the company's real estate portfolio, with a top-quality customer offering and concentrating on growth hubs in the Nordic region. The fruits of these improvement efforts, which otherwise are a permanent component of building a company, will be harvested for a long time to come. In the short term — viewed over a few years — larger sales or acquisitions may impact growth so that it rises above or falls below the long-term trend.



Charlotte Strömberg, Chairman of the Board

For 2018, Castellum delivered particularly strong growth in income from property management: 17% compared with the goal of 10%, which gives the Board plenty of room to propose an increase in the dividend for the 21st consecutive year. Our proposal is SEK 6.10, an increase of 15%.

### **Unique position paves the way for transactions that create value**

Castellum's Board of Directors works actively, continually developing its strategic agenda to achieve our long-term goals. The business environment is in a state of rapid change, with changing customer needs and behaviors, and — for the first time in many years — signs of a slowdown in the economy with the caution among decision makers that goes with it. As part of the annual evaluation of Board activities at the December meeting, we are monitoring performance, agreeing on focus areas, and are in dialogue with executive management for the coming year.

Despite the rate of change already being high, we have no plans to slacken our pace — quite the contrary. Our sights are set on creating value now — and also ten years from now. Allow me to touch briefly on a few decisive issues that hold significant opportunities as well as challenges.

**Talent supply.** Our ability to develop and attract the sharpest talent — not only in the real estate industry, but also in a broader job market — is crucial to our success. There is a broad set of perspectives represented on the Board, and we see shifts before us in the industry that will require supplementation, just as we are seeing shifts in technology where we are competing for specialists who have the entire world, and all sectors of society, as their workplace. Here, we see the potential for taking a position for existing and potential employees who want to be a part of breaking boundaries in an innovative environment.

Our ability to maintain a role as an **independent and financially strong player acting for the long term** has already created unique business opportunities not subject to competition; this is a position we will make sure we get additional leverage on.

The Nordic property market is a fragmented one. A few macroeconomic headwinds, generational shifts and rebalancing pension capital are all factors that will drive consolidation going forward. We at Castellum CAN — we have the financial capacity, the initiative, and the confidence; moreover, through a chain of complex transactions such as Norrporten and other portfolio transactions, we have shown that we WANT to — take part in structural changes. Access to our share as a means of payment can be a strength, as is access to the bond market not only in Sweden but also the Eurobond market after having received an investment grade rating and completed an initial issue in 2018. Castellum has persistently been shifting its financial position for several years to meet the rating requirements, and it finished the year with a loan-to-value ratio of 45%. The big figures are impressive, with a portfolio value of nearly SEK 90 billion and credit agreements of almost SEK 60 billion.

Another at least equally important aspect of our unique profile is that Castellum is building the sustainable cities of the future and — through a combination of acting for the long term and acting quickly — has quickly risen as a highly ranked partner for municipalities and other societal institutions.

**Innovation**, the confidence to break old patterns and to collaborate with new and old players, is a necessity for sustainable value creation. Historically, our industry has been protected by high barriers to entry and a traditional view of offerings. For us, it is completely obvious that new and disruptive business models are re-drawing the map. The office segment, for example, has been subject to aggregators in the form of co-working companies, in much the same way as the travel industry was exposed to Booking.com more than two decades ago. In warehouse and logistics, urbanization and changed consumption patterns have driven a shift in demand now that the retail trade is reconfiguring its supply chains. In both examples, Castellum has and is taking a leading position. Our starting point, with the largest listed office portfolio concentrated in regional and national capitals, as well as one of the absolute largest logistics portfolios, gives us room to develop attractive new customer offerings. The recently announced acquisition of United Spaces as the ground plate for continued growth in co-working, for example, also opens the way to exciting supplementary offerings to existing customers and the 250,000 people who have Castellum buildings as workplaces.

Finally, I would like to repeat the express goal of the Board and executive management that Castellum, through continual fast-paced improvement efforts, takes responsibility and hold the yellow jersey in **Sustainability**, which we give expression to as Castellum's Agenda for the Sustainable City 2030. Read more on pages 67-73, or in our sustainability section on the web.

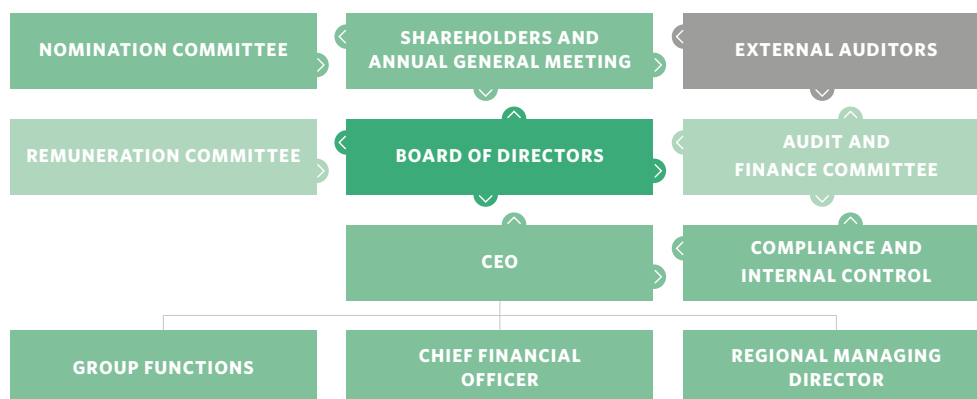
Previously, I devoted a great deal of my space in both the annual report and at the meeting to this theme, which has for many years been an integral part of Castellum's daily work. Some samples from the past year are Castellum's climate goal for net zero emissions by 2030, being the first property company in the Nordic region to be approved by the Science Based Target Initiative, and clarifying our target for diversity in the dimension of international background to more closely reflect the composition of Swedish society. Our work in 2018 has also been honored in various ways, in particular the position as the only Nordic construction and property company on the Dow Jones Sustainability Index for the third consecutive year.

With a stimulating mix of challenges and opportunities, Castellum's Board of Directors looks forward to driving positive development alongside executive management for Castellum's customers, shareholders and employees, which goes hand in hand with building a sustainable society far beyond Castellum's borders.

Stockholm, January 2019

Charlotte Strömberg  
Chairman of the Board

# Overall governance structure



## EXTERNAL REGULATIONS

The external framework for corporate governance includes:

- The Swedish Companies Act
- The Nasdaq Stockholm Rulebook for Issuers
- The Swedish Corporate Governance Code (the Code)
- IFRS
- EU accounting regulations
- The UN Global Compact
- The EU Market Abuse Regulation (MAR)

## IMPORTANT INTERNAL REGULATIONS

- Articles of Association
- Board of Directors' rules of procedure
- Resolution procedure
- Policy regarding the composition of Board, authorized signatories, powers of attorney and authorizations
- Rules of procedure for subsidiary Boards of Directors
- Communication policy, financial policy, insider policy, sustainability policy, Code of Conduct, Code of Conduct for suppliers and crisis management policy
- Manuals and guidelines for important parts of operations
- Processes for internal control and risk management

## ARTICLES OF ASSOCIATION

The name of the company is Castellum Aktiebolag and the company is a public limited company. The Board's registered office is in Gothenburg.

The objective of the company's operations is to acquire, administer, develop and sell properties and securities, directly or indirectly through wholly or partially owned companies, and to conduct other operations compatible with these. Changes to Castellum's articles of association are made in accordance with the provisions of the Companies Act. The Articles of Association, which also include information on share capital and the number of Board members and auditors, as well as rules for the notice to attend and the agenda for the Annual General Meeting, are available in their entirety on the company's website, [www.castellum.com](http://www.castellum.com)

## The Swedish Corporate Governance Code

Corporate governance covers the various means of decision-making by which the shareholders directly and indirectly control the company. Corporate governance in Swedish listed companies has developed through laws, recommendations and statements, as well as through self-regulation. The Swedish Corporate Governance Code (the Code) is important for corporate governance in Swedish listed companies. The Code is managed by the Swedish Corporate Governance Board and can be found at [www.bolagsstyrning.se](http://www.bolagsstyrning.se), where the Swedish model for corporate governance is also described.

The model above describes the overall structure of corporate governance at Castellum AB.

## Compliance with the Code

Castellum applies the Code, the purpose of which is to create favourable preconditions for exercising an active and responsible ownership role. It is crucial that the company acts responsibly to fulfill strategies and create long-term value.

In the opinion of the Board, Castellum complied with the Code in all respects in 2018 and has no deviations to report or explain.

## Shareholders and shares

Castellum AB (publ) is a Swedish public company governed by the Swedish Companies Act, the Nasdaq Stockholm Rulebook for Issuers, the Code and the Articles of Association.

The Castellum share is traded on Nasdaq Stockholm Large Cap. At December 31, 2018, Castellum had approximately 44,400 shareholders. Of the total sharecapital, 45% was owned primarily by Swedish institutions, funds and private individuals, and 55% by foreign

investors. Castellum has no directly registered shareholder with holdings exceeding 10% of shares in the company.

The share capital amounts to SEK 136,600,583 distributed among 273,201,166 registered shares with a quotient value of SEK 0.50. Each share entitles the holder to one vote and carries an equal right to a share in Castellum's capital. There are no warrants, convertible bonds or similar securities which may lead to additional shares in the company.

## Shareholders and Annual General Meeting

The General Meeting of Shareholders is Castellum's supreme decision-making body, where shareholders have the right to take decisions concerning the Group's affairs, including the appointment of a Board of Directors and auditors.

The Annual General Meeting (AGM) is held in Gothenburg during the first half-year after the end of the financial year. The Annual General Meeting elects the Board of Directors and the company's auditors as well as passing resolutions on items including the distribution of profits and the discharge from liability of the Board and the Chief Executive Officer.

Participation in decision-making requires shareholder presence at the meeting, either personally or through a proxy. In addition, the shareholder must be recorded in the share register by a given date prior to the meeting and must provide notice of participation in the manner prescribed. Individual shareholders requesting that a specific issue be included on the agenda of an annual general meeting can normally request the Castellum Board to do so well in advance of the meeting, via a special address provided on the Group's website.

## THE 2019 AGM

For the AGM on March 21, 2019 the Board of Directors proposes:

- distribution of a dividend of SEK 6.10 per share, divided into two payments of SEK 3.05 each. The proposed record days for the payments are March 25, 2019 and September 23, 2019 respectively.

The Nomination Committee proposes to the AGM:

- the re-election of current Board members Charlotte Strömberg, Per Berggren, Anna-Karin Hatt, Christer Jacobson, Christina Karlsson Kazeem, Nina Linander and Johan Skoglund. Charlotte Strömberg is proposed for re-election as Chairman of the Board.
- Fees to be paid to Board members as follows (2018 fees in parentheses).
  - Chairman of the Board: KSEK 985 (850).
  - Each of the other Board members: KSEK 410 (370).
  - Members of the Remuneration Committee. Chairman included: KSEK 50 (50).
  - Chairman of the Audit and Finance Committee: KSEK 150 (150).
  - Each of the other members of the Audit and Finance Committee: KSEK 75 (75).

The proposed total remuneration to the members of the Board of Directors, including remuneration for committee work, thus amounts to KSEK 3,895 provided the number of committee members is unchanged.

- re-election of Deloitte as auditor. Deloitte has announced that the current auditor in charge Authorized Public Accountant Hans Waren will continue auditor in charge.
- that the Meeting resolve that a new Nomination Committee be elected ahead of the 2020 AGM and that the Chairman of the Board be commissioned to contact the four largest registered or otherwise known shareholders on the last share trading day of August 2019 and ask them to elect one member each to the Nomination Committee, and that the four members so elected together with the Chairman of the Board constitute the Nomination Committee. The Nomination Committee will appoint a Chairman from its members. The names of the Nomination Committee members will be announced no later than six months before the next AGM.

Decisions at the meeting are usually taken by simple majority (i.e. with the support of more than half of the votes cast at the meeting). On certain issues, however, the Swedish Companies Act stipulates that proposals must be approved by a larger proportion of the shares represented and votes cast at the AGM.

## 2018 Annual General Meeting

The latest Annual General Meeting (AGM) was held on March 22, 2018, in RunAn, Chalmers Student Union, Chalmersplatsen 1, in Gothenburg. 640 shareholders were represented at the meeting, representing 49.5% of the number of shares and 49.5% of the votes. All members of the Board, the Nomination Committee, company management and the company's auditors were present at the AGM.

The AGM adopted the financial reports for 2017 and discharged the Board of Directors and the Chief Executive Officer from liability regarding operations for 2017.

At the AGM on March 22, 2018, the following was decided:

- distribution of a dividend of SEK 5.30 per share for fiscal year 2017, divided into two equal payments (March and September, respectively) of SEK 2.65 per share;
- that remuneration to the members of the Board of Directors is to be KSEK 3,520 of which KSEK 850 should be allocated to the Chairman of the Board of Directors and KSEK 370 to each of the other Board members. Fees for work in the Remuneration Committee are to be KSEK 50 to each member, Chairman included. Fees to the Chairman of the Audit and Finance Committee are to be KSEK 150 and KSEK 75 to the remaining members;
- re-election of Board members Charlotte Strömberg, Per Berggren, Anna-Karin Hatt, Christer Jacobson, Christina Karlsson Kazeem, Nina Linander and Johan Skoglund. Charlotte Strömberg was re-elected as Chairman of the Board of Directors;
- re-election of Deloitte as auditor. Authorized Public Accountant Hans Waren is Castellum's auditor in charge;
- approval of the proposed guidelines for remuneration to senior executives;
- mandate for the Board to resolve, for the purpose of issuing shares as payment or for financing property investments, on the new issue of shares; and
- mandate for the Board to resolve, for the purpose of adjusting the company's capital structure and to transfer treasury shares

as payment or for financing of property investments, on the acquisition and transfer of treasury shares.

Minutes of the Annual General Meeting held on March 22, 2018, are available on Castellum's website.

## Nomination Committee

The 2018 AGM resolved that a Nomination Committee should be appointed for the 2019 AGM in order to present proposals for: the number of members of the Board of Directors; election of members to the Board of Directors, including Chairman; proposals for election of auditors; remuneration to Board members of and auditors; and a model for appointing a new Nomination Committee for the 2020 AGM.

The Nomination Committee's proposals are publicized no later than the date of notification to attend the AGM. Shareholders will be given the opportunity to contact the Nomination Committee with proposals for nomination.

For the 2019 AGM, the Nomination Committee was appointed in accordance with the resolution of the 2018 AGM through commissioning the Chairman of the Board to contact the three largest registered or otherwise known shareholders on the final trading day of August and asking them to elect one member each to the Nomination Committee. The members so elected, together with the Chairman of the Board as convener, constitute the Nomination Committee. The Nomination Committee appointed a chairman from among its members.

For the 2019 AGM, the Nomination Committee consists of: Patrik Essehorn, elected by Rutger Arnhult through his company; Vincent Fokke, elected by Stichting Pensioenfonds ABP; Johan Strandberg, elected by SEB Fonder; and Chairman of the Board Charlotte Strömberg. Johan Strandberg is Chairman of the Nomination Committee. All together, the members of the Nomination Committee represented approximately 16.3% of the total number of shares and votes in the company when the composition of the Nomination Committee was publicized on September 19, 2018.

All the members of the Nomination Committee have carefully considered whether any conflict of interest exists in accepting the commission as member of Castellum's Nomination Committee. The Nomination Committee held five minuted meetings, and in addition have been in contact via telephone and e-mail. The Nomination Committee has received a detailed review of the results of the completed Board evaluation, and additionally conduct-

ed interviews with the Board members. The Nomination Committee has further taken note of the Audit and Finance Committee's recommendation to the Board of Directors regarding election of auditor.

The Nomination Committee has covered all the issues it was incumbent upon them to do under the Code. The issues the Nomination Committee has discussed and considered include:

- the extent that the current Board of Directors fulfills the requirements that will be imposed on the Board as a result of Castellum's operations and development phase;
- the size of the Board of Directors;
- the various areas of competence that are and should be represented on the Board of Directors;
- the composition of the Board of Directors with respect to experience, gender and background, succession issues on the Board and potential conflicts of interest in the Board's work;
- remuneration to the members of the Board of Directors;
- questions relating to election of auditor and the auditor's fee; and
- the model to be applied for a new Nomination Committee for the 2020 AGM.

In its work, the Nomination Committee took into account the desirability of an equal gender distribution and that the Board should otherwise be characterized by diversity and breadth as regards competence, experience and background. As a diversity policy, the Nomination Committee has applied Rule 4.1 in the Code in drawing up its proposal for the election of Board members.

Finally, in order for the company to fulfill its informational obligations towards shareholders, the Nomination Committee has informed the company about how the Nomination Committee conducted its work and about the proposals the Committee will submit.

The opinion of the Nomination Committee is that the work of Castellum's Board of Directors is running smoothly and that the Board members, jointly and separately, possess a broad range of competence and experience that is relevant to Castellum's operations. The last few years have been marked by a rapid pace of change at Castellum, including in relation to business development, financing issues, restructuring in the Group and efficiency enhancement initiatives. This work is continuing. Group Management has also been the subject of several changes in staff. In light of this, the

Nomination Committee believes that continuity in the work of the Board is significant. Current Board members state they are motivated in enabling the conclusion of the efforts to change at Castellum that are now under way, which is why the Nomination Committee is proposing the re-election of all current Board members.

The Nomination Committee feels that the members of Castellum's Board of Directors are competent and have extensive experience regarding property issues in a broad sense, sustainability issues, infrastructure issues and city planning, capital market issues and financing issues, customer service and changing customer behaviors, trend analysis, digitalization, insight into transformation trends in both private and public partners, communication and marketing and board work in general. The Nomination Committee therefore feels that the current Board members constitute a Board of Directors that taken together has the diversity and breadth of competence, experience and background required as regards Castellum's operations, its phase of development and conditions in general. The Nomination Committee's proposal means that four out of seven Board members of the company will be women.

#### Auditor

The auditor is elected by the AGM, is an independent reviewer of Castellum's accounting and corporate governance report, sustainability report and report on green MTNs, and also reviews administration by the Board and the CEO. Castellum's auditor, Deloitte, was elected by the AGM for a mandate period of one year, until the end of the 2019 AGM. The auditor in charge at Deloitte is authorized public accountant Hans Warén.

#### Audit fees

KSEK	2018	2017	2016
Audit assignment	3,419	2,978	1,820
Audit business in addition to the audit assignment	626	932	1,781
Other services	624	170	65
<b>Total audit fees</b>	<b>4,669</b>	<b>4,080</b>	<b>3,666</b>
of which Deloitte	4,669	4,080	3,516
of which EY	-	-	150

#### Board of Directors

The shareholders appoint the Board at the Annual General Meeting. The Board has overall responsibility for Castellum's strategy and organization and manages Castellum's business on behalf of the shareholders. Under the Articles of Association, Castellum's Board is to consist of no less than four and no more than eight members. Board members are



**HANS WARÉN**  
CASTELLUM'S AUDITOR

elected at the AGM and will hold office for the period until the conclusion of the first AGM following their appointment. For 2018, the Board consisted of seven members. The Board works in accordance with established rules of procedure containing instructions on the allocation of work between the Board and the CEO. No Board member is entitled to remuneration upon the assignment coming to an end.

New Board members receive an introduction to the company and its operations and undergo the stock exchange's training program for board members of listed companies. Subsequently, the Board continually receives information on subjects including changes to regulations, issues that concern operations and the Board's responsibility in a listed company.

The rules of the Companies Act apply to Board decisions, means that both more than half of the members in attendance and more than one third of the total number of members must vote for a decision. In the event of a split vote, the Chairman has the deciding vote.

The Board's work is governed by documents including the Swedish Companies Act, Articles of Association, the Code and the Board's rules of procedure.

### Responsibility of the Board

According to the Swedish Companies Act and the Board of Directors' rules of procedure, the Board is responsible for:

- preparing business decisions and supporting management;
- developing and monitoring the company's overall strategies;
- outlining overall, long-term strategies and objectives, budgets and business plans;
- establishing guidelines to ensure that the company's operations create value over the long term;
- reviewing and approving the accounts;
- reviewing the auditors' conclusions from the audit and auditor's report and the way in which the audit promoted the reliability of the financial reporting, and reviewing the auditors' limited assurance report from the half-year report;
- taking decisions on issues concerning investments and sales;
- capital structure, dividend policy and decisions on financing;
- developing the Group's policies;
- ensuring that there are control systems for monitoring compliance with policies and guidelines;
- ensuring that there are systems for monitoring and controlling the company's operations and risks;
- significant changes in Castellum's organization and operations; and
- appointing the company's Chief Executive Officer and setting the CEO's salary and other benefits.

Each member is to act independently and with integrity, and to look after the interests of the company and all shareholders. The experiences of the Board members as part of the work of the Board is covered by confidentiality.

A description of the Board's work year is presented on pages 112-113.

### Board of Directors' rules of procedure

The Board of Directors establishes rules of procedure for Board work every year. The rules of procedure describe the work of the Board and the allocation of responsibility between the Board and the CEO. The rules of procedure also indicate which topics should be covered at each Board meeting, and provides instructions regarding financial reporting to the Board of Directors.

The rules of procedure also prescribe that the Board is to have an Audit and Finance Committee as well as a Remuneration Committee. The committees prepare and produce recommendations to the Board on various matters. Members of the committees are elected yearly. The Chairman of the Remuneration Committee is to be the Chairman of the Board of Directors, whereas the Chairman of the Audit and Finance Committee must not be the Chairman but another Board member appointed by the Board.

### Chairman of the Board

The Chairman of the Board of Directors is responsible for ensuring that Board members regularly receive, through the agency of the CEO, the information required to monitor the company's financial position, earnings, liquidity, financial planning and development. The Chairman of the Board is also obliged to carry out decisions made by the Annual General Meeting regarding establishment of a Nomination Committee, and to participate in its work.

### The work of the Board in 2018

Castellum's Board held twelve meetings in 2018, of which one was the Board meeting following election. According to the prevailing procedural rules, the Board is to hold at least seven scheduled board meetings per calendar year, of which one is a Board meeting following election.

The Board meetings are held in connection with the company's financial reporting: annual accounts, proposals for appropriation of profits, and issues in connection with the AGM are covered in January; interim reports in April, July and October; strategy in June and the budget for the coming year in December.

At each of the scheduled board meetings, matters of significance for the company, such as investments, sales of properties and financing are covered. Further, the Board is informed of the

Board members	Remuneration, KSEK	Meetings attendance			
		Board of Directors	Remuneration Committee	Audit and Finance Committee	Independent
Charlotte Strömberg	975	12 of 12	3 of 3	4 of 4	Yes
Per Berggren	420	12 of 12	3 of 3	-	Yes
Anna-Karin Hatt	420	11 of 12	3 of 3	-	Yes
Christer Jacobson	370	11 of 12	-	-	Yes
Christina Karlsson Kazeem	370	10 of 12	-	-	Yes
Nina Linander	520	12 of 12	-	4 of 4	Yes
Johan Skoglund	445	12 of 12	-	4 of 4	Yes

current business situation in both the rental and property markets and the credit and stock markets. Issues concerning work environment, incident reports and customer-related questions are covered regularly by the Board, and each Board meeting normally concludes with an executive session, without the presence of Group Management.

The Board also holds meetings with the auditors without the presence of corporate management.

Routine matters the Board covered in 2018 further include company-wide policies, the overall strategy plan, the Board's rules of procedure, capital structure and financing needs, sustainability initiatives, operational mode and organizational issues as well as the company's insurance situation.

In addition, the Board devoted several meetings to enhancing their knowledge of operations through themed meetings and visits to operations. Beyond the routine matters above, the work of the Board in 2018 focused on shifting Castellum's property portfolio both based on a quality perspective and in relation to a Nordic platform. The Board also focused on developing Castellum's offering in warehouse and logistics. The work on technology-based business development as part of Next20, Castellum's R&D function, was a permanent feature of the Board's agenda in 2018 as well. As for the rest, issues such as sustainability, efficiency enhancement measures and succession and recruitment issues were on the agenda.

In the autumn of 2018, the Board assessed its work through an internal evaluation based on the report produced by the external consultant who assisted in the comprehensive Board assessment conducted in autumn 2017. The evaluation indicated an open and constructive Board climate and a decision-making process that functions well. The evaluation also showed that the work on the focus areas for further developing the work of the Board, which the Board decided on in December 2017, has turned out well.

The evaluation has been presented and submitted to the Nomination Committee and discussed by the Board. Topics reviewed in the evaluation include working climate, forms of work concerning the business process, crisis management, strategic issues, monitoring and control systems, access to — and the need for — particular Board competence, order of succession, morals, ethics and communication.

The evaluation and subsequent Board discussion serve as a basis for the ongoing development of the Board's work methods and

ensure that the Board can take decisions that are as well-informed as possible.

The Board evaluation complies with the guidelines for board evaluations in the Code.

No other compensation than remuneration for Board work and committee work has been paid.

### Remuneration Committee

The Board's Remuneration Committee routinely evaluates the terms of remuneration to senior executives in light of current market conditions. The Committee prepares cases in this area for decision by the Board. The members of the Remuneration Committee are appointed annually by the Board.

The Remuneration Committee consists of three Board members, including the Chairman of the Board, who is also Chairman of the Remuneration Committee. The Committee's rules of procedure are included in the Board of Directors' rules of procedure and are ratified annually. The tasks of the Remuneration Committee are:

- preparing recruitments to Group Management and succession issues regarding Group Management, as well as preparing questions regarding talent supply and broadening of management within the Group;
- discussing management by objectives concerning gender equality and diversity issues;
- preparing and proposing guidelines for remuneration principles, remuneration and terms of employment for the CEO and other senior executives. The guidelines for remuneration are to be submitted to the Board, which in turn will submit remuneration proposals for resolution at the AGM;
- monitoring and evaluating programs — both ongoing and concluded during the year — for variable remuneration to Group Management. The results of the Remuneration Committee's evaluation of remuneration to senior executives are presented on the company's website; and
- annually evaluating the efforts of the CEO, which is also done by an external expert in which both the Board of Directors and those reporting directly to the CEO are interviewed.

The Remuneration Committee is to meet at least twice a year. In 2018, the Committee met three times. Issues covered at the meetings included the review of remuneration to the CEO and other senior executives, proposals for changes to remuneration for members of Group Management, monitoring and evaluation of currently valid incentive programs, proposals concerning renewal of incentive programs,

### BOARD WORK IN 2018

The Board's main tasks are to act as a control body and as support for Group Management. The controlling task means ensuring that Castellum acts responsibly and sustainably over the long term, and that operations are conducted efficiently in accordance with laws, regulations and best practices.

During the year, Board focused primarily on:

- **Developing and shifting the property portfolio**  
During the year, the Board went on study tours to a number of growth cities identified by Castellum in order to support future decisions regarding the next steps in developing the company's property portfolio. Development issues attributable to the property portfolio affected the quality shift, as well as creating a base for a Nordic platform, during the year.
- **Optimizing business opportunities in warehouse and logistics**  
For Castellum, the changed consumption patterns of companies and individuals that has entailed a shift to e-commerce has resulted in increased demand for warehouse and logistics space. During the year, the Board focused on this for the purpose of strengthening Castellum's position in the field as regards strengthening existing customer offerings as well as creating new business opportunities and reviewing Castellum's property portfolio in these segments.
- **Technology-based business development**  
Two years ago, Next20 — Castellum's development lab in technology-based business development — was launched, and in 2018 the lab continued to launch services for both tenants and end consumers. During the year, the Board was involved in developing Castellum's co-working concept. Furthermore, the Board remained involved in trendspotting, monitoring and evaluating the opportunities offered by new technology, new consumption patterns and new behaviors.

## REMUNERATION COMMITTEE

The Remuneration Committee consists of Chairman Charlotte Stromberg and members Per Berggren and Anna-Karin Hatt.

The primary tasks of the Remuneration Committee are:

- Guidelines for remuneration policies
- Remuneration to senior executives
- Preparation of incentive programs
- Evaluation of the CEO
- Preparation of recruitments to Group Management and succession issues
- Preparation of issues concerning leadership expansion and talent supply
- Management by objectives for equality and diversity

## AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee consists of Chairman Nina Linander, as well as members Johan Skoglund and Charlotte Strömberg.

The primary tasks of the Audit and Finance Committee are:

- Financial reporting
- Financing and capital structure
- Investment research and monitoring
- Risk management
- Regulatory compliance
- Audit
- Policies
- Operational areas of specialization
- Internal control

proposals drawn up for parameters for the individually targeted factors in the annual performance-based incentive program, as well as HR and succession issues.

### Audit and Finance Committee

The Board's Audit and Finance Committee monitors such issues as financing and audits, and prepares matters in these areas for decisions by the Board.

Members of the Committee, and its Chairman, are elected yearly by the Board.

The Audit and Finance Committee consists of three Board members not employed by the company. The Committee's rules of procedure are included in the Board of Directors' rules of procedure and are ratified annually. It is the business of the Audit and Finance Committee to:

- monitor financial reporting and submit recommendations and proposals for ensuring the reliability of the financial reports;
- with regard to financial reporting, monitor the efficiency of the company's internal control, internal audits (if any) and risk management;
- monitor the work on capital structure and other financing issues, as well as prepare financing issues for decisions by the Board;
- monitor the work on operational risks and regulatory compliance, and ensure that there are appropriate systems for control and monitoring;
- issue an annual report on internal control and ensure that the Corporate Governance Report describes the Board's measures for ensuring that internal control functions properly;
- stay informed about the Annual Report and the consolidated account statement;
- inform the Board of the results of the audit and how they promoted the reliability of financial reporting;
- stay informed about the findings of the Swedish Inspectorate of Auditors' control of the auditors;
- review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditors provide other services besides auditing, as well as evaluating the audit work and informing the company's Nomination Committee of the results of the evaluation;
- take note of the auditors' report pursuant to Article 11 of the Audit Regulation and, if needed, take appropriate action in this connection;
- issue guidelines for services other than auditing provided by the auditors and, where appropriate, approve such services in accordance with these guidelines;

- prepare issues regarding procurement of audit and other services from the auditors; and
- assist the Nomination Committee in producing proposals for auditors and remuneration to them, at which point the Committee will ensure the auditors' mandate period does not exceed the applicable regulations, procure the audit and submit a reasoned recommendation in accordance with the stipulations in Article 16 of the Audit Regulation.

The Audit and Finance Committee will hold at least four meetings a year, and the company's auditors must attend at least two of them.

On one of the occasions when the Audit and Finance Committee meets with auditors, no one from company management may be present.

In 2018, the Audit and Finance Committee held four meetings. Issues covered at the meetings included capital structure and financing issues, financial reporting including a review of future regulations and their potential impact on Castellum; a survey of the decision-making process as regards investments; internal control and risk management; the impartiality, independence and work of the auditors; policy development and feedback from the whistleblower service. Operational issues were also thoroughly examined. In addition, the Audit and Finance Committee held individual meetings during the year with compliance and auditors without the presence of management.

### Chief Executive Officer and Group Management

The Chief Executive Officer (CEO) is responsible for routine administration of the company and managing operations in accordance with the guidelines and instructions of the Board, as well as for providing the Board with information and the necessary documentation for decisions. The CEO leads the work of Group Management and takes decisions after consulting its members.

#### Chief Executive Officer

The CEO presents the reports at Board meetings and is to ensure that Board members are routinely sent the information needed to monitor the company's and the Group's financial position, earnings, liquidity and development.

#### Group Management

In December 2018, a new organizational structure to ensure continued growth was presented, including the establishment of the new divisions: logistics, investment and portfolio strategy, and office premises in Group Management. The investments in streamlining and



focusing the Logistics and Offices business areas at the central level should be seen as a link in strengthening excellence in the respective segments, and also a part of Castellum's focus on growth, which requires entirely new solutions for distribution and retail as well as flexible office solutions. By also inaugurating a new position in Group Management for investment and portfolio strategy with responsibility for all investments as well as the Group's analysis and evaluation, this part of Castellum is strengthened as well.

Group Management includes the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Director of Communication, the managing directors of the four regions and the newly established roles named above. Group Management has joint responsibility for delivering on Group-wide goals and strategies, and decisions on overall operational issues are discussed and taken at the meetings that take place. Group Management held eleven meetings in 2018.

The work of Group Management in 2018 focused on continued growth in the property portfolio through a series of major transactions and the establishment of the Castellum brand in the Finnish market. Additionally, work with efficiency enhancement measures has continued, as well as technology-based business development as part of the Castellum Next20 initiative. In the latter initiative, the work on strategically developing the Group's offering in co-working has been a focus area. Late in the year, Group Management also implemented the new organizational structure, in which the largest changes consisted of establishing and structuring the new Group functions: the Logistics and Offices business areas, as well as investment and portfolio strategy.

Together with the managing directors of the respective regions, the Chief Executive Officer and the Chief Financial Officer constitute the Board of each regional company.

#### **Remuneration to senior executives**

The 2018 AGM resolved on the following guidelines for remuneration to senior executives:

Castellum is to have competitive remuneration levels at market rates, and terms of employment necessary to recruit and retain management with the competence and capacity to achieve set objectives. The Board of Directors considers and evaluates the remuneration as a whole, consisting of fixed salary, pension benefits, variable remuneration and non-monetary benefits. A fixed salary will be paid for work performed in a satisfactory manner. In addition, flexible remuneration under an incentive plan may be offered. Variable remuneration of this kind is intended to enable long-term value creation in the Group. The design is to be based on the objective of linking together Group Management interests with shareholder interests through senior executives also being shareholders in Castellum, as well as through increasing the portion of the total remuneration linked to the Group's development. Flexible remuneration, which cannot exceed the fixed salary, is determined by the extent to which objectives set in advance regarding growth in income from property management per share, and share price trend, are achieved, as well as how individually set factors have developed.

The resulting remuneration under the incentive program includes vacation pay, and is not pensionable. Payment of

remuneration under the incentive program will take place in the form of salary. Executives receiving variable remuneration under the incentive plan pledge to acquire Castellum shares for at least half of the amount of the resulting variable remuneration after tax.

The pension terms for executive management are to be at market rates and based on defined-contribution pension solutions.

The period of notice upon termination by the company must not exceed six months for the CEO and twelve months for the other executives. During the notice period, a full salary and other employment benefits will be paid, less salary and remuneration received from other employment or operations during the notice period. Deductions of this kind will not take place as regards the CEO. Upon termination of the CEO by the company, a severance package will be paid of twelve months' fixed salary, not to be reduced owing to other income the CEO receives.

Castellum has adhered to the guidelines resolved by the 2018 AGM.

The proposed guidelines for remuneration to senior executives, which will be put forward at the AGM on March 21, 2019, are largely unchanged compared with those put forward at the 2018 AGM.

Proposals for a renewed incentive program for senior executives, in principle an extension of previous programs, will be put forward at the AGM on March 21, 2019. The program is proposed to apply for the period from 2020 to 2022 for the earnings-based component and from July 1, 2020 to May 31, 2023 for the share price-related component.

For further information regarding remuneration for Group Management, see Note 11.

#### **Compliance and internal control**

Castellum has a Compliance Officer to monitor compliance, (i.e., ensuring the observance of laws and ordinances, as well as internal policies and guidelines). The Group's General Counsel is its Compliance Officer.

Internal control at Castellum is based on the established COSO framework, which consists of the following components: control environment, risk assessment, control activities, information, communication and monitoring. Internal control is described in more detail on pages 116-119.

Castellum has a whistleblower function, which is directed both externally and internally. It is available on all Group websites and via the Group's Intranet. The service represents an early warning system for reporting deviations from Castellum's values and business ethics guidelines. All incoming cases to the whistleblower function are sent to the appointed official within Castellum, as well as to the Chairman of the Audit and Finance Committee.

The Compliance Officer function acts as a support in identifying and monitoring operational risks for the operations driving the business. The Compliance Officer regularly reports to the CEO and the Audit and Finance Committee regarding risks and regulatory compliance.

# Board of Directors



**CHARLOTTE STRÖMBERG**  
CHAIRMAN OF THE BOARD SINCE 2012

Born 1959, Master of Business Administration and Economics, Stockholm School of Economics.

Chairman of the Board of Castellum, Chairman of the Remuneration Committee and member of Audit and Finance Committee.

**Previous positions:** CEO for Nordic business at Jones Lang LaSalle, leading positions in investment banking at Carnegie Investment Bank and Alfred Berg (ABN AMRO).

**Board assignments:** Director in Clas Ohlson AB (publ), Kinnevik AB (publ), Sofina S.A. (listed) and Skanska AB (publ). Member of the Swedish Securities Council.

**Shareholding:** 17,000



**PER BERGGREN**  
BOARD MEMBER SINCE 2007

Born 1959, Master of Science KTH and economic education from Stockholm University.

Board member of Castellum and member of the Remuneration Committee.

**Previous positions:** CEO of Hemsö Fastighets AB, CEO of Jernhusen AB, Division Manager of Fabege AB (publ), CEO of Drott Kontor AB and Property Manager of Skanska Fastigheter Stockholm AB.

**Board assignments:** Director in Fasticon Kompetens Holding AB, Slättö Förvaltning AB and SSM Holding AB.

**Shareholding:** 4,500



**ANNA-KARIN HATT**  
BOARD MEMBER SINCE 2015

Born 1972, degree in political science from the University of Gothenburg. CEO of Almega AB.

Board member of Castellum and member of the Remuneration Committee.

**Previous positions:** Minister for Information Technology and Energy in the Swedish government, State Secretary at the Prime Minister's office, second deputy Chairman of the Centre Party and Chief of Staff of the Centre Party's executive staff, CEO of Didaktus Skolor AB and deputy MD of Kind & Partners AB.

**Board assignments:** Director in Alecta, Almega AB, TRR Trygghetsrådet, Trygghetsfonden TSL and the Ratio research institute, and member of the Advisory Council for the Swedish Higher Education Authority.

**Shareholding:** 1,325



**CHRISTER JACOBSON**  
BOARD MEMBER SINCE 2006

Born 1946, Master of Business Administration and Economics, Stockholm School of Economics. Own operations in Bergsrådet Kapital AB. Board member of Castellum.

**Previous positions:** Stock commentator and market manager at Affärsvärlden and Head of Analysis and CEO of the Alfred Berg group.

**Board assignments:** Director in Global Challenges Foundation.

**Shareholding:** 60,429

## THE BOARD'S YEAR

apart from permanent issues such as business conditions, future outlooks, investments, sales, financing, reporting from the chairmen of the respective committees regarding committee work, work environment issues, customer-related issues and incident reporting.

JAN	FEB	MAR	APR	MAY	JUN
<p><b>Board Meeting</b></p> <ul style="list-style-type: none"> <li>Net income for the year</li> <li>Annual Report incl. Sustainability Report</li> <li>Documents for the AGM</li> <li>Proposed appropriation of profits</li> <li>Review of the auditors' conclusions from the audit</li> <li>Individual meeting, auditors</li> </ul>		<p><b>Board Meeting</b></p> <ul style="list-style-type: none"> <li>Preparations for the AGM</li> </ul> <p><b>Board Meeting following election</b></p> <ul style="list-style-type: none"> <li>Authorized signatory appointed</li> <li>Composition of the committees decided</li> </ul>	<p><b>Board Meeting</b></p> <ul style="list-style-type: none"> <li>Q1 interim report</li> <li>Decision log</li> <li>Monitoring investments and leasing plans</li> <li>Rules of procedure and policy documents adopted</li> </ul>		<p><b>Board Meeting</b></p> <ul style="list-style-type: none"> <li>Strategy review</li> <li>Review of operational risks in the business and financial risks</li> </ul>
<p><b>Audit and Finance Committee</b></p> <ul style="list-style-type: none"> <li>Financial position</li> <li>Review with auditors of year-end audit</li> <li>Audit plan</li> <li>Incident reporting, Whistleblower</li> <li>Review of disputes</li> <li>Evaluation of Committee work</li> </ul>		<p><b>Annual General Meeting</b></p>		<p><b>Remuneration Committee</b></p> <ul style="list-style-type: none"> <li>Review of incentive programs</li> <li>Review of remuneration policies for senior executives</li> </ul>	
		<p><b>Audit and Finance Committee</b></p> <ul style="list-style-type: none"> <li>Financial position</li> <li>Risk management</li> <li>Internal control</li> <li>Incident reporting, Whistleblower</li> <li>Evaluation of audit work</li> <li>Review and evaluation of strategic objectives</li> <li>Procurement of audit</li> </ul>			



**CHRISTINA KARLSSON KAZEEM**  
BOARD MEMBER SINCE 2016

Born 1965, Master of Science KTH Royal Institute of Technology. Board member of Castellum.

**Previous positions:** Chairman of the Board of Tomorrow China, part of the H&H Communication Group. CEO of Hilanders AB. Communication Manager at Niscayah Group and leading positions at Razorfish AB and Creuna AB. Worked with city planning and development at the City of Stockholm Property Management Administration.

**Board assignments:** Director in Tempest Security AB (publ).

**Shareholding:** 350



**NINA LINANDER**  
BOARD MEMBER SINCE 2014

Born 1959, Master of Business Administration and Economics, Stockholm School of Economics and MBA from International Institute for Management Development, Lausanne, Switzerland.

Board member of Castellum and Chairman of the Audit and Finance Committee.

**Previous positions:** Founder and partner of Stanton Chase International AB, Group Treasurer at AB Electrolux (publ), management positions at Vattenfall AB and various positions in corporate finance at different investment banks in London.

**Board assignments:** Chairman of the Board of Awa Holding AB. Director in Industrivärden AB (publ), Skanska AB (publ), Telia Company AB (publ) and OneMed AB.

**Shareholding:** 12,000



**JOHAN SKOGLUND**  
BOARD MEMBER SINCE 2010

Born 1962, Master of Science KTH Royal Institute of Technology and Master of Science program, Stockholm School of Business.

President and CEO of JM AB (publ).

Board member of Castellum, member of the Audit and Finance Committee.

**Previous positions:** Employed in various positions at JM AB (publ) since 1986.

**Board assignments:** Director in Infranord AB, Mentor Sverige and the Confederation of Swedish Enterprise.

**Shareholding:** 5,000

**Johan Ljungberg**, lawyer, Mannheimer Swartling Advokatbyrå, is the Secretary of the Board.

The information above refers to the situation at the end of January 2019. Shareholdings include members' own holdings and those of spouses, minors and children living at home, holdings of associated companies and holdings through capital insurance.

**Board Meeting**

- Q2 interim report
- Review of the audit of the half-year report

**Board Meeting**

- Q3 interim report
- Decision log
- Insurance review
- Monitoring investments and leasing plans

**Board Meeting**

- Budget
- Evaluation of the Board and CEO

JUL

AUG

SEP

OCT

NOV

DEC

**Audit and Finance Committee**

- Financial position
- Review of financial reporting process
- Review of policy compliance
- Incident reporting, Whistleblower
- Recommendation for election of auditor to the Nomination Committee

**Remuneration Committee**

- Guidelines, remuneration principles
- Preparing incentive outcome
- Preparing CEO evaluation

**Audit and Finance Committee**

- Financial position
- Review of financial reporting
- Incident reporting, Whistleblower
- Review of changed regulations
- Discussions with the auditors about the audit of the quarterly report and internal control

# Group Management



**HENRIK SAXBORN**  
CHIEF EXECUTIVE OFFICER  
CASTELLUM AB

Born 1964, Master of Science. Extensive experience in construction, property acquisition and management, including as CEO of a property management company. Former Chairman of CMB, Chalmers University of Technology.

**Other assignments:** Director in BRIS and EPRA.

Employed at Castellum since 2006. Chief Executive Officer since 2013.

**Shareholding:** 65,833

**ULRIKA DANIELSSON**  
CHIEF FINANCIAL OFFICER,  
CASTELLUM AB

Born 1972, Master of Business Administration and Economics.

Experience in financial and control functions.

**Other assignments:** Director in Alligator Bioscience AB (publ).

Employed since 1998, financial controller since 2006 and CFO since 2014.

**Shareholding:** 19,600

**STEFAN BERGSTRÖM**  
ACTING MANAGING DIRECTOR  
REGION STOCKHOLM-NORTH  
AT CASTELLUM

Born 1963, Master of Science.

Extensive experience in international business development, including as business area manager at Studsvik AB and leading roles at ABB and Business Sweden.

Employed as acting Managing Director Region Stockholm-North at Castellum since 2019.

**Shareholding:** 0

**PER GAWELIN**  
MANAGING DIRECTOR REGION  
CENTRAL AT CASTELLUM

Born 1978, Business Economics, upper secondary school.

Experience in the property industry and leadership experience as captain and player in Örebro SK Football Club.

Employed since 2006 and Managing Director Region Central at Castellum since 2018.

**Shareholding:** 0

**OLOF GERTZ**  
HR DIRECTOR AT  
CASTELLUM AB

Born 1963, study program for personnel and work life issues

Experience from senior HR positions including Senior Vice President, Human Resources at Vattenfall and DeLaval International. Employed as HR Director since 2018.

**Shareholding:** 300

## CHANGES IN CASTELLUM'S GROUP MANAGEMENT IN 2018

Several changes took place in Castellum's Group Management in 2018, for such purposes as preparing the company for further growth. Two new regional managing directors took office during the year: Per Gawelin for Region Central and Mariette Hilmersson for Region West. Furthermore, Olof Gertz was appointed as the new HR Director and Anna-Karin Nyman as the new Communications Director. In December, Erika Olsén left the position of Chief Investment Officer (CIO) at her own request. Also in December, an agreement was made with Anders Nilsson, Managing Director Region Stockholm-North, to leave the position. Stefan Bergström took office in January 2019 as acting Managing Director Region Stockholm-North.

In December 2018 it was also announced that three new roles had been established at the Group Management level. These three roles will have the following divisional responsibilities: logistics, investment and portfolio strategy, and office premises. Hans Sahlin took office in January 2019 as Director Logistics. In January 2019, it was announced that Carola Lavén would take office as Investment Director and Deputy CEO by August 1, 2019 at the latest. Recruitment is under way for the role responsible for Offices.



**MARIETTE HILMERSSON**  
MANAGING DIRECTOR  
REGION WEST AT CASTELLUM

Born 1971, Bachelor of Laws, LL.M.

Extensive experience from management positions in the property industry, most recently as CEO of AB Framtiden.

Employed as Managing Director Region West at Castellum since 2018.

**Shareholding:** 0

**ANNA-KARIN NYMAN**  
COMMUNICATIONS DIRECTOR,  
CASTELLUM AB

Born 1983, journalism degree and courses in gender studies

Experience from managerial positions as Head of Press at the Ministry of Enterprise and Innovation, Chief of Staff at the Ministry of Rural Affairs, political expert in the Riksdag and as a journalist and editorial writer.

Employed as Communications Director at Castellum since 2018.

**Shareholding:** 0

**OLA ORSMARK**  
MANAGING DIRECTOR REGION  
ÖRESUND AT CASTELLUM

Born 1971, Master of Science.

Long experience in the property industry, most recently as Business Area Manager at Jernhusen.

Employed as Managing Director Region Öresund at Castellum since 2014.

**Shareholding:** 4,050

**HANS SAHLIN**  
DIRECTOR LOGISTICS

Born 1968, Transportation Engineer.

Extensive experience from executive positions in the logistics sector, nationally and internationally; management consultant and global executive positions at AB Volvo.

Employed as Director Logistics since 2019.

**Shareholding:** 0

The information above refers to the situation at the end of January 2019. Shareholdings include members' own holdings and those of spouses, minors and children living at home, holdings of associated companies and holdings through capital insurance. The CEO has no material holdings or partnerships in companies that Castellum has significant business connections with.

*“The work of Group Management in 2018 focused on continued growth in the property portfolio through a series of major transactions and the establishment of the Castellum brand in the Finnish market.”*

# Internal control

Under the Swedish Companies Act and the Code, the Board is responsible for internal control. This report has been drawn up in accordance with the Swedish Annual Accounts Act and the Code and therefore refers to internal control relating to financial reporting and other processes relevant to the operations. In the spring of 2018, work began on introducing self-evaluation of internal controls as an alternative to internal audits. Over the long term, the intent is to introduce this in the areas with the greatest element of risk. Initially, we will focus on two significant, transaction-rich and risky areas: developments and income. Currently, work is underway on producing a framework for the initial controls. Internal control in Castellum follows an established framework: Internal Control — Integrated Framework (COSO), which consists of the following five components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities.

### Control environment

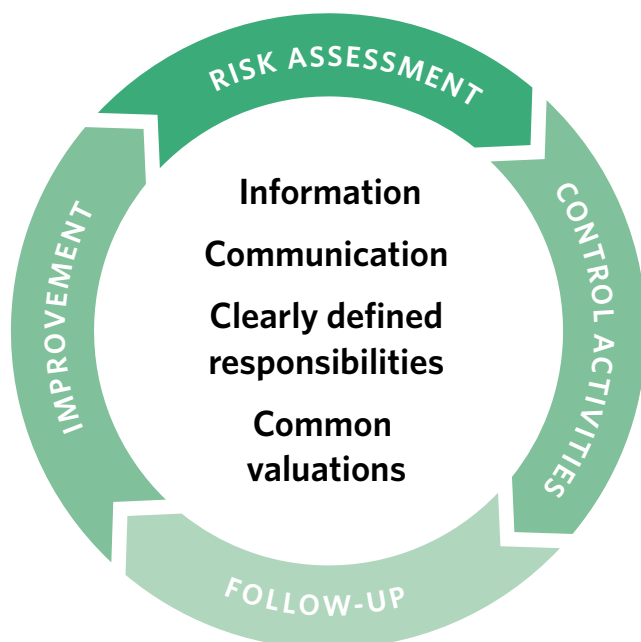
The basis for internal control relating to financial reporting is a control environment consisting of various parts that together form

the culture and values on which Castellum is governed. Essential for Castellum's internal control are its decentralized, small-scale organization with more than 647 properties, as are the cost centers administered by four regional companies. The decision-making paths, authorizations and responsibilities documented and communicated in such policies as the Board of Directors' rules of procedure, resolution procedure, instructions for signatories, proxy forms and authorizations, accounting and reporting instructions, internal policies, guidelines and manuals are also of importance for internal control. Current documents are updated regularly in the event of changes (e.g. to legislation, accounting standards or listing requirements).

### Risk assessment

At Castellum, risk management is built into the processes concerned and various methods are used to evaluate and limit risks as well as to ensure that the risks Castellum is exposed to are managed in accordance with established policies and guidelines. Under the rules of procedure, the Board of Directors and the Audit and Finance Committee annually review customary internal control and operational risk, as

## CASTELLUM'S INTERNAL CONTROL ENVIRONMENT



### Internal control is governed by:

- Board of Directors' rules of procedure
- Audit and Finance Committee's rules of procedure
- Resolution procedure
- Instructions for signatories, proxy forms and authorizations
- Accounting structure
- Reporting structure
- Finance policy, communication policy, insider policy, sustainability policy, Code of Conduct, Code of Conduct for suppliers and Crisis management policy
- Guidelines for information and IT security, insurance and electricity trading
- Accounting manual, HR manual, Manager manual
- Financial instructions
- Processing routine for personal data
- Continuity plan

well as how they are handled; for the latter, see the "Risks and Opportunities" section on page 92-100. The risks deemed to exist are identified and then each individual risk is ranked from a perspective of impact and likelihood. The material risks Castellum has identified as specifically linked to financial reporting are errors in accounting and valuation of properties, lack of financing, interest-bearing liabilities, tax and VAT, workplace injuries and the risks of fraud and loss or embezzlement of assets.

### Control activities

The risks identified as regards financial reporting are managed through the company's control structure, resulting in a number of control measures. The control measures are intended to prevent, detect and correct errors and deviations and cover, for example, analytical reviews at several levels in the organization and comparisons of income statement items, reconciliation of accounts, monitoring and reconciliation of Board decisions and policies set by the Board, authorization and recognition of business transactions, structures for proxies and authorization, authorized signatories, compliance officer functions, and consolidated

accounts prior to publication. The auditors issue a review report of the January-June half-year report.

### Information and communication

Castellum has information and communication paths that are intended to ensure efficient and correct provision of information as regards financial reporting. This requires all parts of the operations to communicate and exchange relevant, material information. Policies and guidelines regarding financial reporting as well as updates and changes are made available and made known to the personnel concerned. Group Management and the Board of Directors regularly receive financial information from the regions with comments on financial results and risks.

The Board also receives additional information regarding risk management, internal control and financial reporting from the auditors through the Audit and Finance Committee. In order to ensure that the external provision of information is correct and complete, there are a communication policy and guidelines for information security.

## GROUP POLICIES ISSUED BY THE BOARD

<p><b>FINANCE POLICY</b></p> <p>Establishes overall objectives and guidelines for financial risk and how financial operations are to be conducted. The finance policy also indicates how responsibility for financial operations is allocated, and how risks are to be managed and reported. It also includes instructions for how operational activities are to be pursued.</p>	<p><b>COMMUNICATION POLICY</b></p> <p>Ensures that all Group communication is correct and is provided in a professional manner at the right time. The policy covers both internal and external communications.</p>	<p><b>INSIDER POLICY</b></p> <p>Ensures proper ethical management in relation to the capital market by describing trading and reporting requirements.</p>	<p><b>SUSTAINABILITY POLICY</b></p> <p>Provides guidelines for how sustainability activities in the Group are to be pursued. The work must promote sustainable development and be broken down into specific measurable goals, as well as being an integral and natural part of operations built on participation and commitment.</p>
<p><b>CODE OF CONDUCT</b></p> <p>Provides guidelines for conducting operations responsibly, with the aim of all business being characterized by a high level of business morals and accountability. Governs the Group in relation to employees, contractors, customers, suppliers and other stakeholders.</p>	<p><b>CODE OF CONDUCT FOR SUPPLIERS</b></p> <p>Provides similar guidelines for suppliers as for Group employees as regards conducting operations responsibly with the objective of having all business characterized by a high level of business morals and accountability.</p>	<p><b>CRISIS MANAGEMENT POLICY</b></p> <p>Provides guidelines for how the Group is to act and communicate in a potential crisis.</p>	

**Corporate culture**

Conducting Castellum's operations responsibly is crucial for the company's long-term success. Castellum's Code of Conduct governs its daily work, and the company has signed and supports the principles of the UN Global Compact on human rights, labor issues, the environment and corruption.

The objective is to make sound and proper business decisions in all respects, where our actions are characterized by good business conduct with a high level of competence and business morals, good business practices, accountability and impartiality. The Code of Conduct is based on providing good quality and service, complying with laws and regulations, not discriminating against anyone, creating a good work environment and security. Castellum's work on diversity and equality are also important components in building a corporate culture in which employees are given the right conditions to work. That is why Castellum has produced an equality policy, as well as a diversity and equality plan, for working actively on these issues every day. In addition, there are ambitious long-term goals regarding diversity and equality.

A cornerstone of Castellum's corporate culture has been its decentralized organisation, which creates committed employees who take on responsibilities and feel themselves a part of operations.

**Long-term value creation**

Long-term value creation requires conducting operations with a focus on sustainability. Sustainability efforts involve environmental considerations such as efficient and responsible use of resources and developing a future-proof and sustainable property portfolio, as well as social responsibility through promoting the development of the cities where Castellum operates. The work also involves ensuring a healthy work environment for employees. Sustainability activities are carried out in collaboration with customers and other stakeholders — a requirement for success. Guidelines for conducting value-creating sustainability efforts can be found in the sustainability policy, the Code of Conduct and the Code of Conduct for suppliers. Castellum reports on this work in accordance with the GRI Standards. Reports on sustainability activities are regularly presented to the Castellum Board.

**Monitoring**

Routine monitoring takes place at many levels in the Group, at the property and regional levels as well as at Group level. Through the Audit and Finance Committee, the Board of Directors evaluates the information submitted by company management and the auditors. Furthermore, the company's auditors report their observations from the review, and their assessment of internal controls, directly to the Audit and Finance Committee at least





twice a year. In addition, the Audit and Finance Committee conducts an annual review of the risk assessment and the measures agreed on. Monitoring by the Audit and Finance Committee and the Board of Directors is of particular importance for the development of internal control and for ensuring that action is taken regarding any shortcomings and proposals that emerge.

#### **Need for internal audit**

Castellum has a decentralized and transparent organization. The economic and financial functions are managed from the head office, meaning that routines and processes are uniform but also provide the conditions for various parts of the functions to review one another's processes — a form of self-assessment. All this is to increase and improve internal controls. The business units and the company monitor the income statements and balance sheets on a quarterly basis. Clear documentation through policies and instructions, along with frequent monitoring and regular discussions with the auditors, continually ensure the work to improve these processes. Management and reporting are reviewed twice a year by the company's auditors and reported to both the Audit and Finance Committee and the Board. In addition, there is a whistleblower function on the Group's website. Taken together, this means that a particular division for internal audits is not considered justifiable.

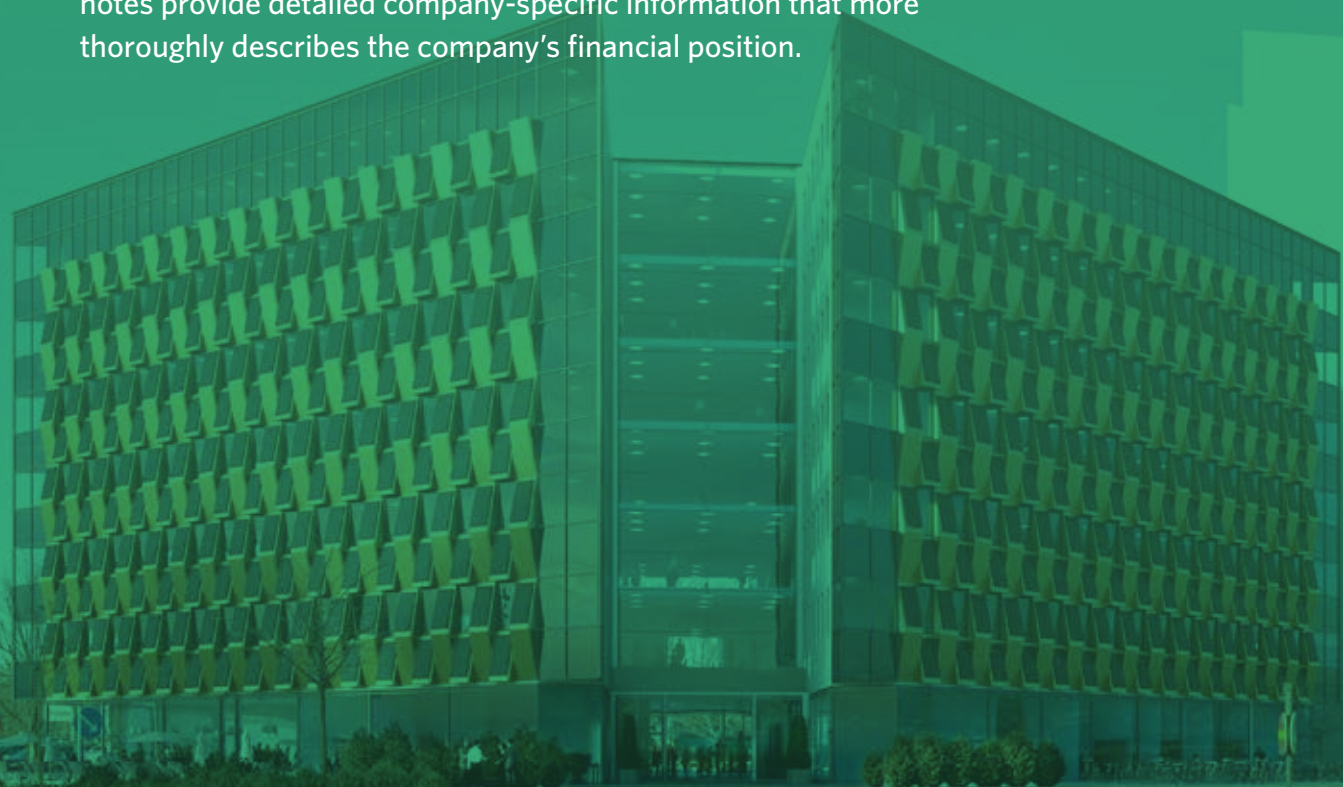
#### **Whistleblower**

Castellum's whistleblower service, "Help us to do right," can be accessed on the Group's web page and the Group intranet. The whistleblower service is an early warning system that provides both employees and external stakeholders the opportunity to anonymously report any deviations from Castellum's values and business ethics. The service is administered by an external partner to ensure anonymity and professionalism.

*"A cornerstone of Castellum's corporate culture has been its decentralized organisation, which creates committed employees who take on responsibilities and feel that they are part of operations."*

# Financial reporting

Castellum's financial reporting for 2018 consists of a financial summary and financial reports, as well as accounting policies and notes. The financial summary consists of a quarterly and multi-year summary, and key performance measures. The financial reports consist of consolidated and Parent Company statements of comprehensive income and balance sheets, as well as the Parent Company's income statement, changes in shareholders' equity and a cash flow statement. The accounting policies and notes provide detailed company-specific information that more thoroughly describes the company's financial position.



Castellum is constructing the Citypassagen office property at the north approach road to Örebro; completion is expected in the second quarter of 2019. Samspelet is a project being run during the construction process in collaboration with Peab. The aim is to create a platform for meetings, inclusion and integration for children and young people.

# Quarterly summary

	Jan-Mar 2018	Apr-Jun 2018	Jul-Sep 2018	Oct-Dec 2018	2018	Jan-Mar 2017	Apr-Jun 2017	Jul-Sep 2017	Oct-Dec 2017	2017
<b>Income statement, MSEK</b>										
Income	1,352	1,388	1,401	1,436	5,577	1,304	1,259	1,303	1,316	5,182
Property costs	-414	-386	-376	-456	-1,632	-442	-344	-349	-470	-1,605
Net operating income	938	1,002	1,025	980	3,945	862	915	954	846	3,577
Central administrative expenses	-46	-38	-29	-45	-158	-43	-40	-31	-48	-162
Net interest costs	-227	-209	-197	-202	-835	-227	-219	-215	-224	-885
<b>Income from prop. mgmt</b>	<b>665</b>	<b>755</b>	<b>799</b>	<b>733</b>	<b>2,952</b>	<b>592</b>	<b>656</b>	<b>708</b>	<b>574</b>	<b>2,530</b>
Acquisition and restructuring costs	-	-	-	-	-	-4	-1	-	-	-5
Write-down, goodwill	-	-	-	-	-	-	-	-	-	-
Changes in property values	231	596	2,323	2,066	5,216	940	884	245	2,471	4,540
Change in derivatives values	-7	32	177	-50	152	77	75	52	43	247
Revaluation of results due to stepwise acquisition	-	-	-	-	-	-	-	-	-	-
Current tax	-2	-1	1	-72	-74	-68	-14	-32	18	-96
Deferred tax	-122	278	-674	-275	-793	-111	-379	-196	-654	-1,340
<b>Net income for the period/year</b>	<b>765</b>	<b>1,660</b>	<b>2,626</b>	<b>2,402</b>	<b>7,453</b>	<b>1,426</b>	<b>1,221</b>	<b>777</b>	<b>2,452</b>	<b>5,876</b>
Other total net income	0	134	-102	-24	8	0	39	12	-59	-8
<b>Total net income for the period/year</b>	<b>765</b>	<b>11,794</b>	<b>2,524</b>	<b>2,378</b>	<b>7,461</b>	<b>1,426</b>	<b>1,260</b>	<b>789</b>	<b>2,393</b>	<b>5,868</b>
<b>Balance sheet, MSEK</b>										
Investment properties	82,031	84,298	87,473	89,168	89,168	74,043	76,490	77,382	81,078	81,078
Goodwill	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659
Other assets	842	867	862	1,070	1,070	1,795	1,163	1,353	772	772
Liquid assets	34	84	51	243	243	304	323	258	203	203
<b>Total assets</b>	<b>84,566</b>	<b>86,908</b>	<b>90,045</b>	<b>92,140</b>	<b>92,140</b>	<b>77,801</b>	<b>79,635</b>	<b>80,652</b>	<b>83,712</b>	<b>83,712</b>
Shareholders' equity	33,053	34,847	37,371	39,749	39,749	29,294	30,554	31,343	33,736	33,736
Deferred tax liability	8,534	8,257	8,934	9,203	9,203	7,196	7,555	7,751	8,405	8,405
Other provisions	3	3	3	6	6	8	7	5	5	5
Derivatives	1,296	1,323	1,126	716	716	1,551	1,431	1,365	1,352	1,352
Interest-bearing liabilities	39,062	39,992	40,697	40,358	40,358	36,204	37,213	38,147	38,226	38,226
Non-interest bearing liabilities	2,618	2,486	1,914	2,108	2,108	3,548	2,875	2,041	1,988	1,988
<b>Total shareholders' equity and liabilities</b>	<b>84,566</b>	<b>86,908</b>	<b>90,045</b>	<b>92,140</b>	<b>92,140</b>	<b>77,801</b>	<b>79,635</b>	<b>80,652</b>	<b>83,712</b>	<b>83,712</b>
<b>Key financial metrics</b>										
Net operating margin	69%	72%	73%	68%	71%	66%	73%	73%	64%	69%
Interest rate, average	2.4%	2.3%	2.1%	2.0%	2.2%	2.6%	2.4%	2.4%	2.4%	2.4%
Interest coverage ratio	393%	461%	506%	463%	454%	361%	400%	429%	356%	386%
Return on EPRA NNNNAV	8.8%	20.6%	29.9%	24.0%	22.0%	2.7%	16.4%	10.2%	32.1%	18.3%
Return on total capital	5.3%	7.3%	15.2%	13.3%	10.6%	9.1%	9.0%	5.8%	16.0%	10.1%
Return on shareholders' equity	9.3%	20.0%	30.2%	25.7%	22.6%	20.0%	16.7%	10.2%	31.3%	20.6%
Investments in properties, MSEK	734	1,722	1,000	1,836	5,295	3,192	1,513	727	1,056	6,488
Sales, MSEK	232	155	60	2,188	2,635	832	24	16	3	875
Loan-to-value ratio	48%	47%	46%	45%	45%	48%	48%	49%	47%	47%
<b>Data per share</b> (since there are no potential shares, there is no dilution effect)										
Average number of shares, thousand	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201
Income from property management, SEK	2.43	2.76	2.92	2.68	10.81	2.17	2.40	2.59	2.10	9.26
Income from property management after tax (EPRA EPS), SEK	2.27	2.53	2.61	2.24	9.65	1.91	2.15	2.21	2.10	8.39
Earnings after tax, SEK	2.80	6.08	9.61	8.79	27.27	5.22	4.47	2.84	8.98	21.51
Number of shares outstanding, thousand	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201
Property value, SEK	300	309	320	326	326	271	280	283	297	297
Long-term net asset value (EPRA NAV), SEK	151	157	168	176	176	133	139	142	153	153
Actual net asset value (EPRA NNNNAV), SEK	135	142	153	162	162	119	124	127	138	138
Dividend, SEK (2018 proposed)	-	-	-	-	6.10	-	-	-	-	5.30
Dividend payout ratio	-	-	-	-	56%	-	-	-	-	57%
<b>Property-related key metrics</b>										
Rental value, SEK/sq. m.	1,363	1,386	1,392	1,429	1,407	1,332	1,338	1,341	1,356	1,341
Economic occupancy rate	92.9%	93.2%	93.0%	93.3%	93.2%	89.9%	90.0%	91.6%	91.4%	90.9%
Property costs, SEK/sq. m.	382	354	344	419	378	397	320	327	423	364
Property value, SEK/sq. m.	18,461	18,762	19,333	20,417	20,417	17,105	17,395	17,569	18,268	18,268

# Multi-Year Summary

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Income statement, MSEK</b>										
Income	5,577	5,182	4,533	3,299	3,318	3,249	3,073	2,919	2,759	2,694
Property costs	-1,632	-1,605	-1,497	-1,074	-1,096	-1,105	-1,042	-1,003	-960	-942
Net operating income	3,945	3,577	3,036	2,225	2,222	2,144	2,031	1,916	1,799	1,752
Central administrative expenses	-158	-162	-143	-113	-108	-96	-93	-83	-84	-81
Joint venture (Income from property management)	-	-	3	23	-	-	-	-	-	-
Net interest costs	-835	-885	-832	-602	-664	-702	-683	-660	-574	-541
<b>Income from prop. mgmt incl. joint venture income</b>	<b>2,952</b>	<b>2,530</b>	<b>2,065</b>	<b>1,533</b>	<b>1,450</b>	<b>1,346</b>	<b>1,255</b>	<b>1,173</b>	<b>1,141</b>	<b>1,130</b>
Acquisition and restructuring costs	-	-5	-163	-	-	-	-	-	-	-
Write-down, goodwill	-	-	-373	-	-	-	-	-	-	-
Changes in property values	5,216	4,540	4,085	1,837	344	328	-69	194	1,222	-1,027
Change in derivatives values	152	247	82	216	-660	429	-110	-429	291	102
Revaluation of results due to stepwise acquisition	-	-	27	-2	-	-	-	-	-	-
Current tax	-74	-96	-23	-16	-11	-6	-7	-10	-5	-10
Deferred tax	-793	-1,340	-727	-687	88	-390	404	-217	-685	-35
<b>Net income for the period/year</b>	<b>7,453</b>	<b>5,876</b>	<b>4,972</b>	<b>2,881</b>	<b>1,211</b>	<b>1,707</b>	<b>1,473</b>	<b>711</b>	<b>1,964</b>	<b>160</b>
Other total net income	8	-8	6	-8	8	3	-4	0	-	-
<b>Total net income for the period/year</b>	<b>7,461</b>	<b>5,868</b>	<b>4,978</b>	<b>2,873</b>	<b>1,219</b>	<b>1,710</b>	<b>1,469</b>	<b>711</b>	<b>1,964</b>	<b>160</b>
<b>Balance sheet, MSEK</b>										
Investment properties	89,168	81,078	70,757	41,818	37,599	37,752	36,328	33,867	31,768	29,267
Joint venture	-	-	-	526	-	-	-	-	-	-
Goodwill	1,659	1,659	1,659	-	-	-	-	-	-	-
Other assets	1,070	772	5,640	269	442	291	259	207	156	201
Liquid assets	243	203	257	39	47	70	44	97	12	8
<b>Total assets</b>	<b>92,140</b>	<b>83,712</b>	<b>78,313</b>	<b>42,652</b>	<b>38,088</b>	<b>38,113</b>	<b>36,631</b>	<b>34,171</b>	<b>31,936</b>	<b>29,476</b>
Shareholders' equity	39,749	33,736	29,234	15,768	13,649	13,127	12,065	11,203	11,082	9,692
Deferred tax liability	9,203	8,405	7,065	4,299	3,612	3,700	3,310	3,714	3,502	2,824
Other provisions	6	5	9	14	23	-	-	-	-	-
Derivatives	716	1,352	1,582	1,117	1,357	683	1,105	1,003	574	865
Interest-bearing liabilities	40,358	38,226	38,467	20,396	18,446	19,481	19,094	17,160	15,781	15,294
Non-interest bearing liabilities	2,108	1,988	1,956	1,058	1,001	1,122	1,057	1,091	997	801
<b>Total shareholders' equity and liabilities</b>	<b>92,140</b>	<b>83,712</b>	<b>78,313</b>	<b>42,652</b>	<b>38,088</b>	<b>38,113</b>	<b>36,631</b>	<b>34,171</b>	<b>31,936</b>	<b>29,476</b>
<b>Key financial metrics</b>										
Net operating margin	71%	69%	67%	67%	67%	66%	66%	66%	65%	65%
Interest rate, average	2.2%	2.4%	2.7%	3.0%	3.3%	3.7%	3.9%	4.1%	3.7%	3.7%
Interest coverage ratio	454%	386%	348%	351%	318%	292%	284%	278%	299%	309%
Return on EPRA NNNNAV	22.0%	18.3%	20.9%	20.4%	7.6%	13.2%	7.9%	6.4%	21.5%	1.6%
Return on total capital	10.6%	10.1%	11.9%	10.0%	6.5%	6.4%	5.3%	6.2%	9.8%	2.1%
Return on shareholders' equity	22.6%	20.6%	20.1%	21.7%	9.5%	14.6%	13.5%	6.6%	20.9%	1.6%
Investments in properties, MSEK	5,292	6,488	31,491	3,553	2,525	1,768	2,798	2,015	1,506	1,165
Sales, MSEK	2,635	875	6,754	1,140	3,054	687	253	107	227	36
Loan-to-value ratio	45%	47%	50%	49%	49%	51%	52%	50%	50%	52%
<b>Data per share</b> (since there are no potential shares, there is no dilution effect)										
Average number of shares, thousand	273,201	273,201	234,540	189,014	189,014	189,014	189,014	189,014	189,014	189,014
Income from property management, SEK	10.81	9.26	8.80	8.11	7.67	7.12	6.64	6.21	6.04	5.98
Income from property management after tax (EPRA EPS), SEK	9.65	8.39	8.26	7.84	7.17	6.97	6.31	6.08	5.75	6.02
Earnings after tax, SEK	27.28	21.51	21.20	15.24	6.41	9.03	7.79	3.76	10.39	0.85
Number of shares outstanding, thousand	273,201	273,201	273,201	189,014	189,014	189,014	189,014	189,014	189,014	189,014
Property value, SEK	326	297	259	221	199	200	192	179	168	155
Long-term net asset value (EPRA NAV), SEK	176	153	133	112	99	93	87	84	80	71
Actual net asset value (EPRA NNNNAV), SEK	162	138	121	100	87	84	78	75	74	63
Dividend, SEK (2018 proposed)	6.10	5.30	5.00	4.25	3.99	3.69	3.43	3.21	3.12	3.04
Dividend payout ratio	56%	57%	57%	52%	52%	52%	52%	52%	52%	51%
<b>Property-related key metrics</b>										
Rental value, SEK/sq. m.	1,407	1,341	1,304	1,095	1,064	1,036	1,015	995	974	969
Economic occupancy rate	93.2%	90.9%	91.3%	90.3%	88.7%	88.4%	88.6%	89.3%	89.0%	89.8%
Property costs, SEK/sq. m.	378	364	376	316	307	307	298	300	298	300
Property value, SEK/sq. m.	20,417	18,268	16,558	12,282	11,118	10,285	9,916	9,835	9,499	9,036

## Key financial metrics

A number of the financial measures presented by Castellum are not defined in accordance with the IFRS accounting standards. However, the company believes that these measures provide useful supplementary information to both investors and Castellum's management, as they facilitate evaluation of the company's performance. It is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. These financial measurements should therefore not be seen as a substitute for measures defined under the IFRS. Unless otherwise stated, measurements that are not defined under IFRS are presented along with their reconciliation. Definitions for these measures appear on page 208.

	Jan-Dec 2018	Jan-Dec 2017
Average number of shares, thousand (key financial metrics related to income statement)*	273,201	273,201
Number of shares outstanding, thousand (key financial metrics related to balance sheet)*	273,201	273,201

\*The number of shares from a historical perspective has been restated to take the bonus issue into account (i.e. the value of the subscription right) in the completed new share issue, and has been utilized in all calculations of metrics for SEK per share. The conversion factor is 1.15.

### INCOME FROM PROPERTY MANAGEMENT

Castellum's operations are focused on cash flow growth from ongoing management operations (i.e. income growth from property management), the yearly objective being a 10% increase in income from property management. Income from property management also forms the basis of the annual shareholder dividend: at least 50% of income from property management. 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.

	Jan-Dec 2018		Jan-Dec 2017	
	MSEK	SEK/share	MSEK	SEK/share
<b>Income from prop. mgmt</b>				
Income before tax	8,320	30.45	7,312	26.76
Reversed:				
Transaction and restructuring costs	-	-	5	0.02
Changes in value, properties	-5,216	-19.09	-4,540	-16.62
Change in derivatives values	-152	-0.55	-247	-0.90
<b>= Income from property management</b>	<b>2,952</b>	<b>10.81</b>	<b>2,530</b>	<b>9.26</b>
<b>EPRA Earnings (Income from property management after tax)</b>				
Income from prop. mgmt	2,952	10.81	2,530	9.26
Reversed: Current tax, income from property management	-316	-1.16	-239	-0.87
<b>EPRA Earnings/EPRA EPS</b>	<b>2,636</b>	<b>9.95</b>	<b>2,291</b>	<b>8.39</b>

### NET ASSET VALUE

Net asset value is the total equity that the company manages for its owners. Based on this equity, Castellum wants to create return and growth at a low level of risk. Net asset value can be calculated both long and short term. Long-term net asset value is based on the balance sheet, with adjustments for items that will not lead to any short-term payment. In Castellum's case, these would include such things as goodwill, derivatives and deferred tax liability. Actual net asset value is shareholders' equity according to the balance sheet, adjusted for the market value of the deferred tax liability.

	Jan-Dec 2018		Jan-Dec 2017	
	MSEK	SEK/share	MSEK	SEK/share
<b>Net asset value</b>				
Shareholders' equity according to the balance sheet	39,749	145	33,736	123
Reversed:				
Derivatives according to balance sheet	716	3	1,352	5
Goodwill according to balance sheet	-1,659	-6	-1,659	-6
Deferred tax according to balance sheet	9,203	34	8,405	31
<b>Long-term net asset value (EPRA NAV)</b>	<b>48,009</b>	<b>176</b>	<b>41,834</b>	<b>153</b>
Deduction				
Derivatives as above	-716	-3	-1,352	-5
Estimated real deferred tax, 6%*	-2,975	-11	-2,850	-10
<b>Short term net asset value (EPRA NNAV)</b>	<b>44,318</b>	<b>162</b>	<b>37,632</b>	<b>138</b>

\*The estimated actual net deferred tax liability has been estimated at 6% based on a discount rate of 3%. Further, it has been assumed that tax loss carry forwards are realized over 2 years with a nominal tax of 21.4%, which yields a current deferred tax liability of 21%, and that the properties are realized over 50 years where 33% are sold directly with a nominal tax of 20.6% and 67% are sold indirectly in corporate wrappers where the buyer's tax discount is 8%, which yields a current deferred tax liability of 6%.

## FINANCIAL RISK

Castellum's strategy is to own, develop and manage properties at low financial risk. This is expressed in a loan-to-value ratio not permanently exceeding 50% and an interest coverage ratio of at least 200%.

Interest coverage ratio	Jan-Dec 2018	Jan-Dec 2017
Income from prop. mgmt	2,952	2,530
Reversed:		
Net interest	835	885
<b>Income from property management excl. net interest</b>	<b>3,787</b>	<b>3,415</b>
Interest coverage ratio	454%	386%
<b>Loan-to-value ratio</b>		
Interest-bearing liabilities	40,358	38,226
Liquid assets	-243	-203
<b>Net interest-bearing liabilities</b>	<b>40,115</b>	<b>38,023</b>
Investment properties	89,168	81,078
Acquired properties not taken into possession	-31	-23
Divested properties still in Castellum's possession	164	15
<b>Net investment properties</b>	<b>89,301</b>	<b>81,070</b>
Loan-to-value ratio	45%	47%

## INVESTMENT

In order to achieve the overall objective of 10% growth in income from property management per share, Castellum will make annual net investments of at least 5% of the property value.

Net investments	Jan-Dec 2018	Jan-Dec 2017
Acquisitions	2,455	3,595
New construction, expansions and reconstructions	2,837	2,893
<b>Total investments</b>	<b>5,292</b>	<b>6,488</b>
Net sales prices	-2,635	-875
<b>Net investments</b>	<b>2,657</b>	<b>5,613</b>
<b>Share of the property value, %</b>	<b>3%</b>	<b>7%</b>

## Other key financial metrics

	Jan-Dec 2018	Jan-Dec 2017
Net operating margin	71%	69%
Interest rate, average	2.2%	2.4%
Return on long-term net asset value	18.5%	19.6%
Return on EPRA NNAV	22.0%	18.3%
Return on total capital	10.6%	10.1%
Return on equity	22.6%	20.6%
Property value, SEK/share	326	297
Gross leasing	408	600
Net leasing	161	310

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# Consolidated statement of comprehensive income

MSEK		2018	2017
Rental income	Note 3	5,185	4,783
Service income		392	399
<b>Income</b>		<b>5,577</b>	<b>5,182</b>
Operating expenses	Note 4	-753	-699
Maintenance	Note 4	-167	-194
Ground rents	Note 4	-23	-23
Property tax	Note 4	-315	-305
Leasing and property administration	Note 4	-374	-384
<b>Net operating income</b>		<b>3,945</b>	<b>3,577</b>
Central administrative expenses	Note 5	-158	-162
Acquisition and restructuring costs	Note 6	-	-5
<i>Net interest</i>			
Interest income	Note 7	22	4
Interest expenses	Note 8	-857	-889
<b>Income from property management, incl. transaction and restructuring costs</b>		<b>2,952</b>	<b>2,525</b>
<i>- of which income from property management</i>		<i>2,952</i>	<i>2,530</i>
<i>Changes in value</i>	Note 9		
Properties		5,216	4,540
Derivatives		152	247
<b>Income before tax</b>		<b>8,320</b>	<b>7,312</b>
Current tax	Note 10	-74	-96
Deferred tax	Note 10	-793	-1,340
<b>Total net income for the year*</b>		<b>7,453</b>	<b>5,876</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified to net income for the year</i>			
Translation differences, foreign operations		151	72
Change in derivatives values, foreign hedging		-143	-80
Deferred tax pertaining to above		-	-
<b>Total net income for the year**</b>		<b>7,461</b>	<b>5,868</b>
Data per share (Since there are no potential shares, there is no dilution effect)			
Average number of shares, thousand		273,201	273,201
Earnings per share, SEK		27.28	21.51

\*Net income for the year and comprehensive income are assignable in their entirety to the Parent Company's shareholders.



# Consolidated balance sheet

MSEK		Dec 31, 2018	Dec 31, 2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investment properties	Note 12, 22	89,168	81,078
Tangible fixed assets	Note 13	123	83
Goodwill	Note 14	1,659	1,659
Other fixed assets		23	24
<b>Total fixed assets</b>		<b>90,973</b>	<b>82,844</b>
<b>Current assets</b>			
Rent receivables	Note 3	47	45
Receivables, property sales		164	15
Other receivables		410	375
Prepaid expenses and accrued income		303	230
Liquid assets		243	203
<b>Total current assets</b>		<b>1,167</b>	<b>868</b>
<b>TOTAL ASSETS</b>		<b>92,140</b>	<b>83,712</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity attributable to Parent Company shareholders</b>			
Share capital	Note 15	137	137
Other capital contribution		12,434	12,434
Reserves		5	-3
Non-controlling interest		-2	-2
Retained earnings		27,175	21,170
<b>Total shareholders' equity</b>		<b>39,749</b>	<b>33,736</b>
<b>Liabilities</b>			
<i>Long-term liabilities</i>			
Deferred tax liability	Note 16	9,203	8,405
Other Provisions	Note 17	6	5
Derivatives	Note 18	716	1,352
Long-term interest-bearing liabilities	Note 19	40,358	38,226
Other long-term liabilities	Note 20	307	-
<i>Total long-term liabilities</i>		<i>50,590</i>	<i>47,988</i>
<i>Short-term liabilities</i>			
Accounts payable		141	124
Tax liabilities		161	211
Other liabilities		312	526
Accrued Expenses and Prepaid Income	Note 21	1,187	1,127
<i>Total short-term liabilities</i>		<i>1,801</i>	<i>1,988</i>
<b>Total liabilities</b>		<b>52,391</b>	<b>49,976</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>92,140</b>	<b>83,712</b>

## Income Statement for the Parent Company

MSEK		2018	2017
Income	Note 3	80	72
Central administrative expenses	Note 5	-193	-179
<i>Financial items</i>			
Impairments, participations in Group companies		-23	-2,200
Financial income	Note 7	2,526	4,391
Financial expenses	Note 8	-952	-926
<b>Income before changes in value and tax</b>		<b>1,438</b>	<b>1,158</b>
<i>Changes in value</i>			
Derivatives	Note 9	108	284
<b>Profit before tax</b>		<b>1,545</b>	<b>1,442</b>
Current tax	Note 10	-	-
Deferred tax	Note 10	-67	-83
<b>Net income for the year</b>		<b>1,478</b>	<b>1,359</b>

## Statement of Comprehensive income for the Parent Company

MSEK		2018	2017
Net income for the year according to the Income Statement		1,478	1,359
<b>Other comprehensive income</b>			
<i>Items that will be reclassified to net income for the year</i>			
Translation differences, foreign operations		93	67
Change in derivatives values, foreign hedging		-99	-67
<b>Total net income for the year</b>		<b>1,472</b>	<b>1,359</b>

# Balance sheet for the Parent Company

MSEK		Dec 31, 2018	Dec 31, 2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible fixed assets	Note 13	51	53
<i>Financial fixed assets</i>			
Participations in Group companies	Note 23, 24	19,678	19,661
Deferred tax assets	Note 18	12	79
Long-term receivables, Group companies	Note 25	29,062	30,914
<i>Total financial fixed assets</i>		48,752	50,654
<b>Total fixed assets</b>		<b>48,803</b>	<b>50,707</b>
<b>Current assets</b>			
Short-term receivables, Group companies		10,361	7,521
Prepaid expenses and accrued income		36	52
Other receivables		10	1
Liquid assets		1	-
<b>Total current assets</b>		<b>10,408</b>	<b>7,574</b>
<b>TOTAL ASSETS</b>		<b>59,211</b>	<b>58,281</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	Note 15		
<i>Restricted shareholders' equity</i>			
Share capital		137	137
Statutory reserves		20	20
<i>Non-restricted shareholders' equity</i>			
Fair value reserves		-8	-2
Share premium reserve		8,433	8,433
Retained earnings		7,758	7,847
Net income for the year		1,478	1,359
<b>Total shareholders' equity</b>		<b>17,818</b>	<b>17,794</b>
<b>Liabilities</b>	Note 16		
<i>Long-term liabilities</i>			
Derivatives	Note 19	716	1,352
Long-term interest-bearing liabilities	Note 20	36,738	34,303
Long-term interest bearing liabilities, Group companies		3,711	4,627
<i>Total long-term liabilities</i>		41,165	40,282
<i>Short-term liabilities</i>			
Short-term interest bearing liabilities, Group companies		64	60
Other short-term liabilities		4	-
Accounts payable		4	1
Accrued expenses and prepaid income	Note 21	156	144
<i>Total short-term liabilities</i>		228	205
<b>Total liabilities</b>		<b>41,393</b>	<b>40,487</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>59,211</b>	<b>58,281</b>

## Change in equity

Group, MSEK (Note 15)	Attributable to Parent Company shareholders							
	Number of shares outstanding, thousand	Share capital	Other capital contribution	Currency translation reserve	Hedging reserve	Non-controlling interest	Retained earnings	Total shareholders' equity
<b>Shareholders' equity Dec 31, 2016</b>	<b>273,201</b>	<b>137</b>	<b>12,434</b>	<b>51</b>	<b>-46</b>	<b>-2</b>	<b>16,660</b>	<b>29,234</b>
Dividend, Mar/Sep 2017 (SEK 5.00/share)	-	-	-	-	-	-	-1,366	-1,366
Net income for 2017	-	-	-	-	-	-	5,876	5,876
Other total net income, 2017	-	-	-	78	-80	-	-	-8
<b>Shareholders' equity Dec 31, 2017</b>	<b>273,201</b>	<b>137</b>	<b>12,434</b>	<b>123</b>	<b>-126</b>	<b>-2</b>	<b>21,170</b>	<b>33,736</b>
Dividend, Mar and Sep 2018 (SEK 5.30/share)	-	-	-	-	-	-	-1,448	-1,448
Net income for 2018	-	-	-	-	-	-	7,453	7,453
Other total net income, 2018	-	-	-	151	-143	-	-	8
<b>Shareholders' equity Dec 31, 2018</b>	<b>273,201</b>	<b>137</b>	<b>12,434</b>	<b>274</b>	<b>-269</b>	<b>-2</b>	<b>27,175</b>	<b>39,749</b>

Parent Company, MSEK (Note 15)	Number of shares outstanding, thousand	Share capital	Statutory reserve	Fair value reserves		Share premium reserve	Retained earnings	Total shareholders' equity
				Currency translation reserve	Hedging reserve			
<b>Shareholders' equity Dec 31, 2016</b>	<b>273,201</b>	<b>137</b>	<b>20</b>	<b>17</b>	<b>-19</b>	<b>8,433</b>	<b>9,213</b>	<b>17,801</b>
Dividend, Mar and Sep 2017 (SEK 5.00/share)	-	-	-	-	-	-	-1,366	-1,366
Net income for 2017	-	-	-	-	-	-	1,359	1,359
Other total net income, 2017	-	-	-	67	-67	-	0	0
<b>Shareholders' equity Dec 31, 2017</b>	<b>273,201</b>	<b>137</b>	<b>20</b>	<b>84</b>	<b>-86</b>	<b>8,433</b>	<b>9,206</b>	<b>17,794</b>
Dividend, Mar and Sep 2018 (SEK 5.30/share)	-	-	-	-	-	-	-1,448	-1,448
Net income for 2018	-	-	-	-	-	-	1,478	1,478
Other total net income, 2018	-	-	-	93	-99	-	-	-6
<b>Shareholders' equity Dec 31, 2018</b>	<b>273,201</b>	<b>137</b>	<b>20</b>	<b>177</b>	<b>-185</b>	<b>8,433</b>	<b>9,236</b>	<b>17,818</b>

# Cash flow statement

MSEK	Group		Parent Company	
	2018	2017	2018	2017
<b>Operating activities</b>				
Net operating income	3,945	3,577	80	72
Central administrative expenses	-158	-162	-193	-179
Reversed depreciation	19	14	7	5
Net interest rate paid	-829	-878	24	8
Tax paid	-75	-3	-	-
Translation differences, foreign operations	8	-8	-	-
<b>Cash flow from operating activities before change in working capital</b>	<b>2,910</b>	<b>2,540</b>	<b>-82</b>	<b>-94</b>
<i>Cash flow from changes in working capital</i>				
Change in current receivables	-225	-74	-2,833	1,632
Change in current liabilities	-200	-223	14	-744
<b>Cash flow from operating activities</b>	<b>2,485</b>	<b>2,243</b>	<b>-2,901</b>	<b>794</b>
<b>Investment activities</b>				
Investments in new construction, expansions and reconstructions	-2,837	-2,893	-	-
Property acquisitions	-2,455	-3,595	-	-
Change in liabilities upon property acquisitions	8	12	-	-
Property sales	2,635	875	-	-
Change in receivables upon property sales	-149	4,956	-	-
Other net investments	-85	-48	1,485	-1,978
<b>Cash flow from investment activities</b>	<b>-2,883</b>	<b>-693</b>	<b>1,485</b>	<b>-1,978</b>
<b>Financing activities</b>	Note 27			
New borrowing, interest-bearing liabilities	2,025	-241	1,885	7,116
Change in other long-term liabilities	307	-	-	-
Change in long-term receivables	11	3	1,437	-4,566
Swap termination	-457	-	-457	-
Dividend paid	-1,448	-1,366	-1,448	-1,366
<b>Cash flow from financing activities</b>	<b>438</b>	<b>-1,604</b>	<b>1,417</b>	<b>1,184</b>
<b>Cash flow for the year</b>	<b>40</b>	<b>-54</b>	<b>1</b>	<b>0</b>
Liquid assets, opening balance	203	257	0	0
<b>Liquid assets, closing balance</b>	<b>243</b>	<b>203</b>	<b>1</b>	<b>-</b>

# Accounting policies and Notes

(All figures in MSEK unless stated otherwise.)

## Note 1 Accounting policies

### General information

The financial reports of Castellum AB (the "Parent Company") for the fiscal year ending December 31, 2018 were approved by the Board of Directors and the Chief Executive Officer on February 1, 2019, and will be proposed to the 2019 Annual General Meeting for adoption. The Parent Company is a Swedish public limited liability company registered in Gothenburg, Sweden. The business activities of the Group are described in the Directors' report.

### Basis for preparation of the accounts

Castellum's accounts have been prepared in accordance with the IFRS standards adopted by the EU. Further, the consolidated accounts have been prepared according to Swedish law by application of the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups.

The accounts are prepared based on the fair value of investment properties and derivatives, the nominal value of deferred tax and cost for the remaining items.

### Critical assessments and estimates

Accounts are completed in accordance with the IFRS, and generally accepted accounting principles require assessments and assumptions affecting recognized assets, liabilities, income and costs, 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.

### Investment properties

For valuation of investment properties, assessments and assumptions can have a significant effect on the income and financial position of the Group. These valuations require estimates and assumptions of future cash flows and determination of the discounting factor (required yield). To reflect the uncertainty that exists in the assessments and assumptions, an uncertainty range of +/- 5-10% is normally used in property valuations. Information about this, along with prevailing assessments and assumptions, is presented in Note 12.

### Asset acquisition versus business combination

A company acquisition can be classified as either a business combination or an asset acquisition. An acquisition whose primary purpose is acquiring a company's property (i.e. where the company's potential property management and administration are of secondary importance to the acquisition) is classified as an asset acquisition. Other company acquisitions are classified as business combinations.

For asset acquisitions, no deferred tax is recorded in the acquisition. Instead, a possible tax discount reduces the cost of the property, meaning that changes in value will be affected by the tax discount in the subsequent valuation.

### Deferred tax liability

According to the accounting rules, deferred tax is to be recognized using the nominal tax rate without discount, calculated according to the tax rates set by the Swedish Parliament: 21.4% for 2019 and 2020, and 20.6% from 2021 onward. Actual tax is considerably lower, in part due to the possibility of selling properties in a tax-efficient manner, and in part due to the time factor.

### Income from property management

Castellum's operations are focused on cash flow growth from continual administration (i.e. growth in income from property management) with the objective of an annual increase in property management income of at least 10%. Income from property management also forms the basis of the annual shareholder dividend: at least 50% of income from property management. The size of the changes in value have therefore not been defined; they are neither part of the basis for dividends nor of any other basis, for example, the company management's incentive program. To provide an accurate picture of Castellum's view over its business operations, the statement of comprehensive income has been prepared accordingly (i.e. changes in value not affecting cash flow are presented after items affecting cash flow). Furthermore, one performance item has been added by which the business operations are managed and targeted: income from property management.

### 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.

### Consolidated financial statements

The Group's balance sheet and income statements include all companies where the Parent Company has a direct or indirect controlling interest, which is obtained when Castellum achieves a voting majority. All companies in the Group are wholly owned. In addition to the Parent Company, the Group comprises the subsidiaries and their respective sub-groups listed in Note 24. The consolidated financial statements are based upon the accounts prepared for all Group companies as of December 31. The consolidated financial statements are prepared according to the acquisition method, which means that shareholders' equity in the subsidiaries at the time of acquisition — calculated as the difference between the fair value of the assets and liabilities — is fully eliminated. The shareholders' equity in the Group includes only the part of shareholders' equity in the subsidiaries that has been earned after acquisition.

Companies acquired or sold during the year are only included in the consolidated income statement for the period in which they were owned. Intra-Group sales, income, losses and balances are eliminated in the consolidated accounts. The accounts of foreign operations are translated to SEK by translating the balance sheet to the exchange rate on the balance-sheet date — except for shareholders' equity, which is translated at the historical exchange rate, while earnings are translated at the average exchange rate of the period. Currency translation differences are recognized in other comprehensive income.

### Revenue

#### Rental and service income

Rental income, which from an accounting perspective represents income from operating leases, is invoiced in advance and recognized as a linear allocation in profit or loss, based on the terms in the leases. The income is divided into rental income and service income. The former includes the customary rent debited including index adjustments, additional charging for investments, and property tax; the latter refers to all other additional charging for extra services such as heating, cooling, waste, water, and so on. Service income is recognized in the period the service was performed and delivered to the tenant. Rental and service income are paid in advance, and pre-paid rents are recorded as deferred rental income.

In cases where a lease permits a reduction in rent during a certain period of time matched by a higher rent at another point in time, this rent deficit and surplus are distributed over the term of the lease. Pure discounts, such as reduction for gradual occupancy, are charged to the period in which they occur.

#### Income from property sales

Income from property sales is entered as of the contract date, unless special conditions exist in the purchasing agreement. Sales of properties in corporate wrappers are net accounted for with reference to underlying property price and calculated tax. Earnings from property sales are recognized as changes in value and refer to the differences between received sales prices after deduction of sales costs, calculated tax and recognized values in the latest interim report, with adjustments for investments closed down after the latest interim report.

#### Financial income

Financial income consists of interest-rate income and is recognized in the period it refers to. Group contributions received, as well as dividends received and anticipated, are also recognized as financial income. The effective interest method is applied in calculating financial income.

#### Financial expenses

Financial expenses include interest and other expenses that arise when borrowing money. Pledging costs for mortgages are not considered financial expenses but are capitalized as an increase in value of the investment property. Financial expenses are recognized in the period they are attributable to. Financial expenses also include interest expenses for interest rate derivatives. Cash flows from interest rate derivatives are taken up as income in the period they refer to. Net financial items are not affected by market valuation of the interest rate derivatives entered into, which are instead recognized as changes in value under a separate heading. The portion of the interest expense pertaining to

interest rates during the production period for larger new constructions, expansions and reconstructions is capitalized. Interest is calculated based on the average funding cost for the Group.

### Remuneration to employees

Remuneration to employees is recognized in pace with the employees performing services in exchange for the remuneration. Remuneration under incentive plans, which is settled in cash and paid as non-pensionable salary, is recognized in pace with achieving objectives and the term of the program.

Pensions and other post-employment benefits can be classified as defined-contribution or defined-benefit plans. The majority of the Castellum Group's pension commitments are defined-contribution plans, fulfilled through regular payments to independent authorities or bodies administering the plans. Obligations regarding payments to defined-contribution plans are recognized as costs when they arise. A small number of employees within the Castellum Group have defined-benefit ITP plans with ongoing payments to Alecta. These plans are recognized as defined-contribution plans, since Alecta does not provide the information needed in order to report the plan as a defined benefit plan. There are, however, no indications of any significant liabilities exceeding what has been paid to Alecta.

### Income taxes

Income tax is divided into current and deferred tax in the income statement. Income tax is recognized in the income statement except when attributable to transactions recognized directly against shareholders' equity, as the tax effect is also recognized directly against shareholders' equity. Current tax is calculated based on the tax rate in effect of 22%, while deferred tax is based on the lower tax rates that apply in Sweden from 2019 (21.4%) and 2021 (20.6%) respectively. As regards Denmark and Finland, current and deferred tax are calculated at 22% and 20% respectively.

### Deferred tax

Deferred tax on temporary differences arising between the recognized value of an asset or liability and its tax base is recognized in Castellum under the balance-sheet method. A tax liability or tax asset is thus realized on the date the asset or liability is sold. Exceptions are made for temporary differences arising from the initial recognition of assets and liabilities that make up asset acquisitions. Castellum has three items that contain temporary differences: properties, tax loss carry forwards and untaxed reserves. Deferred tax assets related to tax loss carry forwards are recognized, since it is probable that future taxable income, which may be utilized to offset tax loss carry forwards, will be available. Deferred tax liability is calculated on the difference between the properties' recognized value and their tax base, as well as on untaxed reserves. For changes to any of the items above, the deferred tax liability/tax asset is also changed, which is recognized in profit or loss as deferred tax.

This year's acquisitions were recognized as asset acquisitions, meaning that the deferred tax existing on the acquisition date was not included in the balance sheet.

### Current tax

In addition to deferred tax, current tax — corresponding to the tax the company must pay on taxable profit for the year — is also recognized in the income statement, adjusted for any current tax regarding previous periods.

### Leases

Leases where essentially all risks and benefits associated with ownership fall to the lessor are classified as operational leases. From a reporting perspective, all current rental agreements attributable to Castellum's investment properties are to be regarded as operational leases. Recognition of these leases is indicated by the income policy and by Note 3.

From an accounting perspective, site leasehold agreements are operational leases. The site leasehold fee is recognized for the period it refers to.

There are a small number of low-value leases, where Castellum is the lessee. These leases are also recognized as operational leases and pertain mainly to leased cars. Payments made during the leasing period are expensed in profit or loss in a straight line over the leasing period.

### Investment properties

Investment properties are properties held for the purpose of generating rental income, capital appreciation, or a combination of both rather than for use in the

company's own operations for production and supply of goods and services or for administrative purposes and sales in operating activities. All of Castellum's properties, whether owned or used through site leasehold agreements, are classified as investment properties. If the Group begins an investment in an existing investment property for continued use as an investment property, it is also recognized as an investment property going forward.

### Valuation

Investment properties, which upon acquisition were recognized at cost including expenses directly attributable to the acquisition, have been recognized in profit or loss at fair value together with changes in value. Fair value was established through an internal valuation model described in Note 12. The note also indicates the assumptions serving as the basis for the valuation. The valuation model is built on a valuation based on the current value of future cash flows with differentiated required yields per property at market rates, depending on factors including location, purpose, condition and standard. In order to provide further assurance for the internal valuation, part of the portfolio has been valued externally.

### Change in value

Change in value is recognized in profit or loss and consists of both unrealized and realized change in value. The unrealized change in value is calculated based on the valuation at the end of the period compared with the valuation last year, or alternately on the cost — if the property was acquired during the year — plus additional expenses capitalized during the period. For properties sold during the year, unrealized change in value is calculated based on the valuation at the latest interim report prior to the sale, compared with the valuation at the end of the preceding year adjusted for additional expenditures capitalized during the period. The method for calculating realized change in value is indicated by the accounting policies for income from property sales.

### Additional expenditures

Additional expenditures that entail economic benefits for the company (i.e. they increase valuation and can be reliably calculated) are capitalized. Costs for repairs and maintenance are expensed in the period they arise in. For major new construction, expansions and reconstruction projects, interest expenses during the construction period are capitalized.

### Acquisitions and sales

For acquisition and sale of properties or companies, the transaction is recognized as of the signing date, provided no special conditions exist in the purchasing contract.

### Tangible fixed assets

Tangible fixed assets consist of equipment recognized at cost less any accumulated depreciation and impairment. The cost includes the purchase price and costs directly attributable to bringing the asset to the site, in usable condition in accordance with the aim of the acquisition. Depreciation of equipment is based on the cost less any later impairments. The residual value is assumed to be non-existent. Impairments on assets acquired during the year take the acquisition date into account. Depreciation is on a straight-line basis, which means equal depreciation over the period of use — normally five years, except for computers, which are expected to have a three-year period of use.

### Goodwill

Goodwill arising from the preparation of consolidated accounts represents the difference between the cost and the Group's share of the fair value of the acquired subsidiary's identifiable net assets at the acquisition date.

Goodwill recognized in the Group is attributable to deferred tax. On the acquisition date, goodwill is valued at cost; thereafter, it is valued at cost less any impairment.

Goodwill is tested at least once a year regarding the need for any impairment, or when there is an indication that a recognized value is not recoverable.

### Financial instruments

Financial instruments recognized in the balance sheet include cash and cash equivalents, rental receivables, other receivables and loan receivables among assets; and interest rate and currency derivative instruments, accounts payable, other payables and loans among liabilities.

Financial instruments are initially recognized at fair value equivalent to cost plus transaction costs, excepting the category of financial instruments recognized 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 recognized on the settlement day of the bank keeping the account, while other receipts and payments are recognized 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 realized 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.

### **Cash and cash equivalents**

Cash and cash equivalents could consist of the Group's available cash balances in banks and similar institutions, as well as bank deposits with a residual maturity of no more than ten (10) banking days, short-term investments in government bonds and bank and municipal bonds with a residual maturity of a maximum of three (3) months. At December 31, cash and cash equivalents consisted entirely of unappropriated bank balances.

### **Receivables**

Financial assets which are not derivatives, that feature fixed or fixable payments and are not quoted on an active market, are recognized as receivables. Financial assets are classified under amortized cost, fair value through profit or loss or fair value through other comprehensive income based on the character of the asset's cash flow and on the business model that covers the asset. All Castellum's financial assets that are not derivatives meet the criteria for contractual cash flows and are held in a business model whose purpose is to collect these contractual cash flows. The receivables are thereby recognized at amortized cost. The Group has rent receivables and other receivables, where the latter pertains chiefly to VAT and tax receivables, and receivables attributable to properties sold. After individual valuation, receivables were taken up at the amount at which they are expected to be received, which means that they are recognized at cost with allowance for uncertain receivables.

The simplified model for credit loss provisions is used for the Group's receivables with the exception of cash and cash equivalents. Credit provisions are routinely assessed based on historic data as well as current and prospective factors. Owing to the short tenor of the receivables, the amounts of the allowances are insignificant. The Group defines "in default" as receivables that are overdue by more than 90 days; in such cases, an individual assessment and allowance are made. The allowance for cash and cash equivalents is assessed based on the likelihood of default and on prospective factors. Owing to short tenors and high credit ratings, the amounts of the allowances are insignificant.

Receivables in the Parent Company consist only of receivables from the subsidiaries, which are recognized at cost. Receivables from the subsidiaries are analyzed in the general model, and the expected credit reserves are calculated based on the contract, adjusted for prospective factors and taking the value of the collaterals into account. Receivables without collaterals in properties are an insignificant amount, and given the value of the collaterals, the amount of the reserve is insignificant. For comparison figures under IAS 39: Financial assets that are not derivatives, feature fixed or fixable payments and are not quoted on an active market are recognized as receivables. Allowance is made for uncertain receivables when there are objective risk assessments that the Group might not receive the entire receivable.

### **Liabilities**

Liabilities refer to credits and operating liabilities such as accounts payable. The majority of Castellum's credit agreements are long-term. In the event short-term credits covered by unutilized long-term credit agreements are taken out, these are also considered long-term. The credits are recognized in the balance sheet on the settlement day and recognized at amortized cost. Accrued unpaid interest is recognized under accrued costs. A liability is recognized when the counter-party has delivered and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recognized when the invoice is received. Accounts payable and other operating liabilities with short maturities are recognized at nominal value.

### **Foreign currency**

Transactions in foreign currencies are translated to Swedish kronor (SEK) 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.

### **Derivatives**

Interest rate derivatives comprise financial assets or liabilities measured at fair value, with changes in value recognized in the income statement. To manage

exposure to fluctuations in the market interest rate in accordance with its adopted finance policy, Castellum has entered into interest rate derivative agreements. Changes in value will occur when using interest rate derivatives, depending primarily on changes to the market interest rate. Interest rate derivatives are initially recognized on the trade date at cost in the balance sheet, and subsequently appraised at fair value, with changes in value, in the income statement.

Changes in value can be realized as well as unrealized. Realized changes in value refer to settled interest rate derivative contracts and constitute the difference between the price at the time of settlement and the recognized value according to the latest interim report. Unrealized changes in value refer to the changes in value that arose during the period for the interest rate derivative agreements Castellum held at the end of the period. Changes in value are calculated based on valuation at the end of the period, compared to valuation from the previous year, or alternately the cost if the interest rate derivative agreement was entered into during the year. For interest rate derivatives settled during the year, an unrealized change in value is recognized and calculated based on valuation at the time of the latest interim report, prior to settlement, compared with valuation at the end of the preceding year. Rolling cash flows under the agreement are taken up as income for the period they refer to.

Castellum uses foreign currency derivatives for the purpose of hedging investments in Denmark and Finland, and to manage currency risk and adjust the interest rate structure when borrowing in the international capital market. Financing of foreign investments can be achieved both through raising loans in the functional currency of the foreign company, and by entering into currency derivatives. Castellum applies hedge accounting for both net investments in foreign operations and hedging of borrowing in the international capital market in those cases where currency derivatives are used. They are initially recognized in the balance sheet at cost on the transaction date, and thereafter reported at fair value in which the effective portion of the change in exchange rate regarding the hedging instrument is recognized in other comprehensive income, while the ineffective portion is recognized as a change in value in the income statement. The exchange rate on the balance sheet date is used to establish fair value.

At the time the hedge is opened, there is hedging documentation describing the hedging as well as the company's strategy and risk management, and a description of the efficiency of the hedging and how it is measured and monitored.

Based on the criteria below, the hedging is deemed to be very efficient.

There is a financial link between the hedged item and the hedging instrument. The effect of the credit risk does not dominate the changes resulting from the financial link; the hedge ratio for the hedging relationship is the same as the one resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge the amount of hedged items.

If a hedge ceases to be efficient for reasons related to the hedge ratio but nothing changes in the risk strategy, the company will rebalance the hedge.

Castellum designates only the spot risk in hedges using forward contracts; other parts of the market value are recognized in the income statement.

The Group discontinues hedge reporting only when the hedge no longer meets the qualification criteria: when the hedging instrument is sold or redeemed, or when a hedged forecast no longer meets the requirements for being highly probable. Adjustments for counterparty risk — credit valuation adjustment (CVA) and derivative valuation adjustment (DVA) — are made when appraising derivatives at fair value.

### **Shareholders' equity**

#### **Repurchase of own shares**

Repurchased shares reduce shareholders' equity by the purchase price paid, including any transaction costs.

#### **Dividends**

Dividends are recognized as a reduction of shareholders' equity after resolution by the Annual General Meeting (AGM). Anticipated dividends are recognized as financial income by the recipient.

#### **Earnings per share**

Calculation of earnings per share is based on the Group's net income for the year pertaining to the shareholders of the parent company, and on the weighted average number of shares outstanding during the year.

#### **Provisions**

Provisions are liabilities that are uncertain as regards time of payment or amount. A provision is recognized when there are contractual obligations, court orders or other legal grounds likely to involve future payments. The amount allocated is routinely assessed. Obligations that fall due in over a year are valued through discounting.



## Definition of operating segments

The Group's operations are organized, governed and reported by geographical region. Operating segments are consolidated according to the same principles as the Group in its entirety. Income and costs reported for each operating segment are actual costs. No allocation of shared costs has thus been made. The same applies to the assets and liabilities recognized in the note on segments.

## Cash flow statement

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.

## Differences in Group and Parent Company accounting policies

The Annual Report of the Parent Company has been prepared according to the Annual Accounts Act and by application of the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for legal entities. RFR 2 states that a legal entity shall apply the same IFRS/IAS that are applied in the consolidated accounts, with exceptions for and additions of rules and laws mainly according to the Annual Accounts Act, and with consideration to the relationship between accounting and taxation. Differences in accounting policies between the Group and the Parent Company are presented below.

## Presentation

The income statement and balance sheet for the Parent Company are presented according to the Annual Accounts Act schedules.

## Shares in subsidiaries

Shareholdings in subsidiaries are accounted for in the Parent Company according to the cost method. The book value is regularly compared to the subsidiary's consolidated equity. When the book value is lower than the consolidated value of subsidiaries, an impairment is recognized in profit or loss. Previous write-downs that are no longer justified are reversed.

## Contingent liabilities

Contingent liabilities for the benefit of subsidiaries are financial guarantees and accounted for in accordance with RFR 2 (i.e. they are not recognized as provisions). Instead, Castellum provides information in the notes.

## New accounting policies

### New and revised existing standards and interpretations, approved by the EU

#### New standards that entered force in 2018

On January 1, 2018, IFRS 15 Revenue from Contracts with Customers entered force. Castellum's revenue is largely regulated by IAS 17 Leases, with the exception of the outward invoicing of certain revenue, which is regulated by IFRS 15. The former includes customary rent including indexations, additional charges for investments, and property tax; the latter refers to all other additional charges such as heat, cooling, waste disposal, water, snow removal, etc. Thus, the adoption of IFRS 15 means that Castellum's revenues should be divided into two line items: Rental income and Service income. Consequently, there will be no impact on revenue or income before tax. Comparative periods

have been restated. In addition, IFRS 9 came into effect on January 1, 2018, thereby replacing IAS 39. The standard introduced new principles for the classification of financial assets, hedge accounting and credit-loss provisions. The single largest item that affects Castellum consists of derivatives that are still recognized at fair value in profit or loss. Furthermore, the hedge accounting of net investments in Denmark is still considered effective under the new standard. Hence, IFRS 9 has no impact on either Castellum's income statement or balance sheet.

Otherwise, accounting policies and calculation methods remain unchanged compared to last year's Annual Report.

#### New standards and interpretations that will enter force in 2019 and after

IFRS 16 Leases was adopted in 2017 and entered force on January 1, 2019. The new standard includes regulations for both lessor and lessee. Castellum's revenues are mainly generated by rental income and must therefore follow the IFRS 16 regulations for lessors. Castellum will begin applying the standard as of January 1, 2019. No retrospective application (i.e. application of the simplified method in which the recognized value of the right of use is based on the corresponding value for the lease liability at the time of transfer) will therefore take place. The regulations are largely unchanged for lessors, and the classification between operating and finance leases is retained.

Castellum is a lessee as primarily regards site leasehold agreements, which means that recognition will change as of 2019. The change will have no impact on earnings, but on the other hand a shift will take place in the income statement where site leasehold fees, instead of being recognized as a property cost, will be recognized as a financial item with reference to net financial items and is estimated to be MSEK 15. Further, the balance sheet will be impacted by the current value of future site leasehold fees being recognized as an asset and a liability respectively. As of January 1, 2019, the liability and asset are estimated to total approximately MSEK 480. With the exception of site leasehold agreements, Castellum is only a lessee to a minor extent, which will not impact the income statement and the balance sheet.

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

#### Changes in Swedish regulations

Changes in 2018 had no material impact on Castellum's accounting but have primarily entailed slightly increased disclosure requirements.

## Note 2 Operating Segments

The Group's operating segments consist of the following geographical areas: Central (Örebro, Vasterås, Linköping, Norrköping, Jönköping and Växjö), West (Greater Gothenburg incl. Borås and Halmstad), Stockholm-North (Stockholm, Uppsala, Sundsvall and Gävle), Öresund (Malmö, Lund, Helsingborg and Copenhagen) and Finland. The operating segments are identified by geographical field of activity, which is according to how they are followed up and analyzed by the primary operational decision-maker in the Group. The Group only manages commercial properties.

In 2018, Uppsala as a location moved from the Central segment to Stockholm-North.

	Central		West		Stockholm-North		Öresund		Finland		Unlocated items		Total segments	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Operating segments</b>														
Rental income, external	1,319	1,422	1,151	1,069	1,671	1,309	1,020	949	24	0	0	34	5,185	4,783
Service income, external	89	86	76	83	124	117	102	104	2	0	-1	9	392	399
<b>Income</b>	<b>1,408</b>	<b>1,508</b>	<b>1,227</b>	<b>1,152</b>	<b>1,795</b>	<b>1,426</b>	<b>1,122</b>	<b>1,053</b>	<b>26</b>	<b>0</b>	<b>-1</b>	<b>43</b>	<b>5,577</b>	<b>5,182</b>
Property costs	-451	-502	-357	-318	-469	-385	-340	-355	-6	-	-9	-45	-1,632	-1,605
Net operating income	957	1,006	870	834	1,326	1,041	782	698	20	-	-10	-2	3,945	3,577
Central administration	-8	-25	-8	-21	-14	-10	-10	-9	-	-	-118	-97	-158	-162
Interest income	11	22	9	7	12	45	21	25	-	-	-53	-95	0	4
Interest expenses	-141	-265	-184	-194	-339	-287	-191	-168	-10	-	30	25	-835	-889
<b>Income from prop. mgmt</b>	<b>819</b>	<b>738</b>	<b>687</b>	<b>626</b>	<b>985</b>	<b>789</b>	<b>602</b>	<b>546</b>	<b>10</b>	<b>-</b>	<b>-151</b>	<b>-169</b>	<b>2,952</b>	<b>2,530</b>
Acquisition and restructuring costs	-	-	-	-	-	-	-	-	-	-	-	-5	-	-5
Change in property values	1,056	662	1,286	1,198	2,405	2,545	460	144	-	-	9	-9	5,216	4,540
Change in derivatives values	-	-	-	-	-	-	-	-	-	-	152	247	152	247
<b>Profit before tax</b>	<b>1,875</b>	<b>1,400</b>	<b>1,973</b>	<b>1,824</b>	<b>3,390</b>	<b>3,334</b>	<b>1,062</b>	<b>690</b>	<b>10</b>	<b>-</b>	<b>10</b>	<b>64</b>	<b>8,320</b>	<b>7,312</b>
Investment properties	19,396	21,560	19,910	18,010	32,154	25,696	16,889	15,811	819	-	-	-	89,168	81,078
of which investments this year	1,107	1,066	1,644	1,834	1,276	3,208	434	380	831	-	-	-	5,292	6,488

Of the Group's external rental income and investment properties, MSEK 368 (255) refers to rental income from tenants in Denmark and MSEK 5,671 (5,395) refers to investment properties located in Denmark.

## Note 3 – Income

### Rental value

Total income (rental and service income) for the Group totaled MSEK 5,577 (5,182). Rental income consists of the rental value less the value of vacant premises during the year and service income. Rental value refers to income received and the estimated market rent of unleased premises. The rental value also includes supplementary charges for the customer, such as heating, property tax and an indexation supplement. Rental value in SEK/sq. m. for the different geographies and types of properties are shown in the table below. Rental levels in the like-for-like portfolio increased 3% (3) year-on-year.

Rental value, SEK/sq. m.	Office		Public sector properties		Warehouse/logistics	
	2018	2017	2018	2017	2018	2017
Central	1,397	1,354	1,518	1,563	767	774
Öresund	1,984	1,898	2,125	2,118	837	772
Stockholm	2,122	1,963	2,869	2,565	1,142	1,063
West	1,602	1,488	1,280	1,250	763	748
North	1,584	1,531	1,574	1,545	-	-
Finland	3,577	-	-	-	-	-
<b>Total</b>	<b>1,731</b>	<b>1,636</b>	<b>1,739</b>	<b>1,712</b>	<b>858</b>	<b>825</b>

Rental value, SEK/sq. m.	Retail		Light industry		Total	
	2018	2017	2018	2017	2018	2017
Central	1,261	1,258	818	784	1,298	1,271
Öresund	1,478	1,471	782	726	1,613	1,541
Stockholm	1,402	1,291	1,149	1,105	1,701	1,621
West	1,253	1,159	819	785	1,093	1,072
North	1,597	-	-	-	1,578	1,536
Finland	-	-	-	-	3,577	-
<b>Total</b>	<b>1,367</b>	<b>1,282</b>	<b>882</b>	<b>846</b>	<b>1,407</b>	<b>1,341</b>

### Renegotiation

Commercial leases, for which rents are paid quarterly in advance, are signed for a fixed period of time, which means that a change in market rents does not have an immediate effect on rental income. Rental levels can only be changed when the lease in question is due for renegotiation. Commercial leases include a so-called index clause, which provides for an upward adjustment of the rent, corresponding to a certain percentage of inflation during the previous year.

The lease maturity structure for Castellum's portfolio is shown in the table below, where lease value refers to annual value. An explanation for the relatively small portion of maturities in 2019 is that a majority of maturing leases were already renegotiated in 2018 due to notice periods. The most common terms for a new lease include a 3–5 year duration, with a nine-month notice period. The average remaining lease duration in the portfolio is 3.9 years (4.0).

Lease maturity structure	No. of leases	000 sq. m.	Lease value, MSEK	Percentage of value
<b>Commercial, term</b>				
2019	1,730	346	437	8%
2020	1,567	829	1,138	21%
2021	1,151	686	951	17%
2022	853	566	852	16%
2023	227	375	533	10%
2024+	366	893	1,394	26%
<b>Total</b>	<b>5,894</b>	<b>3,695</b>	<b>5,305</b>	<b>98%</b>
Residential	461	35	41	1%
Parking spaces and other	6,345	286	86	1%
<b>Total</b>	<b>12,700</b>	<b>4,016</b>	<b>5,432</b>	<b>100%</b>

### Economic occupancy rate

Castellum's average economic occupancy rate for 2018 was 93.2% (90.9), including discounts of MSEK 87 (97). Rental income for the period includes a lump sum of MSEK 14 (6) as a result of early termination of leases. Gross leasing (i.e. the annual value of total leasing) during the year was MSEK 408 (600), of which MSEK 109 (198) related to leasing of new construction, expansions and reconstructions. Notices of termination amounted to MSEK 247 (290), of which bankruptcies were MSEK 11 (7). MSEK 19 (18) related to notice periods with more than 18 months left of the contract. Hence, net leasing for the year was MSEK 161 (310). The time difference between reported net leasing and the effect in income is estimated to be 9–18 months. Net leasing for the

year does not include the year's leasings of MSEK 146 in total regarding new construction for both E.ON and the Swedish National Courts Administration in Malmö, since Castellum is awaiting the final detailed development plan.

Economic occupancy rate	Office		Public sector properties		Warehouse/logistics	
	2018	2017	2018	2017	2018	2017
Central	93.2%	89.5%	97.3%	97.6%	91.6%	88.7%
Öresund	88.3%	84.8%	97.9%	93.9%	90.1%	82.6%
Stockholm	94.1%	92.9%	97.5%	91.0%	94.6%	91.6%
West	93.0%	89.2%	96.5%	96.0%	89.4%	92.0%
North	86.5%	88.2%	96.5%	96.7%	-	-
Finland	99.6%	-	-	-	-	-
<b>Total</b>	<b>91.9%</b>	<b>88.8%</b>	<b>97.2%</b>	<b>95.3%</b>	<b>91.3%</b>	<b>89.8%</b>

Economic occupancy rate	Retail		Light industry		Total	
	2018	2017	2018	2017	2018	2017
Central	97.5%	92.2%	95.7%	95.8%	94.6%	91.9%
Öresund	91.3%	89.2%	84.1%	69.5%	90.1%	85.8%
Stockholm	94.8%	95.6%	92.7%	87.0%	94.9%	92.9%
West	96.6%	95.6%	94.9%	94.9%	92.4%	91.6%
North	88.0%	87.7%	-	-	93.4%	93.9%
Finland	-	-	-	-	99.6%	-
<b>Total</b>	<b>94.8%</b>	<b>93.7%</b>	<b>92.4%</b>	<b>88.9%</b>	<b>93.2%</b>	<b>90.9%</b>

### Risk exposure and credit risk

Castellum's lease portfolio features a good risk exposure. The Group has approximately 5,900 commercial leases and 461 residential leases; their distribution in terms of size is presented in the table below. The single largest lease as well as the single largest customer accounts for around 2% of the Group's total rental income, meaning that Castellum's exposure to a single-customer credit risk is very low.

Lease size, MSEK	No. of leases	Share	Lease value, MSEK	Share
<b>Commercial</b>				
<0.25	2,796	22%	222	4%
0.25–0.5	993	8%	363	7%
0.5–1.0	800	6%	565	11%
1.0–3.0	775	6%	1,311	24%
>3.0	530	4%	2,844	52%
<b>Total</b>	<b>5,894</b>	<b>46%</b>	<b>5,305</b>	<b>98%</b>
Residential	461	4%	41	1%
Parking spaces and other	6,345	50%	86	1%
<b>Total</b>	<b>12,700</b>	<b>100%</b>	<b>5,432</b>	<b>100%</b>

Commercial leases are distributed among various business sectors as illustrated in the table below.

Commercial leases distributed by sector (GICS code)	Lease value, MSEK	Share
Public sector	1,248	24%
Commercial services, consultants	949	18%
Retail incl. wholesales	577	11%
Industrial durables- & services	548	10%
IT: software, hardware and services	382	7%
Vehicles: sales, manufacturing, service	316	6%
Health Care	277	5%
Bank, finance and insurance companies	267	5%
Hotel, restaurants and leisure	180	3%
Food: retail and producers	153	3%
Transportation	123	2%
Packaging/paper and forestry products	94	2%
Electricity, gas, water and oil	63	1%
Properties	67	1%
Telecom	32	1%
FMCG	29	1%
<b>Total</b>	<b>5,305</b>	<b>100%</b>

The table below shows contractual future rental income.

Future rental income for existing leases	Group		Parent Company	
	2018	2017	2018	2017
Contractual rental income, year 1				
Commercial leases	5,431	5,290	-	-
Residential	14	13	-	-
Contractual rental income between 2 and 5 years	11,882	11,976	-	-
Contractual rental income after more than 5 years	5,106	5,341	-	-
<b>Total</b>	<b>22,433</b>	<b>22,620</b>	<b>-</b>	<b>-</b>

### Rent receivables

Rents are invoiced and paid in advance, which means that all of the Group's rent receivables total MSEK 47 (45) after provisions/impairments of MSEK 21.

### Parent Company

The Parent Company consists of only Group-wide functions and the turnover mainly consists of intra-Group services.

## Note 4 Property costs

Property costs totaled MSEK 1,638 (1,605), equivalent to SEK 378 per square meter (366). Costs include both direct property costs (such as operation, maintenance, ground rent and property tax) and indirect costs (leasing and property administration).

### Operating expenses

Operating expenses include costs such as electricity, heating, water, facilities management, cleaning, insurance, rent losses and property-specific marketing costs. Most operating expenses are recharged to the customers as supplements to rent. For warehouse and logistics properties, however, most customers are directly responsible for most operating expenses. Operating expenses totaled MSEK 753 (699), equivalent to SEK 173 per square meter (157). Operating expenses, which are considered to be at a normal level for the business, are weather dependent, and vary between years and seasons. Operating expenses include rent losses of MSEK 15 (7), corresponding to 0.3% of rental income.

### Maintenance

Maintenance costs are ongoing measures to maintain the property's standard and technical systems. Maintenance costs totalled MSEK 167 (194), corresponding to SEK 38/sq. m. (43).

### Ground rent

Site leasehold fees, including leasing fees, for 2018 totalled MSEK 23 (23), of which almost half the amount relates to Greater Stockholm. The ground rent is the annual fee paid to the municipality by the owner of a building on land owned by the municipality. The rent is currently calculated in such a way that the municipality receives a fair real interest rate based on the estimated market value of the site. The ground rent is spread over time and is mostly renegotiated at intervals of 10 to 20 years. At year-end 2018, Castellum had 52 (70) properties with ground rents. Existing ground rent agreements mature relatively evenly over the next 60 years. In most cases, when notice of termination is given for a ground rent agreement, the property owner (the municipality) is to compensate Castellum for buildings, etc. There are, however, a few agreements where the municipality can demand that the land be restored.

Future contracted ground rents	Group		Parent Company	
	2018	2017	2018	2017
Contracted ground rents year 1	15	17	-	-
Contracted ground rents between years 2 and 5	54	67	-	-
Contracted ground rents later than 5 years	232	275	-	-
<b>Total</b>	<b>301</b>	<b>359</b>	<b>-</b>	<b>-</b>

### Property tax

The Group's property tax was MSEK 315 (305), corresponding to SEK 73 per square meter (70). Property tax is a federal tax based on the property's tax-assessed value. The tax rate for 2018 was 1.0% of the tax assessment value for office/retail properties and 0.5% for warehouse/logistics.

### Leasing and property administration

The Group's leasing and property administration costs for 2018 were MSEK 374 (384), corresponding to SEK 90 per square meter (91). Leasing and property administration are indirect costs for routine property management, as well as

costs for leasing operations, rent negotiation, leases, rent debiting and collecting, accounting and project administration costs as well as costs for depreciation on inventory and installations at subsidiaries. Of those costs, MSEK 179 (191) pertained to employee benefits and MSEK 9 (9) to depreciation on equipment.

### Summary property costs

Property costs per square meter, distributed by property category and type of cost are shown below.

Property costs, SEK/sq. m.	Office		Public sector properties		Warehouse/logistics	
	2018	2017	2018	2017	2018	2017
Operating expenses	220	195	187	168	110	110
Maintenance	53	55	35	45	22	29
Ground rent	2	3	4	6	7	7
Property tax	111	109	88	77	23	23
<b>Direct property costs</b>	<b>386</b>	<b>362</b>	<b>314</b>	<b>296</b>	<b>162</b>	<b>169</b>
Property costs, SEK/sq. m.	Retail		Light industry		Total	
	2018	2017	2018	2017	2018	2017
Operating expenses	170	161	116	100	173	157
Maintenance	32	38	26	26	38	43
Ground rent	4	5	6	5	4	5
Property tax	63	61	23	20	73	70
<b>Direct property costs</b>	<b>269</b>	<b>265</b>	<b>171</b>	<b>151</b>	<b>269</b>	<b>275</b>
Leasing/property administration					90	91
<b>Total</b>	<b>269</b>	<b>265</b>	<b>171</b>	<b>151</b>	<b>378</b>	<b>366</b>

## Note 5 Central administrative expenses

Central administrative expenses consist of costs for portfolio management and administration as well as costs for maintaining the Stock Exchange listing. This involves all costs for Castellum AB covering Group Management, the finance and accounting department, IT, staff, investor relations, annual report, audit fees, depreciation of equipment and facilities, and so on. Costs for the CEO at the regional level are also included. Of the costs, excluding the incentive plan described below, MSEK 74 (74) pertains to remuneration to employees and MSEK 10 (5) to depreciation on equipment.

Central administrative expenses also include costs relating to a profit and share price-related incentive plan for Group Management amounting to MSEK 18 (12).

### Auditors' fees

Auditors' fees	Group		Parent Company	
	2018	2017	2018	2017
Audit assignment	3	3	1	1
Audit in addition to the audit assignment	1	1	0	0
Other consulting	1	0	1	0
<b>Total</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>1</b>

The Group's total remuneration to auditors of KSEK 4,669 (4,080) refers to Deloitte.

## Note 6 Transaction and restructuring costs

Castellum acquired Norrporten in 2016, resulting in acquisition costs of MSEK 126. In addition, the restructuring of business operations started, which was completed in 2017. The restructuring costs totalled MSEK 42, of which MSEK 5 was charged to income for 2017.

## Note 7 Interest and financial income

	Group		Parent Company	
	2018	2017	2018	2017
Interest income	22	4	0	2
Group contributions received, subsidiaries	-	-	284	210
Anticipated dividend, subsidiaries	-	-	1,261	3,260
Interest income, subsidiaries	-	-	981	919
Other financial income	-	-	-	-
<b>Total</b>	<b>22</b>	<b>4</b>	<b>2,526</b>	<b>4,391</b>

Interest income, for the Group as well as for the Parent Company, is related to receivables valued at amortized cost.

## Note 8 Interest and financial expenses

	Group		Parent Company	
	2018	2017	2018	2017
Interest expenses	857	889	849	826
Interest expenses, subsidiaries	-	-	95	94
Other financial expenses	0	0	8	6
<b>Total</b>	<b>857</b>	<b>889</b>	<b>952</b>	<b>926</b>

Net financial items were MSEK -835 (-855). During the year, interest expenses of MSEK 23 (31) were capitalized regarding investments in the property portfolio, where an average interest rate level of 2.2% (2.4) was used.

Of the Group's interest expenses, MSEK 633 (396) pertains to liabilities valued at amortized cost. The corresponding value for the Parent Company is MSEK 728 (473). Remaining interest expenses refer to interest attributable to Castellum's interest rate derivatives.

## Note 9 Changes in value

### Properties

The property market in 2018 was marked by continued healthy demand, with a high activity levels and stable or rising prices. This, together with a strong rental market, means that for 2018, Castellum recognizes a change in value of MSEK 5,216 (4,540), equivalent to 6% (6). A further 52 properties were sold for MSEK 2,534 after deduction for assessed deferred tax and expenses totaling MSEK 110. Accordingly, the underlying property price was MSEK 2,655. As each property is valued individually, the portfolio premium that can be noted in the property market was not taken into account.

The net increase in value, including this year's change, over the past ten years has been 2.5% per year, which is slightly higher than inflation during the same period, approximately 1%.

### Derivatives

Castellum uses interest rate derivatives to achieve the desired interest rate maturity structure. If the contractual interest rate deviates from the market interest rate, regardless of credit margins, there is a surplus or sub-value in the interest rate derivatives where the non-cash-flow changes in value are recognized in profit or loss. Castellum also holds derivatives in order to hedge currency fluctuation in its investments in Denmark and Finland as well as to manage currency risk and adjust its interest rate structure in connection with borrowing in the international capital market. For currency derivatives, a surplus or sub-value occurs if the agreed exchange rate deviates from the current exchange rate, where the effective portion of the change in value is accounted for in other comprehensive income.

The value of the derivatives has changed by MSEK 152 (247), mainly due to changes in long-term market interest rates.

## Note 10 Income taxes

Current tax was calculated based on a nominal tax rate of 22%, while deferred tax is based on the lower tax rates that apply in Sweden from 2019 (21.4%) and 2021 (20.6). In the income statement, income tax is recorded as two entries, current tax and deferred tax. Current tax is based on taxable profit for the year, which is lower than the recognized profit. This is mainly an effect of the possibility to use tax depreciation on buildings, to use direct tax deductions for certain property reconstructions, which are capitalized in the accounts, and to utilize existing tax loss carry forwards. Deferred tax is a provision for future tax that will be paid when the properties are sold, and the depreciation for tax purposes and the capitalized investments deducted for tax purposes are reversed.

Swedish accounting legislation does not permit the recognition of properties at fair value in legal entities; that is why changes in property values only occur at Group level and thus do not affect taxation. Some financial instruments, such as interest rate swaps, might be recorded at fair value at entity level. For Castellum, negative changes in value on such instruments are a tax deductible item, while changes up to the cost of the instruments comprise a taxable income.

As shown in the table below, taxable income for 2018 is low due to Castellum using the aforementioned tax depreciations and tax-deductible investments, whereas completed property sales were mainly in the form of tax-free share transfers. Current tax paid arises because a few subsidiaries are not allowed to make fiscal group contributions.

Tax calculation for the Group	Basis 2018		Basis 2017	
	Current tax	Deferred tax	Current tax	Deferred tax
Income from property management	2,952		2,530	
Deductions for tax purposes				
depreciation	-1,031	1,031	-1,054	1,054
Reconstructions	-582	582	-437	437
Other tax adjustments	94	-79	48	73
Taxable income from property management	1,433	1,534	1,087	1,564
Properties sold	101	-1,803	-	-465
Adjustment last year	-	-	-272	199
Change in property values	-	5,326	-	4,513
Change in derivatives values	152	-	-423	323
Taxable income before tax loss carry forwards	1,686	5,057	392	6,134
Tax loss carry forwards, opening balance	-2,437	2,437	-2,392	2,392
Tax loss carry forwards, closing balance	1,081	-1,081	2,437	-2,437
Taxable income	330	6,413	437	6,089
<b>Tax for the year 22%</b>	<b>-74</b>	<b>-1,411</b>	<b>-96</b>	<b>-1,340</b>
<b>Revaluation, deferred tax</b>	<b>-</b>	<b>618</b>	<b>-</b>	<b>-</b>
<b>Tax according to the Income statement for the period</b>	<b>-74</b>	<b>-793</b>	<b>-96</b>	<b>-1,340</b>

Tax loss carry forwards consist of prior years' tax losses. The losses, which are not restricted in time, are used to offset future taxable profits. Remaining tax loss carry forwards are estimated at MSEK 1,081.

Total tax may differ from nominal tax due to non-taxable/tax-deductible income/costs or as an effect of other tax adjustments. Total tax recognized by Castellum is less than nominal tax. The effective tax on income from property management, without consideration of tax loss carry forwards, can be calculated to 9%.

Tax cost/income	Group		Parent Company	
	2018	2017	2018	2017
Income before tax	8,320	7,312	1,545	1,442
Tax according to current tax rate	-1,830	-1,609	-340	-317
Tax effects due to:				
non-taxable dividend	-	-	277	827
non-deductible impairment, shares in subsidiaries	-	-	-5	-594
non-deductible sales, properties/subsidiaries	345	102	-	-
new future corporate tax	618	-	1	-
derivatives	-	76	-	-
other tax adjustments	-	-5	-	1
<b>Tax expense/income recognized</b>	<b>-867</b>	<b>-1,436</b>	<b>-67</b>	<b>-83</b>

## Note 11 Personnel and Board of Directors

Number of employees	Group		Parent Company	
	2018	2017	2018	2017
Average number of employees	388	416	51	38
of which women	164	167	32	27
of which Denmark (of which women)	10 (4)	9 (4)	-	-

### Salaries, remuneration and benefits

During 2018, the Parent Company had 7 (7) board members, of whom 4 (4) were women, while the total number of Board members in the Group's subsidiaries was 20 (19), of whom 8 (12) were women. At year end, the Group had 8 (9) senior executives, of whom 3 (4) were women. The total number of senior executives in the management groups of all the subsidiaries, and senior executives of the Group, was 35 (41), of whom 15 (15) were women.

	Group		Parent Company	
	2018	2017	2018	2017
<b>Salaries, remuneration and benefits</b>				
Chairman of the Board	1.0	0.9	1.0	0.9
Other Board members	2.5	2.2	2.5	2.2
Chief Executive Officer				
Fixed salary	4.6	4.4	4.6	4.4
Variable remuneration	4.7	2.5	4.7	2.5
Benefits	0.0	0.0	0.0	0.0
Other senior executives				
Group: 8 (8), Parent Company: 4 (4)				
Fixed salary	14.6	12.8	6.5	3.5
Variable remuneration	8.0	6.9	3.0	3.8
Benefits	0.5	0.4	0.2	0.1
Other employees	218.4	204.4	34.1	29.5
<b>Total</b>	<b>254.3</b>	<b>234.5</b>	<b>56.6</b>	<b>46.9</b>
<b>Contractual pensions costs</b>				
Chief Executive Officer	1.4	1.3	1.4	1.3
Other senior executives (8 vs. 4)	4.5	5.2	2.0	2.1
Other employees	36.7	32.4	4.8	3.8
<b>Total</b>	<b>42.6</b>	<b>38.9</b>	<b>8.2</b>	<b>7.2</b>
<b>Statutory social security expenses incl. payroll tax</b>				
Chairman of the Board	0.3	0.3	0.3	0.2
Other Board members	0.8	0.5	0.8	0.5
Chief Executive Officer	3.3	2.5	3.3	2.5
Other senior executives (8 vs. 4)	8.0	7.5	3.5	2.8
Other employees	72.3	68.9	11.9	10.1
<b>Total</b>	<b>84.7</b>	<b>79.7</b>	<b>19.8</b>	<b>16.2</b>
<b>Grand total</b>	<b>381.6</b>	<b>353.1</b>	<b>84.6</b>	<b>70.3</b>

### Board remuneration

Board remuneration was set by the 2018 Annual General Meeting at KSEK 3,520, of which KSEK 850 was allocated to the Chairman of the Board and KSEK 370 to each of the remaining Board members. Additional remuneration totaling KSEK 450 is also due. These amounts apply from the AGM on March 22, 2018 to the AGM on March 21, 2019.

Remuneration to the Board	2018	2017
Charlotte Strömberg	958	875
Per Berggren	410	371
Anna-Karin Hatt	410	371
Christer Jacobson	365	341
Christina Karlsson Kazeem	365	341
Nina Linander	503	429
Johan Skoglund	434	388
<b>Total</b>	<b>3,444</b>	<b>3,116</b>

### Executive Group Management

Group Management changed during the year; at year end, the executive management group consisted of the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Corporate Communications Director at Castellum AB and the four Regional Managing Directors. As of January 1, 2019, this also includes the Unit Managers for logistics and offices as well as the Investment Director.

### Remuneration and benefits

Remuneration and benefits for Group Management are prepared by the Remuneration Committee and decided by the Board of Directors. The remuneration comprises a fixed salary as well as a variable remuneration according to an incentive plan, described below. During the three-year period of the plan, variable remuneration can amount to a maximum of three years' salary. Group Management has an incentive plan that comprises two components:

- One profit-based component is based on growth in income from property management compared to the previous year, as well as an overall estimation of development for certain individual factors. Full outcome requires that

growth in income from property management per share reaches 10% per year. When growth is in the 0-10% range, a linear calculation of the incentive is made. The profit-based component is paid out yearly as salary after the year-end closing and can total no more than six months' salary per year. The outcome for 2018 was 88% (71), representing a cost of MSEK 10 (8.3) including social security contributions. The program expired at the end of 2018.

- One share price-based component, based on the total yield on the Castellum share during a three-year period, both in nominal figures and compared with index for property shares in Sweden, the Eurozone and the UK. For full outcome of the incentive plan, the total yield must be at least 50% during the period and the total yield has to exceed index development by at least 5 percentage points during the period. When growth is in the 0-50% and 0-5 percentage points ranges respectively, a linear calculation of the incentive is made. Any payments due are paid as salary after the measurement period of June 2017-May 2020. During the three-year period, the share price-based portion may total no more than one and a half years' salary, equivalent to a cost for Castellum of MSEK 29 including social security expenses. As of December 2018, the outcome was 89% (75), representing a cost of MSEK 12.4 (4.3) including social security contributions. Final reading and set-offs will occur in May 2020.

Executives in receipt of variable remuneration according to the incentive plan must acquire Castellum shares for at least half of the amount of the payment due after tax. The paid incentive does not affect pensionable contributions.

### Pensions

Members of Group Management have defined-contribution pensions with no other obligations for the company than to pay an annual premium during the time of employment. This implies that these persons, after completed employment, have the right to decide on their own, the time-frame during which the defined-contribution payments and subsequent return will be received as pension. The retirement age for the CEO and other members of Group Management is 65 years.

### Notice of dismissal

In the event of notice of dismissal by the company, the notice period will not exceed 6 months regarding the Chief Executive Officer and 12 months for any other member of Group executive management. When notice is given by the Chief Executive Officer or any other member of executive management of the company, the notice period is six months. During the notice period, salary and other benefits are paid, with deduction for salary and remuneration derived from another employment or activity. No deduction will occur for the Chief Executive Officer. Upon notice of dismissal of the Chief Executive Officer by the company, a severance pay of 12 months' fixed salary is paid, and is not reduced as a result of other income received by the Chief Executive Officer.

In 2018, the Regional Managing Director for Stockholm-North stepped down. Salary and pension totaling MSEK 2.4 during the notice period were expensed in their entirety in 2018.

### Pensions for other employees

Other employees at Castellum have defined-contribution pensions, with no other obligations for the company than to pay an annual premium during the time of employment. This implies that these persons, after completed employment, have their own right to decide on the time-frame during which the defined-contribution payments and their return on investment will be received as pension. However, there is an exception for about 40 employees within the Castellum Group who instead have defined-benefit ITP plans with regular payments to Alecta. Fees for the year for pension insurance policies signed with Alecta totaled MSEK 0 (0). The surplus in Alecta may be distributed to the insurance holder and/or to the insured. Alecta's surplus in the collective consolidation level as of December had not been made official at the time of signing of this Annual Report and can therefore not be reported. Alecta's latest official consolidation level as of September 2018 was 159% (December 2017: 154%). The collective consolidation level is made up by the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's assumptions for calculating the insurance, which do not comply with IAS 19.

### Absence due to illness

Sick leave for the year was 4% (3), of which a 2% (2) was for long-term sick leave. Sick leave for men and women were 4% (3) and 4% (3), respectively. Absences due to illness were 3% (3) for the age group 29 years and younger, 3% (2) for the age group 30-49 years and 5% (5) for the age group 50 years or older. Sick leave for the Parent Company was 2% (2), of which a 1% share (1) was for long-term sick leave.

## Note 12 Investment properties

Schedule of the changes during the year	Group	
	2018	2017
Opening balance	81,078	70,757
New construction, expansions and reconstructions	2,837	2,893
<i>of which capitalized interest expenses</i>	23	31
Acquisitions	2,455	3,595
<i>of which business combinations</i>	-	-
Sales	-2,745	-848
Change in value	5,326	4,513
Currency translation	217	168
<b>Closing balance</b>	<b>89,168</b>	<b>81,078</b>
Schedule of tax assessment value		
Buildings	24,717	25,053
Land	8,853	8,939
<b>Total tax assessment value</b>	<b>33,570</b>	<b>33,992</b>
Rental income from investment properties	5,577	5,182
Property costs for investment properties	1,629	1,605

The year's change per category is shown in the table below.

Change for the year by category	Office		Public sector properties		Warehouse/logistics	
	2018	2017	2018	2017	2018	2017
Opening balance	37,542	33,292	19,055	16,068	11,128	9,844
Category adjustments	311	440	-7	0	41	130
New construction, expansions and reconstructions	775	1,053	338	227	499	206
Acquisitions	1,238	617	2	1,687	1,001	328
Sales	-441	-425	-477	0	-524	-17
Change in value	2,102	2,415	1,344	1,059	1,490	633
Currency translation	217	150	0	14	0	4
<b>Closing balance</b>	<b>41,744</b>	<b>37,542</b>	<b>20,255</b>	<b>19,055</b>	<b>13,635</b>	<b>11,128</b>

Change for the year by category	Retail		Light industry		Developments and land	
	2018	2017	2018	2017	2018	2017
Opening balance	6,982	6,173	2,245	2,568	4,126	2,812
Category adjustments	220	225	44	-40	-609	-755
New construction, expansions and reconstructions	74	392	273	76	878	939
Acquisitions	150	30	11	0	53	933
Sales	-365	0	-645	-390	-293	-16
Change in value	54	162	101	31	235	213
Currency translation	0	0	0	0	0	0
<b>Closing balance</b>	<b>7,115</b>	<b>6,982</b>	<b>2,029</b>	<b>2,245</b>	<b>4,390</b>	<b>4,126</b>

The Parent Company owns no properties.

### Investments during the year

In 2018, Castellum invested a total of MSEK 5,292 (6,488), of which MSEK 2,455 (3,595) pertained to acquisitions and MSEK 2,837 (2,893) pertained to new construction, expansions and reconstructions.

### Significant obligations

In addition, Castellum has commitments to complete initiated projects in which the remaining investment volume amounts to approx. MSEK 1,600, in addition to amounts reported in the balance sheet.

## Larger ongoing investments

Property	Investment, MSEK	Of which remaining, MSEK	To be completed
Olaus Petri 3:244, Örebro	465	77	Q2 2019
Sabbatsberg 24, Stockholm	418	302	Q2 2020
Hisingen Logistics Park, Gothenburg	294	292	Q2 2020
Smygmaskan 1, Malmö	349	135	Q2 2019
Spejaren 4, Huddinge	349	113	Q1 2019

## Valuation model

According to accepted theory, the value of an asset is the net present value of future cash flows that the asset is expected to generate. This section aims to describe and illustrate Castellum's cash-flow-based model for calculation of the value of the property portfolio. The value of the property portfolio is calculated in this model as the total present value of net operating income minus remaining investments on ongoing projects, during the next nine years and the present value of the estimated residual value in year ten. The residual value in year ten consists of the total present value of net operating income during the remaining economic life span. The estimated market value of undeveloped land and development rights are added to this. Accordingly, valuation is conducted pursuant to IFRS 13, level 3.

The required yield and the assumption regarding future real growth are crucial for the calculated value of the property portfolio, as they are the most important value-driving factors in the valuation model. The required yield is the weighted cost of borrowed capital and shareholders' equity. The cost of borrowed capital is based on the market interest rate for loans. The cost of shareholders' equity is based on a risk-free interest rate equivalent to the long-term government bond rate plus a risk premium. The risk premium is unique to each investment and depends on the investor's perception of future risk and potential.

## Internal valuation

Castellum records its investment properties at fair value and has internally valued all its properties as of December 31, 2018. The valuation was carried out in a uniform manner, and was based on a ten-year cash flow model, which is described in principle above. The internal valuation was based on an individual assessment for each property of both its future earnings capacity and its required market yield. Valuations are made locally in each subsidiary and are quality assured by Castellum AB, which also has overall responsibility for both the process and system as for determining the macroeconomic assumptions.

## Assumptions of cash flow

In assessing a property's future earnings capacity, we took into account an assumed level of inflation of 1.5% and potential changes in rent levels from each contract's rent and expiry date compared with the estimated current market rent, as well as changes in occupancy rate and property costs. In the valuation, the economic occupancy rate gradually improves during the ten-year period and reaches 96%. Included in property costs are operating expenses, maintenance, site leasehold fees, property tax, and leasing and property administration.

Assumptions per property category, Year 1	2018	2017
Rental value, SEK/sq. m.	1,405	1,358
Vacancy	6%	7%
Direct property cost SEK/sq. m.	277	282
Property administration SEK/sq. m.	31	31

## Assumptions of required yield

The required yield on shareholders' equity is individual to each property and based on assumptions regarding a real interest rate of 3%, inflation of 1.5% and risk premium. The risk premium is different for each property and can be divided into two components: general risk and individual risk. The general risk makes up for the fact that a property investment is not as liquid as a bond, added to the fact that the asset is affected by the general economic situation. The individual risk is specific to each property and comprises a complex weighted assessment that includes property category; the town/city in which the property is located; the property location within the town/city with reference to the property category; and whether the property has the right design, is appropriate and makes efficient use of space. Further considerations: the property's technical standard with regard to such criteria as choice of materials, the quality of public installations, furnishing and equipment on the premises and in apartments; as well as the nature of the lease agreements with regard to such issues as length, size and number of agreements. Properties owned through site leaseholds, where Castellum has a land rehabilitation obligation under

contractual agreement, are assigned an additional individual risk premium of 1.0%. On average, the risk premium totals 6.8% with a range of 3.1-11.4%.

In order to calculate the required yield on total capital, an operating assumption of 5.0% has been made about the cost of borrowed capital. The required yield of borrowed capital comprises the real interest rate, plus inflation. The loan-to-value ratio is assumed to be 55-65%, depending on the property category.

The required yield on total capital is calculated by weighing the required yield on shareholders' equity and the cost of borrowed capital, depending on the capital structure. The required yield on total capital is used to discount the estimated ten-year future cash flow. The residual value is discounted by calculating the return on total capital less growth equivalent to inflation, in order not to assume perpetual real growth.

Average required yield per property category is shown in the table below.

Property type	Dec 31, 2018	Dec 31, 2017
Office	5.1%	5.2%
Public sector properties	5.0%	5.2%
Warehouse/logistics	5.8%	6.6%
Retail	5.9%	5.8%
Light industry	6.9%	7.1%
Total	5.3%	5.5%

The calculated required yield is then calibrated compared with the market's required yield. To get an opinion about the market's required yield, Castellum follows completed property transactions on the market. In an inactive market within a certain area or for a certain type of property, Castellum compares the data from transactions completed in a similar area or for a similar type of property. In the absence of completed transactions the opinion is based on existing macroeconomic factors.

The average valuation yield for Castellum's property portfolio, excluding developments, land and development rights, can be estimated at 5.3% (5.5).

Average valuation yield, MSEK	2018	2017
Net operating income, properties according to income statement	3,945	3,589
Reversed leasing and property administration	374	384
Net operating income, ongoing development projects	-21	-12
Properties acquired/completed as if owned the whole year	104	74
Properties sold	-153	-59
Net operating income excluding leasing and property administration for properties as if owned during the whole year, excl. projects and land	4,249	3,976
Adjusted for:		
Index adjustments 2019, 2% (2)	130	92
Real occupancy rate, 94% at the lowest	190	295
Property administration, 30 SEK/sq. m.	-132	-133
<b>Normalized net operating income</b>	<b>4,437</b>	<b>4,230</b>
Valuation excluding development rights of MSEK 672 (569)	84,106	76,383
<b>Average valuation yield</b>	<b>5.3%</b>	<b>5.5%</b>

### Projects and development rights

Ongoing projects are valued using the same principle, but with reduction for remaining investment. Development rights were valued on the basis of an estimated average market value of approximately SEK 1,500 per square meter (1,700).

### The value of the property portfolio

The internal valuation indicates a fair value of MSEK 89,168 (81,078), corresponding to a change in value of 6% (6). Of this value, approximately 4% (i.e. MSEK 3,158) pertains to properties held via ground rents agreements, with rental income of MSEK 235.

The table to the right shows the fair value distributed by property category and region.

Property value, MSEK, Dec 31, 2018	Public sector						Developments and land	Total
	Office	properties	Ware-house/Logistics	Retail	Light industry			
Central	9,537	5,715	1,185	1,525	413	1,021	19,396	
Öresund	10,236	3,219	1,685	822	318	610	16,890	
Stockholm	10,504	5,329	4,497	3,602	673	2,061	26,666	
West	9,359	2,112	6,268	847	625	698	19,909	
North	1,289	3,880	-	319	-	-	5,488	
Finland	819	-	-	-	-	-	819	
<b>Total</b>	<b>41,744</b>	<b>20,255</b>	<b>13,635</b>	<b>7,115</b>	<b>2,029</b>	<b>4,390</b>	<b>89,168</b>	

### Uncertainty range and sensitivity analysis

A property's market value can only be confirmed when sold. Property valuations are calculations performed according to accepted principles on the basis of certain assumptions. The value range of +/- 5-10%, often used in property valuations in a normal market, should therefore be seen as an indication of the uncertainty that exists in assumptions and calculations. In a less liquid market, the range may be wider. For Castellum, an uncertainty range of +/- 5% means a range in value of the property portfolio of MSEK 84,710-93,616 corresponding to MSEK +/- 4,458.

Sensitivity analysis +/-1 percentage point	Effect on value, MSEK				
	Office	Public sector properties	Warehouse/logistics	Retail	Light industry
Rental value	561	263	167	97	27
Economic occupancy rate	561	263	167	97	27
Property costs	124	51	34	20	6
Required yield	-6,306/ +8,354	-3,150/ +4,285	-1,674/ +2,259	-989/ +1,358	-243/ +325

The sensitivity analysis shown above illustrates how a +/- 1 percentage-point change in growth assumptions in future cash flow and required yield affects the valuation. However, the sensitivity analysis is not realistic as one isolated parameter rarely changes; instead, the assumptions made are linked together regarding cash flow and required yield.

### External valuation

In order to validate the valuation, 174 properties representing 56% of the value of the portfolio were valued externally by Forum Fastighetsekonomi AB. The properties were selected on the basis of the largest properties in terms of value, but they also reflected the composition of the portfolio as a whole in terms of category and geographical location. The external valuations of the selected properties amounted to MSEK 48,345, within an uncertainty range of +/- 5-10% on property level, depending on each property's category and location. Castellum's valuation of the same properties totalled MSEK 49,677, i.e., a net deviation of MSEK 1,322 corresponding to -2.7%. The gross deviations were MSEK 995 and MSEK -2,314 respectively, with an average deviation of 7%.

It can be noted that Castellum's deviation from the external valuers accommodated well within the uncertainty range of +/- 5-10%.

### Note 13 Equipment

	Group		Parent Company	
	2018	2017	2018	2017
Opening cost	192	138	61	41
Purchases	77	69	22	29
Sales/retirement of assets	-23	-15	-17	-9
<b>Closing cost</b>	<b>246</b>	<b>192</b>	<b>66</b>	<b>61</b>
Opening depreciation	-109	-96	-8	-12
Sales/retirement of assets	5	14	-	9
Depreciation for the year	-19	-13	-7	-5
<b>Closing depreciation</b>	<b>-123</b>	<b>-109</b>	<b>-15</b>	<b>-8</b>
<b>Carrying amount</b>	<b>123</b>	<b>83</b>	<b>51</b>	<b>53</b>

## Note 14 Goodwill

In March 2016, Castellum acquired CORHEI Fastighets AB (previously a joint venture) and in June 2016, Norrporten was acquired. In connection with the acquisitions a goodwill item was primarily attributable to the difference between nominal tax and estimated tax applied at the acquisition. Hence, the goodwill is entirely linked to deferred taxes.

Moreover, parts of Norrporten were resold, resulting in an impairment of goodwill when the deferred tax that was attributable to the sold properties is derecognized in its entirety.

The impairment test has been based on fair value minus selling costs. The impairment test did not indicate any need of impairment for 2018.

	Group		Parent Company	
	2018	2017	2018	2017
Opening cost	1,659	1,659	-	-
Acquisitions	-	-	-	-
Impairment	-	-	-	-
<b>Carrying amount</b>	<b>1,659</b>	<b>1,659</b>	<b>-</b>	<b>-</b>

## Note 15 Shareholders' Equity and Net Asset Value

### Items in shareholders' equity

The share capital as of December 31, 2017, consisted of 273,201,166 registered A-shares with one vote per share and a quotient value of 0.50 per share. All shares are fully paid.

There are no restrictions regarding dividend or other types of repayment. There is no potential common stock, such as convertibles, or preferential rights to accumulated dividend (preference shares).

Development of share capital	Date	Number of shares	Quotient value/share	Share capital, SEK
Formation A shares	Oct 27, 1993	+500	100.00	+50,000
New share issue, A shares	Sep 27, 1994	+999,500	100.00	+99,950,000
Share split 50:1	Mar 25, 1997	+49,000,000	2.00	-
<b>IPO</b>	<b>May 23, 1997</b>	<b>50,000,000</b>	<b>2.00</b>	<b>100,000,000</b>
New share issue, C shares	Jul 12, 2000	+7,142,857	2.00	+14,285,714
Redemption, A shares	Jul 12, 2000	-6,998,323	2.00	-13,996,646
Redemption, C shares	Nov 13, 2000	-7,142,857	2.00	-14,285,714
Share split 4:1	Apr 27, 2006	+129,005,031	0.50	-
New issue of shares	Jun 14, 2016	+82,000,000	0.50	+41,000,000
Non-cash issue	Jun 15, 2016	+19,194,458	0.50	+9,597,229
<b>Year end</b>	<b>Dec 31, 2018</b>	<b>273,201,166</b>	<b>0.50</b>	<b>136,600,583</b>

### Other capital contribution

Other capital contribution is shareholders' equity contributed by shareholders.

### Currency translation reserve

Currency translation differences as a result of foreign operations.

### Currency hedge reserve

Refers to the effective part of unrealized changes in value related to currency derivatives used to hedge investments in foreign operations.

### Retained earnings

Retained earnings relates to earnings earned within the Group. The Group's earlier appropriations to the statutory reserves is also included in this item.

### Restricted and non-restricted shareholders' equity in the Parent Company

According to the Swedish Companies Act, shareholders' equity is made up of restricted (non-distributable) and non-restricted (distributable) equity. Dividends to the shareholders may only be such that after the distribution there is full coverage for restricted shareholders' equity in the Parent Company. Further, distribution of profits may only be made if it is justified with respect to the demands put on the amount of equity needed by the type of business, the extent and risk of operations, company and Group consolidation needs, liquidity and financial position in general.

### Repurchased shares

In 2000, Castellum repurchased 8,006,708 own shares for a total of MSEK 194, equivalent to 4.7% of the total registered number of shares. Since then no repur-

chase of the company's own shares has been made. These repurchased shares were used in connection with the acquisition of Norrporten as an issue in kind.

### Dividend

Dividend is proposed by the Board of Directors according to the rules of the Companies Act and decided by the Annual General Meeting. The proposed dividend, not yet paid out, for the financial year 2018 is SEK 6.10 per share, MSEK 1,667 in total. The proposal is to split the dividend into two payments, where the proposed record date for the first payment is March 25, 2019 and the proposed record date for the second payment is September 23, 2019. The amount is recorded as a liability only after the Annual General Meeting has approved the dividend.

### Net asset value

Net asset value can be calculated both long and short term. Long-term net asset value is based on the balance sheet, with adjustments for items that will not lead to any short-term payment such as - in Castellum's case - derivatives, goodwill and deferred tax liability. This means that shareholders' equity according to the balance sheet is to increase by MSEK 716 and MSEK 9,203 respectively. At the same time, MSEK 1,659 is to be deducted.

EPRA NNNAV is shareholders' equity according to the balance sheet, adjusted for the deferred tax liability. Present accounting policies state that the deferred tax liabilities are recognized at nominal tax rates, while the real deferred tax is substantially lower, due to the possibility to sell properties in a tax-efficient manner, as well as the time factor. The current assessment is that the actual discounted deferred tax liability is equivalent to 7%, meaning that an additional MSEK 6,228 will be provided to shareholders' equity.

The value range of +/- 5-10% often used in property valuations should be viewed as indication of the uncertainty that exists in assessments and calculations made. For Castellum, an uncertainty range of +/- 5% is equal to +/- MSEK 3,478 after tax (based on the 2018 nominal tax rate of 22%).

Net asset value	MSEK	SEK/share
Shareholders' equity according to the balance sheet	39,749	145
Reversed		
Derivatives according to balance sheet	716	3
Goodwill	-1,659	-6
Deferred tax according to the balance sheet	9,203	34
<b>Long-term net asset value (EPRA NAV)</b>	<b>48,009</b>	<b>176</b>
Deduction		
Derivatives as above	-716	-3
Estimated real liability, deferred tax 6%*	-2,975	-11
<b>Actual net asset value (EPRA NNNAV)</b>	<b>44,318</b>	<b>162</b>
Uncertainty range for property valuation +/-6% after tax		

\*The estimated actual net deferred tax liability has been estimated at 6% based on a discount rate of 3%. Further, it has been assumed that tax loss carry forwards are realized in 2 years with a nominal tax of 21.4%, giving a present value of the deferred tax liability of 21%, and that the properties are realized in 50 years where 33% are sold directly with a nominal tax of 20.6% and that 67% are sold indirectly in corporate wrappers where the buyer's tax discount is 8%, which gives a present value for the deferred tax liability of 6%.

### Capital structure

Castellum should have a stable capital structure with low financial risk, meaning a loan-to-value ratio not permanently exceeding 50% and an interest coverage ratio of at least 200%.

In the balance sheet, there are, in addition to shareholders' equity, liabilities that in principle are both interest free and amortization free and therefore can be considered as shareholders' equity. The property industry therefore uses loan-to-value as a key ratio for capital structure instead of solidity. For the same reason the net asset value can be calculated in different ways, as shown above.

Castellum's objective is based on growth in cash flow and is not directly related to the net asset value. The objective is an annual growth in cash flow, i.e. income from property management per share, of at least 10%. In order to achieve this objective, net investments of at least 5% of the property value will be made yearly. At the moment, this is equivalent to approximately MSEK 4,400. All investments are to contribute to the objective of growth in income from property management within 1-2 years and have a potential asset growth of at least 10%. Sales of properties will take place when justified from a business standpoint and when an alternative investment with a higher return can be found.

### Appropriation of profits

The Board has proposed that the earnings at the Annual General Meeting's disposal, SEK 17,661,655,107, are to be appropriated as follows: a dividend to shareholders of SEK 6.10/share — totalling SEK 1,666,527,113 — and SEK 15,995,127,994 to be carried forward.



Group, MSEK (Note 15)	Attributable to Parent Company shareholders							
	Number of shares outstanding, thousand	Share capital	Other capital contribution	Currency translation reserve	Currency hedge reserve	Non-controlling interest	Retained earnings	Total shareholders' equity
<b>Shareholders' equity Dec 31, 2016</b>	<b>273,201</b>	<b>137</b>	<b>12,434</b>	<b>51</b>	<b>-46</b>	<b>-2</b>	<b>16,660</b>	<b>29,234</b>
Dividend, Mar and Sep 2017 (SEK 5.00/share)	-	-	-	-	-	-	-1,366	-1,366
Net income for 2017	-	-	-	-	-	-	5,876	5,876
Other total net income, 2017	-	-	-	78	-80	-	-	-8
<b>Shareholders' equity Dec 31, 2017</b>	<b>273,201</b>	<b>137</b>	<b>12,434</b>	<b>123</b>	<b>-126</b>	<b>-2</b>	<b>21,170</b>	<b>33,736</b>
Dividend, Mar and Sep 2018 (SEK 5.30/share)	-	-	-	-	-	-	-1,448	-1,448
Net income for 2018	-	-	-	-	-	-	7,453	7,453
Other total net income, 2018	-	-	-	151	-143	-	-	8
<b>Shareholders' equity Dec 31, 2018</b>	<b>273,201</b>	<b>137</b>	<b>12,434</b>	<b>274</b>	<b>-269</b>	<b>-2</b>	<b>27,175</b>	<b>39,749</b>

Parent company, MSEK	Number of shares outstanding, thousand	Share capital	Statutory reserves	Fair value reserves		Share premium reserve	Retained earnings	Total shareholders' equity
				Currency translation reserve	Currency hedge reserve			
<b>Shareholders' equity Dec 31, 2016</b>	<b>273,201</b>	<b>137</b>	<b>20</b>	<b>17</b>	<b>-19</b>	<b>8,433</b>	<b>9,213</b>	<b>17,801</b>
Dividend, Mar and Sep 2017 (SEK 5.00/share)	-	-	-	-	-	-	-1,366	-1,366
Net income for 2017	-	-	-	-	-	-	1,359	1,359
Other total net income, 2017	-	-	-	67	-67	-	0	0
<b>Shareholders' equity Dec 31, 2017</b>	<b>273,201</b>	<b>137</b>	<b>20</b>	<b>84</b>	<b>-86</b>	<b>8,433</b>	<b>9,206</b>	<b>17,794</b>
Dividend, Mar and Sep 2018 (SEK 5.30/share)	-	-	-	-	-	-	-1,448	-1,448
Net income for 2018	-	-	-	-	-	-	1,478	1,478
Other total net income, 2018	-	-	-	93	-99	-	-	-6
<b>Shareholders' equity Dec 31, 2018</b>	<b>273,201</b>	<b>137</b>	<b>20</b>	<b>177</b>	<b>-185</b>	<b>8,433</b>	<b>9,236</b>	<b>17,818</b>

## Note 16 Liabilities

	Group		Parent Company	
	2018	2017	2018	2017
Non-interest bearing liabilities due within one year of the balance sheet date	1,801	1,988	164	146
Non-interest bearing liabilities due later than five years after the balance sheet date	307	-	-	-
Interest-bearing liabilities due within one year of the balance sheet date	-	-	64	60
1-5 years after balance-sheet date	35,997	34,211	38,549	37,374
more than 5 years after the balance-sheet date	4,361	4,015	1,900	1,556
<b>Total liabilities excl. deferred tax liability, other provisions and derivatives</b>	<b>42,466</b>	<b>40,214</b>	<b>40,677</b>	<b>39,136</b>

In 2019, current interest-bearing liabilities amounting to MSEK 9,253 (11,322) will fall due. Since they are covered by unutilized long-term credit agreements, they are treated as long-term interest-bearing liabilities.

## Note 17 Deferred Tax Liability/Asset

A realization of all assets and liabilities at consolidated carrying amounts and utilization of all existing tax loss carry forwards would result in a taxable income of MSEK 49,616 (41,969); with a full tax burden, this would give rise to a tax payment of MSEK 10,228 (9,233). Castellum has deferred tax of MSEK 1,025 (828) attributable to the acquisition date of properties recognized as asset acquisitions. According to the applicable regulations, the deferred tax at the acquisition date is not to be recognized in the balance sheet, which is shown in the table below.

The Parent Company recognizes a deferred tax asset of MSEK 12 (79), equivalent to 21.4% of the unutilized tax loss carry forwards of MSEK 55 (359).

### Tax loss carry forwards

As of December 31, 2018, Castellum's tax loss carry forwards are estimated at MSEK 1,081 (2,437). The change is presented in Note 10. The tax loss carry forwards have no maturity date.

### Surplus and sub value of properties for tax purposes

When calculating the tax effect in the Group of a direct sale of all properties, the tax base in the legal entity — which totals MSEK 38,615 (36,807) — is to be set against the consolidated carrying amount of MSEK 89,168 (81,078). This means that if all of Castellum's properties were sold, the taxable net profit would exceed the profit recorded in the Group by MSEK 50,553 (44,271).

Deferred tax liability	2018		2017	
	Basis	Tax	Basis	Tax
Tax loss carry forwards				
Opening balance	2,437	536	2,392	526
Change for the year in comprehensive income	-1,356	-305	45	10
<b>Closing balance in the balance sheet</b>	<b>1,081</b>	<b>231</b>	<b>2,437</b>	<b>536</b>
Difference between the properties' book and fiscal values				
Opening balance	-44,271	-9,739	-36,851	-8,107
Change for the year in comprehensive income	-4,495	-492	-5,649	-1,242
Company acquisitions	-1,787	-197	-1,771	-390
<b>Closing balance</b>	<b>-50,553</b>	<b>-10,428</b>	<b>-44,271</b>	<b>-9,739</b>
Less, attributable to asset acquisitions				
Opening balance	3,763	828	1,992	438
Company acquisitions	1,787	197	1,771	390
Closing balance in the balance sheet	4,976	1,025	3,763	828
<b>Closing balance in the balance sheet</b>	<b>-45,577</b>	<b>-9,403</b>	<b>-40,508</b>	<b>-8,911</b>
Derivatives				
Opening balance	-	-	385	85
Acquired	-	-	-	-
Change for the year in comprehensive income	-	-	-385	-85
<b>Closing balance in the balance sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Untaxed reserves				
Opening balance	-135	-30	-31	-7
Acquisitions	-	-	-	0
Change for the year in comprehensive income	-9	-1	-104	-23
<b>Closing balance in the balance sheet</b>	<b>-144</b>	<b>-31</b>	<b>-135</b>	<b>-30</b>
Total				
Opening balance	-37,186	-8,405	-32,113	-7,065
Acquisitions for the year	-	-	-	-
Change for the year in comprehensive income	-7,454	-798	-6,063	-1,340
<b>Closing balance in the balance sheet</b>	<b>-44,640</b>	<b>-9,203</b>	<b>-37,186</b>	<b>-8,405</b>

Previous impairments where taxable deductions were paid amount to approximately MSEK 93. These may be reversed in the case of future increases in value.

## Note 18 Other provisions

Other provisions relate to rental guarantees, with a maximum commitment to January 31, 2019, estimated to MSEK 6 (5) and other commitments in connection with the sale of property amounting to a maximum of MSEK - (-).

## Note 19 Derivatives

### Valuation

Castellum uses interest rate derivatives for such purposes as managing interest rate risk and achieving the desired interest rate maturity structure. This strategy means that there may be changes in value of the interest rate derivatives portfolio from time to time. In addition, Castellum uses currency derivatives in order to hedge investments in Denmark and Finland as well as to manage currency risk and adjust its interest rate structure linked with borrowing in the international capital market. These also give rise to change in value which are included in the derivative portfolio's market value.

To calculate the market value of derivatives, market rates for each term and (where appropriate) exchange rates are used, as quoted in the market for the closing date. Interest rate swaps are valued by discounting future cash flows to present value, while instruments containing options are valued at current repurchase price. When calculating the fair value of derivatives, adjustments are made for counterparty risk in the form of Credit Value Adjustments (CVA) and Debt Value Adjustments (DVA). CVA shows Castellum's risk of experiencing credit loss in the event of counterparty default, whereas DVA shows the opposite. The adjustment is calculated at the counterparty level based on expected future credit exposure, risk of default and the recovery rate of exposed credits. As of December 31, 2018, the market value of the interest rate and currency derivatives portfolio amounted to MSEK -716 (-1,352) where fair value is established according to level 2, IFRS 13.

In the balance sheet, derivatives are accounted for as long-term liabilities since the amount will not be settled in cash. A theoretically maturing amount during 2019, however, can be estimated at MSEK 249.

### Counterparty risk

In order to limit counterparty risk, Castellum's derivative contracts are covered by general agreement with netting clauses (ISDA). This allows Castellum to offset positive and negative market values in the event of default.

	Dec 31, 2018			Dec 31, 2017		
	Asset	Liability	Net	Asset	Liability	Net
Interest rate derivatives	0	-689	-689	2	-1,301	-1,299
Currency derivatives	13	-40	-27	1	-54	-53
<b>Gross value derivatives</b>	<b>13</b>	<b>-729</b>	<b>-716</b>	<b>3</b>	<b>-1,355</b>	<b>-1,352</b>
Netting	-13	13	0	-3	3	-
<b>Net value derivatives</b>	<b>0</b>	<b>-716</b>	<b>-716</b>	<b>0</b>	<b>-1352</b>	<b>-1,352</b>

### Future cash flow

Future cash-flows attributable to interest rate derivatives consist of interest paid minus interest received as presented below. To calculate the variable part of the interest rate derivative, the Stibor and CIBOR interest rates, as listed at year end, have been used throughout the full term of the derivative.

Year	Future cash-flow of interest rate derivatives		
	Interest to pay, MSEK	Interest to receive, MSEK	Net, MSEK
2019	-400	135	-265
2020	-374	131	-243
2021	-343	117	-226
2022	-317	115	-202
2023	-287	100	-187
2024+	-153	7	-146
<b>Total</b>	<b>-1,874</b>	<b>604</b>	<b>-1,270</b>

## Sensitivity analysis

The table below shows the interest rate derivative portfolio's nominal net amount and market value and the market value of the portfolio with a +/- 1 %- unit change in the interest rate. Based on the date of termination, interest rate derivatives that include an option have been reported in the same time segment as prior to the assumed change in interest rate.

End date	Amount, MSEK	Cost, MSEK	Market value, MSEK	Average interest rate	Market value, interest rate +1 %-unit	Market value, interest rate -1 %-unit
2019	2,600	-	-2	0.6%	6	-9
2020	3,701	-	-38	0.9%	-22	-97
2021	2,500	-	-21	0.9%	26	-116
2022	2,150	-	-42	1.3%	34	-124
2023	1,566	-	-41	0.8%	-27	-47
2024+	7,900	-	-540	2.2%	39	-1,143
<b>Total</b>	<b>20,417</b>	<b>-</b>	<b>-684</b>	<b>1.2%</b>	<b>56</b>	<b>-1,536</b>

Currency derivatives with a market value of MSEK 32 (-53) are not included in the table above, since a change in the market interest rate has an insignificant effect on the market value.

## Note 20 Financial Risk Management

### Financing

Property is a long-term asset, requiring long-term financing allocated between shareholders' equity and interest-bearing liabilities. From a security perspective, Castellum credits can be divided into the following categories:

- Credits against collateral in the form of Castellum's promissory note receivables in its subsidiaries, including pledged mortgages.
- Secured credits directly to subsidiaries in the form of pledged mortgages. Credits directly to subsidiaries are supplemented in the majority of cases by the Parent Company's guarantee.
- Unsecured credits.
- Issues of unsecured bonds.
- Issues of unsecured commercial paper.

All types of credit agreements contain standard termination conditions, and in some cases renegotiation terms for changes in business and delisting. If the lender invokes the right to a renegotiation of this type and the parties cannot agree, the credit agreements have established settlement times for those credit agreements covered by such terms.

At the end of the year, utilized credits secured by pledged mortgages totaled MSEK 12,400. In addition to mortgages, the majority of credit agreements include commitments regarding loan-to-value ratio and interest coverage ratio — financial covenants — involving a loan-to-value ratio not exceeding 65% and an interest coverage ratio of at least 150%. If the 55% loan-to-value ratio is breached, financing costs will become more expensive for some credit agreements. In all cases, the guarantee to lenders is issued with a comfortable margin in relation to Castellum's capital structure objectives.

### Finance policy

Castellum's funding and management of financial risk are conducted in accordance with the finance policy adopted by the Board of Directors. Castellum is to have a low financial risk with a loan-to-value ratio not exceeding 50% over the long term and an interest coverage ratio of at least 200%. The financial operations in Castellum are to be carried out in such a way that the need for long- and short-term financing and liquidity is ensured. In addition, net interest expenses will be optimized at any time, taking the selected level of financial risk into account. The finance policy outlines overall authorization and how financial risk should be reported and monitored. Financial risks are monitored and reported quarterly to the Board. As part of continuously improving and adapting financial risk management, the Board conducts an annual review of the finance policy.

The Parent Company holds an internal auditing function, separate from the treasury department, which provides accounting and independent control of financial management and financial risks.

## Financial risk management

Castellum carries out financial transactions based on estimates of the Group's overall long-term financing needs, liquidity and chosen interest rate risk. Hence, financial risk management is carried out on portfolio level. Portfolio management of borrowing means that an intra-Group transaction (e.g. an internal loan) is not duplicated by an identical external transaction. Instead, loans are drawn under short- or long-term credit agreements based on the Group's overall financing needs.

For cost-effective management of the interest rate risk, an assessment is made of the interest rate risk that occurs when a payment is made or a new loan is drawn with a short, fixed-interest term. Thereafter, interest rate derivative transactions are made in order to achieve the desired fixed interest term on the total amount of debts. The internal bank works with a cash pool system of bank accounts for the Group's liquidity flows.

## Financing risk

Demands for long-term financing make Castellum look for long-term loan-to-maturity structure in credit agreements in order to limit financing risk. To reach maximum flexibility, bank loans are mainly revolving, i.e. the credits are usually traded within 1-3 months. Short-term revolving loans facilitate amortization at every renewal occasion without any marginal breaking compensation or other compensation to lenders. The objective is to minimize interest-bearing liabilities, and cash must therefore primarily be used to repay debts outstanding.

In order to secure Castellum's need for liquidity and long-term financing, Castellum regularly renegotiates and - when required - enters into new credit agreements or forms of borrowing. At the end of the year, Castellum held binding credit agreements totalling MSEK 56,358 (57,240), of which MSEK 45,962 (45,120) were long-term and MSEK 10,396 (12,120) were short-term. Of the long-term credits utilized, MSEK 27,661 (33,208) were long-term bank credit agreements and MSEK 18,301 (11,912) were MTNs issued under Castellum's MTN and EMTN programs. Of the short-term credits, MSEK 1,738 (1,876) were short-term bank credits; MSEK 3,298 (2,250) were MTNs, and MSEK 5,360 (7,994) were commercial paper outstanding.

In 2018, Castellum terminated bank credit agreements totaling MSEK 6,500 and renegotiated and extended credit agreements totaling MSEK 15,400, which resulted in more favorable financing terms. This means that guarantees decreased by a total of MSEK 4,804. In addition, a loan agreement with an exchange value of MEUR 75 was utilized with the European Investment Bank (EIB). The loan carries a nominal value of MSEK 756, with a tenor of five years. Moreover, bonds totaling MSEK 2,250 matured, while bonds totaling MSEK 4,575 were newly issued during the year as part of Castellum's Swedish MTN program. Further, the first international bond issue was carried out in November under Castellum's EMTN program, which was launched earlier that same month. The issue was for a nominal amount of MEUR 500, with a tenor of five years. The majority of the issue was re-swapped to SEK.

At year end, the average duration of Castellum's long-term credit agreements was 3.4 years (2.7).

Credit agreements/limits	Amount, MSEK	Utilized, MSEK
Long-term credit agreements in bank	27,661	12,561
Short-term credit agreements in bank	838	838
Liquidity	900	-243
Total credit agreements	29,399	13,156
MTN program (MSEK 18,000 facility)	16,484	16,484
EMTN program (MEUR 2,000 facility)	5,116	5,116
Commercial papers (MSEK 10,000 facility)	5,360	5,360
<b>Total</b>	<b>56,358</b>	<b>40,115</b>

Debt maturity structure for credit agreements, presented in the table below, shows when in time the credit agreements fall due for renegotiation or repayment.

Credit agreement maturity structure	Agreements, MSEK	Utilized in		
		Bank	Bank MTN/Cert	Total
0-1 years	10,396	595	8,658	9,253
1-2 years	5,230	1,983	3,247	5,230
2-3 years	13,069	2,320	3,749	6,069
3-4 years	8,469	3,580	2,939	6,519
4-5 years	16,694	3,377	7,167	10,544
>5 years	2,500	1,301	1,199	2,500
<b>Total</b>	<b>56,358</b>	<b>13,156</b>	<b>26,959</b>	<b>40,115</b>

## Interest rate risk

Changes in market interest rates and credit margins affect net financial items. How quickly, and by how much, largely depends on the chosen fixed interest term. To limit the immediate impact of changes in market interest rates, Castellum has chosen to work with both short- and long-term interest rate maturity structures. For the same reason, Castellum has chosen to enter credit agreements and issue commercial paper and MTNs/EMTNs with varying maturities. However, changes in both interest rates and credit margins will always have an impact on net financial items over time.

The interest coverage ratio is the financial measure that describes a company's risk level and resilience to changes in net interest. Castellum has the objective of an interest coverage ratio of at least 200%. For 2018, the interest coverage ratio was 454% (386%). The average fixed interest term at December 31, 2018, was 3.1 years (2.4), the average effective interest rate was 2.0% (2.4) and the average interest rate for the year was 2.2% (2.4).

Margins and fees for credit agreements are established with an average duration of 3 years (2.2).

The cash-flow effect on income for the next twelve months at an interest rate change of +/- 1% amounts to MSEK +/-82. In the interest rate maturity structure, interest rate derivatives are accounted for in the earliest time segment in which they can mature. Credit margins are distributed in the interval of the underlying loan.

Maturity	Credits, MSEK	Closing average interest rate	Volume fixed interest rate, MSEK	Closing fixed interest rate**	Volume floating interest rate***	Closing floating interest rate***	Average portfolio interest rate	Average fixed interest rate term
0-1 years	26,954	1.0%*	1,400	0.90%	-16,685	-0.3%	2.90%	0.2 years
1-2 years	1,600	1.40%	2,501	1.20%	-	-	1.30%	1.4 years
2-3 years	4,250	1.50%	2,500	0.90%	-	-	1.30%	2.4 years
3-4 years	1,150	2.10%	2,150	0.90%	-	-	1.30%	3.5 years
4-5 years	5,863	2.50%	234	2.20%	-	-	2.50%	4.8 years
5-10 years	298	2.30%	7,900	1.90%	-	-	1.90%	7.2 years
<b>Total</b>	<b>40,115</b>	<b>1.30%</b>	<b>16,685</b>	<b>1.50%</b>	<b>-16,685</b>	<b>-0.3%</b>	<b>2.00%</b>	<b>3.1 years</b>

\*Including credit agreement fees and exchange rate differences for MTNs \*\*Castellum pays fixed interest \*\*\*Castellum receives floating interest

### Currency risk

Castellum owns properties in Denmark and Finland valued at MSEK 6,895 (5,671), which means that the Group is exposed to currency risk. Castellum is also exposed to currency risk through borrowing in euro. Currency risk in borrowing is fully hedged and hedge accounted through both cash flow hedging and hedging of fair value. The currency risk primarily occurs when income statements and balance sheets in foreign currency are translated into Swedish currency. In cases where currency derivatives are used, Castellum applies hedge accounting for net investments in foreign operations. Normally, the transaction exposure in the Group is limited and will primarily be managed by matching income and costs.

The impact on financial position due to an appreciation of SEK by 10% in relation to DKK is MSEK -135.

### Counterparty risk

Counterparty risk refers to the risk deemed to exist — at any given moment — that Castellum's counterparties will not fulfil their contractual obligations. The model is indicated in the "Receivables" section under "Accounting policies."

Castellum limits counterparty risk by requiring high credit ratings of counterparties. High ratings means that no rating agency indicates a rating that is below investment grade. Castellum's counterparties are the major Nordic banks.

### Future cash flow

Future cash flows attributable to liabilities are shown in the table below. The assumption is made that a maturing loan is replaced by a new loan during the term of maturity of the underlying credit agreement and at a Stibor interest rate as listed at year end.

Future cash-flow loans				
Year	Loan, opening balance	Mature	Loan, closing balance	Interest expenses, MSEK
2018	40,115	-9,253	30,862	-531
2019	30,862	-5,230	25,632	-471
2020	25,632	-6,069	19,563	-369
2021	19,563	-6,519	13,044	-282
2022	13,044	-10,544	2,500	-167
2023	2,500	-719	1,781	-29
2023+	1,781	-1,781	0	-44
<b>Total</b>		<b>-40,115</b>		<b>-1,892</b>

### Note 21 Accrued Expenses and Prepaid Income

	Group		Parent Company	
	2018	2017	2018	2017
Pre-paid rents	693	694	-	-
Accrued interest	127	121	126	121
Other	367	312	30	23
<b>Total</b>	<b>1,187</b>	<b>1,127</b>	<b>156</b>	<b>144</b>

### Note 22 Pledged Assets

	Group		Parent Company	
	2018	2017	2018	2017
Pledged mortgages	21,803	32,397	-	-
Chattel mortgages	-	-	-	-
Long-term receivables, Group companies	-	-	17,387	27,688
<b>Total</b>	<b>21,801</b>	<b>32,397</b>	<b>17,387</b>	<b>27,688</b>

### Note 23 Contingent Liabilities

	Group		Parent Company	
	2018	2017	2018	2017
Guaranteed commitments for subsidiaries	-	-	3,616	3,609
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,616</b>	<b>3,609</b>

Normally the parent company is the borrower, but when the property-owning company borrows directly, the Parent Company provides guaranteed commitments for subsidiaries.

### Note 24 Participation in Group companies

Directly owned subsidiaries are listed below. Other companies in the Group are included in each respective subsidiary's annual report. During the year, Castellum North AB was acquired and two subsidiaries were sold intra-group to Castellum Central AB and Castellum West AB.

Directly owned subsidiaries	Corporate identity No.	Registered Office	Share of equity	Carrying amount
Castellum Stockholm AB	556002-8952	Stockholm	100%	4,854
Castellum Mitt AB	556121-9089	Örebro	100%	5,507
Castellum Väst AB	556122-3768	Gothenburg	100%	3,579
Castellum Öresund AB	556476-7688	Malmö	100%	4,953
Castellum Norr AB	556594-3999	Sundsvall	100%	748
Fastighets AB Regeringsgatan	556571-4051	Gothenburg	100%	0
Fastighets AB Regeringsgatan 3	559154-9828	Gothenburg	100%	0
Castellum Innovation AB	559110-6538	Gothenburg	100%	37
<b>Total</b>				<b>19,678</b>

Principles for consolidation are described in the accounting policies.

Participations in Group Companies	Parent Company	
	2018	2017
Opening cost	19,661	19,403
Acquisitions	0	0
Paid shareholders' contribution	40	2,458
Impairment	-23	-2,200
<b>Closing cost/carrying amount</b>	<b>19,678</b>	<b>19,661</b>

### Note 25 Long-term receivables, Group companies

	Parent Company	
	2018	2017
Opening cost	30,914	26,348
New lending to subsidiaries	-1,885	4,500
Currency translation	33	66
<b>Closing cost/carrying amount</b>	<b>29,062</b>	<b>30,914</b>

## Note 26 Financial instruments

The different categories of financial instruments in the Group's balance sheet are presented in the table below.

Financial instruments 2018, MSEK	Amortized cost	Financial liabilities recog- nized at fair value via profit or loss	Derivatives used in hedge accounting	Financial liabilities valued at amortized cost	Financial instruments 2017, MSEK	Loans and accounts receivable	Financial liabilities recog- nized at fair value via profit or loss	Derivatives used in hedge accounting	Financial liabilities valued at amortized cost
<b>Assets</b>									
Long-term receivables	8	-	-	-	Rent receivables	45	-	-	-
Rent receivables	47	-	-	-	Other receivables	263	-	-	-
Other receivables	465	-	-	-	Cash and bank	203	-	-	-
Cash and bank	243	-	-	-	<b>Liabilities</b>				
<b>Liabilities</b>									
Interest rate derivatives	-	684	-	-	Interest rate derivatives	-	1,299	-	-
Currency derivatives	-	-	32	-	Currency derivatives	-	-	53	-
Long-term liabilities	-	-	-	40,358	Long-term liabilities	-	-	-	38,226
Accounts payable	-	-	-	141	Accounts payable	-	-	-	125
Other liabilities	-	-	-	603	Other liabilities	-	-	-	336
<b>Total</b>	<b>763</b>	<b>684</b>	<b>32</b>	<b>41,102</b>	<b>Total</b>	<b>511</b>	<b>1,299</b>	<b>53</b>	<b>38,687</b>

Financial instruments such as rent receivables, accounts payable and so on are recognized at amortized cost less any impairments, which is why fair value is deemed to agree with book value. Long-term interest bearing liabilities have

primarily short-term interest conditions - and for long-term MTNs, the fair value must not differ significantly from nominal values - which in all entails that amortized cost corresponds to fair value.

## Note 27 Balancing of liabilities attributable to financing activities

Group	Dec 31, 2017	Cash flow	Non-cash items			Dec 31, 2018
			Change in value	Amended exchange rate	Amortization premium/discount	
Long-term interest-bearing liabilities	38,226	2,025	0	30	77	40,358
Derivatives	1,352	-457	-179	0	0	716
<b>Total liabilities attributable to financing activities</b>	<b>39,578</b>	<b>1,568</b>	<b>-179</b>	<b>30</b>	<b>77</b>	<b>41,074</b>
Group	Dec 31, 2020	Cash flow	Non-cash items			Dec 31, 2017
			Change in value	Amended exchange rate	Amortization premium/discount	
Long-term interest-bearing liabilities	38,467	-241	0	1	-1	38,226
Derivatives	1,117	0	235	0	0	1,352
<b>Total liabilities attributable to financing activities</b>	<b>39,584</b>	<b>-241</b>	<b>235</b>	<b>1</b>	<b>-1</b>	<b>39,578</b>
Parent Company	Dec 31, 2017	Cash flow	Non-cash items			Dec 31, 2018
			Change in value	Amended exchange rate	Amortization premium/discount	
Long-term interest-bearing liabilities	34,303	2,353	0	79	3	36,738
Long-term interest bearing liabilities to Group companies	4,627	-916	0	0	0	3,711
Derivatives	1,352	-457	-179	0	0	716
<b>Total liabilities attributable to financing activities</b>	<b>40,282</b>	<b>980</b>	<b>-179</b>	<b>79</b>	<b>3</b>	<b>41,165</b>
Parent Company	Dec 31, 2016	Cash flow	Non-cash items			Dec 31, 2017
			Change in value	Amended exchange rate	Amortization premium/discount	
Long-term interest-bearing liabilities	27,912	6,391	0	-3	3	34,303
Long-term interest bearing liabilities to Group companies	3,902	725	0	0	0	4,627
Derivatives	1,117	0	235	0	0	1,352
<b>Total liabilities attributable to financing activities</b>	<b>32,931</b>	<b>7,116</b>	<b>235</b>	<b>-3</b>	<b>3</b>	<b>40,282</b>

The Group's and the Parent Company's interest rate and currency derivatives do not affect cash flow.

## Note 28 Subsequent Events

On January 18, 2019, Castellum carried out an exchange transaction with the property company Liliun, in which Castellum acquired six properties in Linköping and sold twenty properties in Sundsvall. Occupancy and vacancy both take place on March 1, 2019.

On January 22, 2019, Castellum announced that Carola Låven had been employed as the new Investment Director and Deputy CEO at Castellum AB. She will be part of Group Management and will take office by August 1, 2019 at the latest. The Financial Reports constitute part of the Annual Report

and were signed by the Board of Directors on February 1, 2019. On January 29, 2019, Castellum announced the acquisition of the co-working company United Spaces for MSEK 200.

The Board of Directors of Castellum AB intends to propose to the Annual General Meeting a dividend of SEK 6.10 per share, to be paid on two occasions during the year. The statement of profit or loss and the balance sheet for the Parent Company and the Group will be adopted at Castellum AB's Annual General Meeting, which will take place on March 21, 2019.

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## Proposed appropriation of profits

### The following funds are at the Annual General Meeting's disposal:

Retained profit	SEK 16,283,050,915
Net income for the year	SEK 1,378,604,192
<b>Total</b>	<b>SEK 17,661,655,107</b>

### The Board of Directors propose that the profits be appropriated as follows:

Dividend to shareholders, SEK 6.10 per share	SEK 1,666,527,113
Carried forward	SEK 15,995,127,994
<b>Total</b>	<b>SEK 17,661,655,107</b>

The company has 273,201,166 registered shares, of which all are entitled to dividends. The total dividend payment proposed above of SEK 1,666,527,113 may change if the number of the company's own re-purchased shares changes before the record date for the dividend.

---

# Statement regarding proposed distribution of profits

## **Justification**

Shareholders' equity for the Group has been calculated in accordance with IFRS standards as approved by the EU, as well as in accordance with Swedish law through applying Swedish Financial Reporting Board recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups. Shareholders' equity for the Parent Company has been calculated in accordance with Swedish law and by application of the recommendation RFR 2 (Accounting for Legal Entities) of the Swedish Financial Reporting Board.

The proposed distribution of profits constitutes 56% of the Group's income from property management, which is in line with the expressed objective of distributing at least 50% of the Group's income from property management after taking investment plans, consolidation needs, liquidity and overall position into account. The Group's net income after tax amounted to MSEK 7,453. The distribution policy is based on the Group's income from property management, and as a result non-cash items pertaining to increases or decreases in value of the Group's properties and interest and currency derivatives, do not normally affect the dividend. Nor were any such non-cash gains or losses taken into account in previous year's resolutions regarding the distribution of profits.

The Board of Directors concludes that the company's restricted shareholders' equity is fully covered after the proposed distribution.

The Board of Directors also concludes that the proposed distribution to the shareholders is justified considering the parameters in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act (the nature, scope and risks of the business as well as consolidation needs, liquidity and overall position). Accordingly, the Board of Directors would like to emphasise the following.

## **The nature, scope and risks of operations**

The Board of Directors estimates that the shareholders' equity for the company as well as the Group will, after the proposed distribution, be sufficient in relation to the nature, scope and risks of the business. The Board of Directors has in this context considered, inter alia, the historical development of the company and the Group, budgeted development, investment plans and the economic situation.

## **Consolidation needs, liquidity and overall position**

### *Consolidation needs*

The Board of Directors has carried out a general assessment of the financial position of the company and the Group, and their prospects for fulfilling their obligations. The proposed dividend constitutes 9% of the shareholders' equity for the company and 4% of the shareholders' equity for the Group. The Group's loan-to-value ratio and interest coverage ratio for 2018 totaled 45% and 454% respectively. The express objective for the Group's capital structure, with a loan-to-value ratio not exceeding 50% over the long term and an interest coverage ratio of at least 200%, will be maintained after the proposed dividend. The capital structure of the company and the Group is sound considering the prevailing conditions of the property business. In light of the above, the Board of Directors concludes that the company and the Group have all the necessary requirements to manage future business risks and also to carry potential losses. Planned investments have been considered when deciding on the proposed distribution of profits.

### *Liquidity*

The proposed distribution of profits will not affect the company's or the Group's ability to meet their payment obligations in a timely manner. The company and the Group have good access to liquidity reserves through short-term as well as long-term credits. The credits may be utilised at short notice, implying that the company and the Group are prepared to manage liquidity fluctuations as well as possible unexpected events.

### *Overall position*

The Board of Directors has considered all other known conditions, which might affect the financial position of the company and the Group, which have not been considered within the scope of the considerations above. In this respect, no circumstances have been found that indicate that the proposed dividend would not be justified.

## **Fair value measurement**

Derivatives instruments and other financial instruments have been measured at fair value in accordance with Chapter 4, Section 14 a of the Swedish Annual Accounts Act. In that connection, a deficit of MSEK 563 after tax has become apparent, which had a corresponding impact on shareholders' equity.

Gothenburg, January 23, 2019

The Board

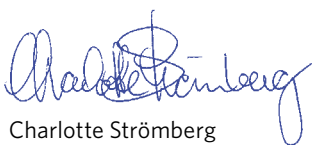
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## Signing of the Annual Report

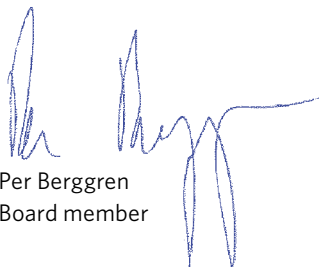
As far as we can determine, the annual accounts have been prepared in accordance with generally accepted accounting principles. The annual accounts give a true and fair view of the company's financial position and results, and the Directors' Report gives a true and fair overview of the development of the company's operations, financial position and results, and describes the significant risks and factors of uncertainty facing the company.

The consolidated accounts have been prepared in accordance with the international accounting standards covered in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July, 2002 on the application of international accounting standards. The consolidated accounts give a true and fair view of the Group's financial position and results, and the Directors' Report for the consolidated accounts give a true and fair overview of the development of the Group's operations, financial position and results and as well as the significant risks and factors of uncertainty facing the companies within the Group.

Gothenburg February 1, 2019



Charlotte Strömberg  
Chairman of the Board



Per Berggren  
Board member



Anna-Karin Hatt  
Board member



Christer Jacobson  
Board member



Christina Karlsson Kazeem  
Board member



Nina Linander  
Board member



Johan Skoglund  
Board member



Henrik Saxborn  
Chief Executive Officer

Our Auditor's Report regarding these annual accounts was submitted on February 1, 2019.

Deloitte AB



Hans Warén  
Authorized public accountant



# Auditor's Report

*This auditor's report 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.*

To the annual general meeting of shareholders of Castellum AB (publ), corporate identity number 556475-5550

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Castellum AB (publ) for the fiscal year 2018 except for the corporate governance statement on pages 102-119 and the sustainability report on pages 11-13, 40, 44, 62-70, 71-77, 98-99, 106-107, 111, 116-118, 194-199, 202 and 203. The annual accounts and consolidated accounts of the company are included on pages 11-150 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 102-119 and the sustainability report on pages 11-13, 40, 44, 62-70, 71-77, 98-99, 106-107, 111, 116-118, 194-199, 202 and 203. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and balance sheet for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Valuation of properties

#### Description of risk

Investment properties are recorded in the consolidated balance sheet at fair value. The recorded fair value is MSEK 89,168 at 31 December 2018 and is based on an internal valuation of each property. To validate the internal valuation 56 % of the property portfolio value has been valued externally.

The internal valuation is performed through individual assessment of each property's future earnings and market yield. Changes in value can occur either as a result of macro- and microeconomic or property-specific reasons. The valuation is based on judgements and estimates, which may have a significant impact on the group's result and financial position.

In terms of valuation of investments in existing investment properties, assessment of the group's process for project management with particular regard to expenses for investments and any financial commitments linked to these projects is required.

For further information, please refer to the section property valuation on page 86, risks and risk management on page 92, the group's accounting principles and critical assessments on page 132 and note 12 in the annual report.

### Our audit procedures

Our audit included but was not limited to the following procedures:

- We have reviewed the internal valuation procedures and evaluated assumptions and the application of these in the internal valuation model.
- We have reviewed input and calculations in the internal valuation model, on property level for a selection of properties, for our assessment of completeness and valuation.
- We have obtained the external valuations and assessed if the difference against the internal valuations is within the normal uncertainty range.
- We have reviewed Castellum's project management procedures for investments in existing investment properties and for a selection of ongoing projects reviewed investment decisions, authorisation procedures, capitalized expenses and monitoring of project outcome.
- We have reviewed the recording of gains from projects for ongoing projects.
- We have reviewed relevant disclosure notes to the financial statements.

### **Other information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-10 and 156-209. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### **Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relation-

ships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Castellum AB (publ) for the fiscal year 2018-01-01-2018-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Deloitte AB was appointed auditor of Castellum AB by the annual general meeting of shareholders on 22 March 2018 and has been the company's auditor since 23 March 2017. Hans Warén was appointed auditor of Castellum AB by the annual general meeting of shareholders on 20 March 2014 and has been the company's auditor since 20 March 2014 and of Deloitte AB appointed responsible auditor for 2017 and 2018.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 102-119 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate

governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Swedish Annual Accounts Act.

**The auditor's opinion regarding the statutory sustainability report**

The Board of Directors is responsible for the statutory sustainability report on pages 11-13, 40, 44, 62-70, 71-77, 98-99, 106-107, 111, 116-118, 194-199, 202 and 203, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Gothenburg February 1, 2019

Deloitte AB



Hans Warén  
Authorized public accountant

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# Auditor's limited assurance report on Castellum AB's sustainability report

*This report 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.*

To Castellum AB

## Introduction

We have been engaged by the Board of Directors of Castellum AB to undertake a limited assurance engagement of the Castellum AB's sustainability report for the year 2018. The Company has defined the scope of the sustainability report on cover inside.

## Responsibilities of the Board of Directors and the executive management for the sustainability report

The Board of Directors and the executive management are responsible for the preparation of the sustainability report in accordance with the applicable criteria, as explained on pages 205-206 in the sustainability report, and are the parts of the Sustainability Reporting Guidelines (published by the Global Reporting Initiative (GRI)) which are applicable to the sustainability report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a sustainability report that is free from material misstatements, whether due to fraud or error.

## Responsibilities of the auditor

Our responsibility is to express a conclusion on the sustainability report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the sustainability report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Castellum AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the executive management as described above. We consider these criteria suitable for the preparation of the sustainability report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

## Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the sustainability report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and executive management.

Gothenburg February 1, 2019

Deloitte AB



Hans Warén  
Authorized Public Accountant

# Castellum's property portfolio

Castellum owns 647 properties in Sweden, Copenhagen and Helsinki, encompassing 4.3 million square meters of office and logistics space. Property locations range from city centers to well-situated business districts with good public transportation and services. Castellum's property register presents the company's entire property portfolio as of December 31, 2018, separated into Castellum's regions: Öresund (pages 159-164), West (pages 165-172), Central (pages 173-181), Stockholm (pages 182-187), North (pages 188-190) and Finland (page 191).

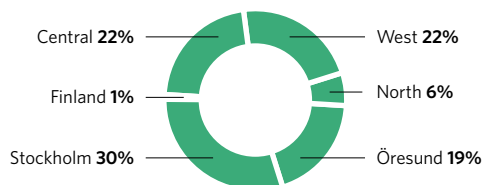


In the center of the Lindholmen Science Park international engineering and technology cluster sits Blenda, Castellum's office property that is BREEAM certified, Level Excellent.

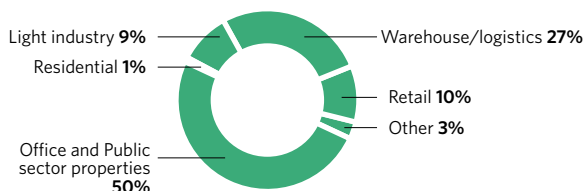
# Castellum's 2018 property portfolio in summary

	Square metres per type of premises						Total	Site sq.m.	Tax assessment value
	Office	Retail	Warehouse/Logistics	Light industry	Residential	Other			
Region Öresund	461,278	62,474	199,802	44,739	6,258	28,066	802,617	1,337,452	8,192,082
Region West	431,732	56,966	497,458	144,549	8,189	50,736	1,189,630	5,219,995	6,970,598
Region Central	637,634	159,526	221,410	72,659	12,853	31,646	1,135,728	2,345,169	7,658,046
Region Stockholm	358,956	115,429	254,542	120,406	1,968	31,082	882,383	1,302,234	8,653,417
Region North	226,940	15,280	1,322	0	7,146	8,014	258,701	197,729	1,822,904
Region Finland	14,433	0	0	0	0	0	14,433	3,309	272,957
<b>Total Castellum</b>	<b>2,130,973</b>	<b>409,675</b>	<b>1,174,534</b>	<b>382,353</b>	<b>36,414</b>	<b>149,544</b>	<b>4,283,492</b>	<b>10,405,888</b>	<b>33,570,004</b>

DISTRIBUTION PER REGION AND SQUARE METERS



DISTRIBUTION PER PREMISES TYPE AND SQUARE METERS





# Region Öresund

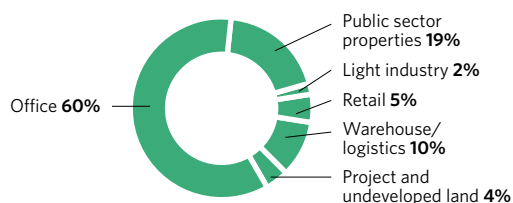
## CASTELLUM'S PROPERTY PORTFOLIO IN REGION ÖRESUND BY CATEGORY AND AREA, DEC 31, 2018

	No. of properties	Area, 000 sq. m.	Rental value, MSEK	Rental value, SEK/sq.m.	Economic occupancy rate	Rental income, MSEK	Property costs, MSEK	Property costs, SEK/sq. m.	Net operating income, MSEK
<b>Office</b>									
Helsingborg	15	108	170	1,578	86.1%	147	38	351	109
Copenhagen	17	176	399	2,261	89.0%	355	97	545	258
Lund	5	53	103	1,940	90.7%	93	17	336	76
Malmö	7	50	95	1,927	87.0%	83	22	436	61
<b>Total office</b>	<b>44</b>	<b>387</b>	<b>767</b>	<b>1,984</b>	<b>88.3%</b>	<b>678</b>	<b>174</b>	<b>448</b>	<b>504</b>
<b>Public sector properties</b>									
Helsingborg	4	53	121	2,272	98.0%	118	15	280	103
Copenhagen	1	12	29	2,447	97.2%	29	0	5	29
Malmö	3	26	43	1,673	98.3%	43	7	275	36
<b>Total public sector properties</b>	<b>8</b>	<b>91</b>	<b>193</b>	<b>2,125</b>	<b>97.9%</b>	<b>190</b>	<b>22</b>	<b>242</b>	<b>168</b>
<b>Warehouse/Logistics</b>									
Helsingborg	12	61	51	832	96.0%	49	9	148	40
Copenhagen	1	17	19	1,090	80.9%	15	4	264	11
Lund	5	28	29	1,054	88.8%	26	5	169	21
Malmö	10	86	62	720	88.8%	55	16	178	39
<b>Total warehouse/logistics</b>	<b>28</b>	<b>192</b>	<b>161</b>	<b>837</b>	<b>90.1%</b>	<b>145</b>	<b>34</b>	<b>175</b>	<b>111</b>
<b>Retail</b>									
Helsingborg	5	25	33	1,301	85.1%	28	8	301	20
Lund	2	6	15	2,631	94.2%	14	3	579	11
Malmö	4	15	20	1,341	99.5%	20	4	280	16
<b>Total retail</b>	<b>11</b>	<b>46</b>	<b>68</b>	<b>1,478</b>	<b>91.3%</b>	<b>62</b>	<b>15</b>	<b>329</b>	<b>47</b>
<b>Light industry</b>									
Helsingborg	3	36	29	816	82.0%	24	4	127	20
Malmö	1	6	4	599	100.0%	4	1	104	3
<b>Total light industry</b>	<b>4</b>	<b>42</b>	<b>33</b>	<b>782</b>	<b>84.1%</b>	<b>28</b>	<b>5</b>	<b>124</b>	<b>23</b>
<b>Total</b>	<b>95</b>	<b>758</b>	<b>1,222</b>	<b>1,613</b>	<b>90.1%</b>	<b>1,103</b>	<b>250</b>	<b>329</b>	<b>853</b>
Developments	11	45	30	-	-	11	8	-	3
Undeveloped land	2	-	-	-	-	-	-	-	-
<b>Total</b>	<b>108</b>	<b>803</b>	<b>1,252</b>	<b>-</b>	<b>-</b>	<b>1,114</b>	<b>258</b>	<b>-</b>	<b>856</b>

### KEY PROPERTY METRICS

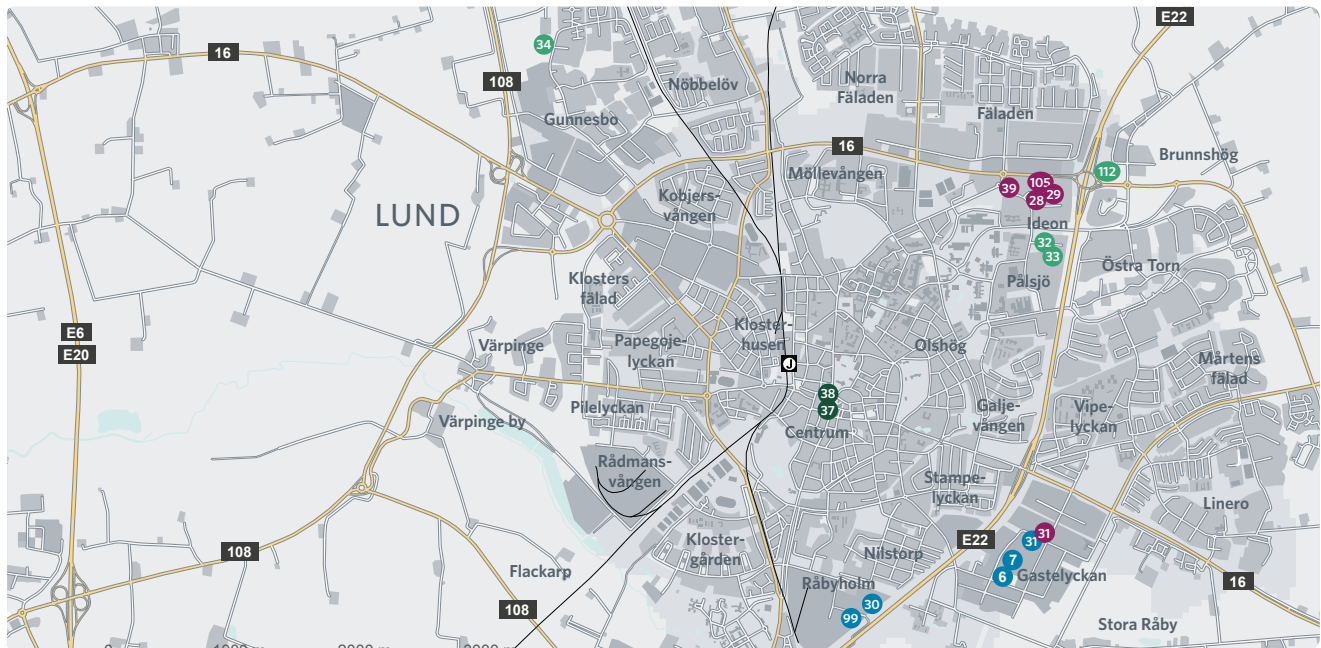
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Rental value, SEK/sq. m.	1,613	1,541	1,539	1,089	1,078	1,121	1,107	1,065	1,060	1,063
Economic occupancy rate	90.1%	85.8%	87.5%	85.4%	85.3%	85.0%	84.5%	85.2%	86.6%	86.5%
Property costs, SEK/sq. m.	329	443	442	348	345	354	331	304	315	320
Net operating income, SEK/sq. m.	1,129	879	905	583	575	599	605	603	604	601
No. of properties	108	109	107	113	111	117	117	109	101	100
Leasable area, 000 sq. m.	803	806	803	696	646	737	726	678	646	620

### PROPERTY VALUE BY CATEGORY



### PROPERTY VALUE BY AREA



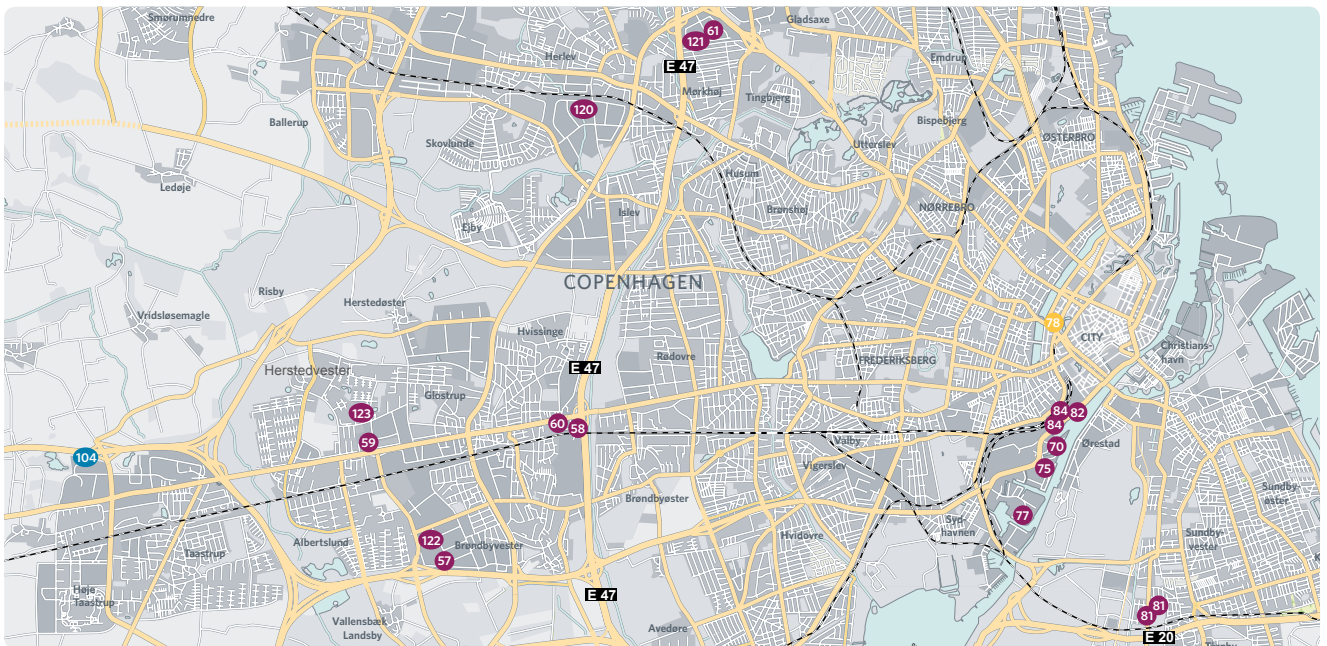
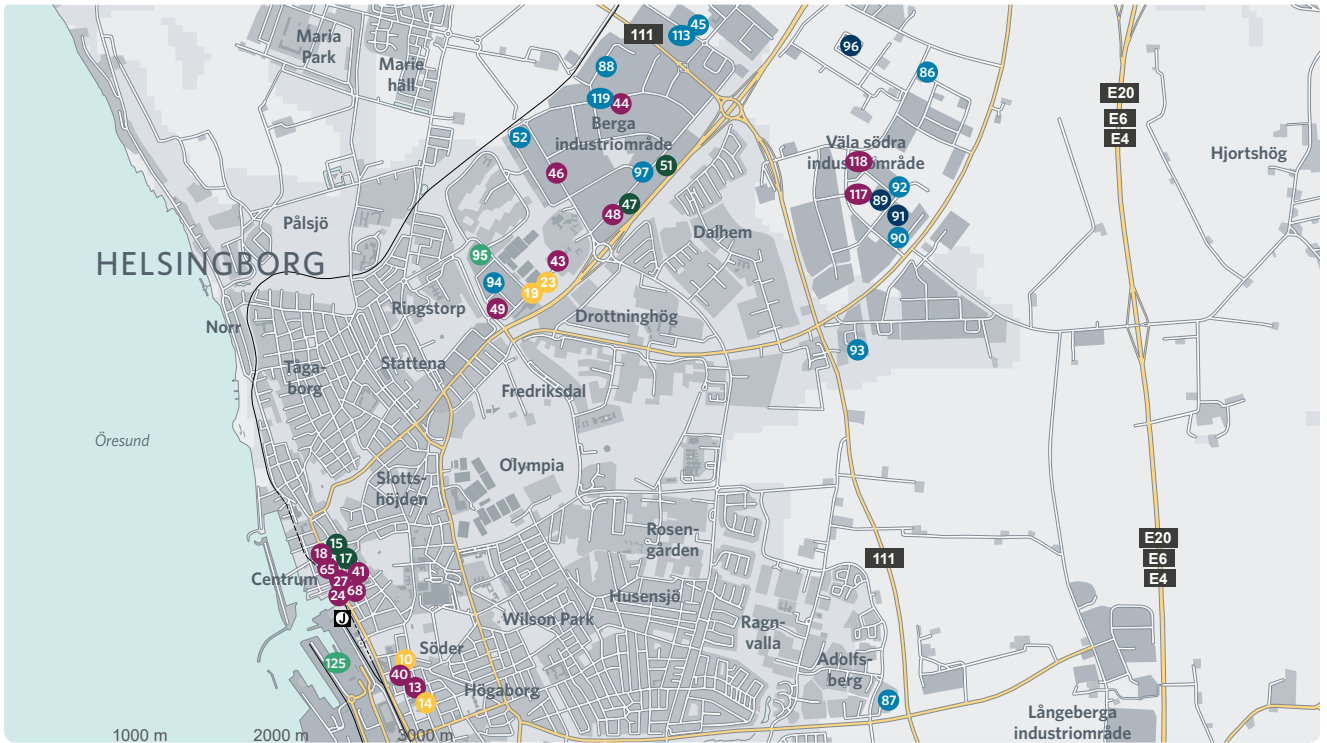


● Public sector property  
 ● Light industry  
 ● Warehouse/logistics  
 ● Retail  
 ● Office  
 ● Developments and land

**THE FIVE LARGEST PROPERTY OWNERS**

Malmö	Taxed area, 000 sq. m.	Lund	Taxed area, 000 sq. m.	Helsingborg	Taxed area, 000 sq. m.	Denmark*	Leasable area, 000 sq. m.
Wihlborgs	610	Wihlborgs	200	Wihlborgs	484	DEAS (formerly Nordea Ejendomme)	-1500
Vasakronan	320	Castellum	97	Castellum	256	ATP Ejendomme	-1300
Klövern	234	Vasakronan	79	Catena	117	Dades	-1000
Castellum	196	Clarendon House Capital	69	Alecta	106	PKA	-950
Kungsleden	144	Balder	39	Skandia	96	Jeudan	-900
						Castellum	207

Source: Datcha, and their information regarding rental properties (excluding housing) and warehouse/logistics and industrial properties (excluding housing, medical and school properties) owned as of December 31, 2018, taxed area. Municipal and state-owned companies and government institutions have been excluded. \*Of which, the vast majority in Copenhagen



● Public sector property ● Light industry ● Warehouse/logistics ● Retail ● Office ● Developments and land

**RENTAL LEVELS AND INVESTMENT YIELD**

	Malmö		Lund		Helsingborg		Copenhagen	
	Rent, SEK/sq. m.	Yield	Rent, SEK/sq. m.	Yield	Rent, SEK/sq. m.	Yield	Rent, SEK/sq. m.	Yield
<b>Office</b>	Prime location	2,000-3,000 4.25%-5.50%	1,500-2,100 4.75%-5.75%		1,300-2,000 5.00%-5.75%		2,700-3,300 3.75%-4.75%	
	Secondary location	1,000-1,900 5.75%-7.00%	1,300-2,200 5.75%-6.50%		950-1,450 5.75%-7.00%		1,500-2,225 5.00%-5.75%	
<b>Retail</b>	Prime location	1,900-5,500 4.25%-5.50%	2,000-5,000 4.75%-5.75%		2,000-4,500 5.00%-5.75%		24,000-32,000 3.00%-4.00%	
	Secondary location	900-5,500 5.75%-7.25%	1,200-2,000 6.25%-7.25%		800-1,100 7.00%-8.50%		3,375-4,700 5.00%-6.00%	
<b>Warehouse/Logistics</b>	Prime location	650-900 6.50%-7.50%	600-850 6.50%-7.50%		650-900 6.50%-7.50%		640-800 5.75%-6.50%	
	Secondary location	600-800 6.75%-7.75%	600-800 6.75%-7.75%		550-850 6.50%-7.50%		475-600 8.00%-9.00%	

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum, JLL, KTI and Castellum

CASTELLUM'S PROPERTY PORTFOLIO IN REGION ÖRESUND BY CATEGORY AND PROPERTY, DEC 31, 2018

No.	Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Ware-house/ Logistics	Light industry	Residential	Other				
<b>Office</b>														
13	Denmark 27	Södergatan 43, Nedre Nytorrgsgatan 13	Helsingborg	2016 1970	2,506	455	450	-	417	-	3,828	836	31,000	
18	Färjan 4	Drottninggatan 20-22, Hästmöllegränden	Helsingborg	2016 1932	3,394	783	25	-	-	393	4,595	772	44,400	
117	Grusbacken 3	Mogatan 14	Helsingborg	2012 2013	2,488	-	-	-	-	-	2,488	9,909	17,572	
118	Grusgången 2	Pinnmogatan 1	Helsingborg	2014 1991/2001	1,707	-	1,059	-	-	-	2,766	6,833	11,353	
24	Högvakten 6	Stortorget 2	Helsingborg	2016 1968	3,284	-	-	-	-	143	3,427	617	48,600	
27	Karl XV 9	Drottningg 1-3, Hamntorget 3, Badhusg 4	Helsingborg	2016 1929	10,757	496	33	-	1,127	1,407	13,820	4,936	132,669	
43	Kavalleristen 9	Berga Allé 1-3	Helsingborg	1997 1920/1993	11,592	-	85	-	-	716	12,393	27,223	80,968	U
40	Kolonien 28	Carls Krooks Gata 30-32, Wetterlingsg 2-4	Helsingborg	2016 1988	3,074	3,526	-	-	2,687	15	9,302	3,551	115,000	
44	Kroksabeln 18	Florettgatan 12	Helsingborg	2004 1988	2,902	-	435	-	-	178	3,515	4,809	21,280	
41	Kärnan Mellersta 9	Billeplatsen 1, Södra Storgatan 3-5	Helsingborg	2016 1790/1929	2,936	147	48	-	-	793	3,924	3013	45,400	
46	Musköten 5	Bergavägen 8	Helsingborg	1995 1970/1985	1,593	725	1,535	-	-	-	3,853	4,000	11,482	
48	Pilbågen 6:2	Garnisonsgatan 10	Helsingborg	2004 1980	4,955	4,628	1,541	-	-	556	11,680	16,000	56,583	
49	Rustningen 1	Rundgången 26-32	Helsingborg	1995 1989	7,670	2,597	862	-	-	-	11,129	15,000	71,509	
65	Rådhuset 5	Drottninggatan 14, Hästmöllegränden 1-3	Helsingborg	2016 1976	5,533	3,055	153	-	629	379	9,749	2,711	119,770	
68	Telegrafan 9	Järnvägsgatan 3-5, Södra Kyrkogatan 1-3	Helsingborg	2016 1896/1974	7,260	2,913	-	-	381	971	11,525	4,053	119,614	
57	Abildager 26	Abildager 26	Brøndby	2011 1995	3,585	-	-	-	-	-	3,585	14,012	32,798	
121	Generatorvej 6-8	Generatorvej 6-8, Dynamovej 11	Søborg	2015 1970	20,595	-	4,215	-	-	92	24,902	25,110	211,480	U
70	Havneholmen Atrium	Havneholmen 27-29	Copenhagen	2016 2008	13,196	-	-	-	-	-	13,196	7,118	334,833	
75	Havneholmen Tower	Havneholmen 23-25	Copenhagen	2016 2010	18,731	-	46	-	-	-	18,777	11,882	561,348	
58	Hovedvejen 1-7	Hovedvejen 1-7	Glostrup	2011 2007	7,033	-	-	-	-	-	7,033	3,796	127,357	
82	Kalvebod Brygge 39-41	Kalvebod Brygge 39-41	Copenhagen	2016 1999	7,668	-	-	-	-	-	7,668	5,115	268,351	
84	Kalvebod Brygge 43	Kalvebod Brygge 43	Copenhagen	2016 2001	5,251	-	-	-	-	-	5,251	10,179	543,981	
84	Kalvebod Brygge 45	Kalvebod Brygge 45	Copenhagen	2016 2001	11,230	-	-	-	-	-	11,230	-	-	
81	Kay Fiskars Plads 9	Kay Fiskers Plads 9-11	Copenhagen	2016 2002	11,960	-	-	-	-	-	11,960	6,854	862,515	
81	Kay Fiskars Plads 11	Kay Fiskers Plads 9-11	Copenhagen	2016 2002	16,115	-	-	-	-	-	16,115	-	-	
120	Marielundvej 10	Marielundvej 10	Herlev	2014 1998	2,561	-	-	-	-	-	2,561	5,517	29,682	
122	Park Allé 373	Park Allé 373	Brøndby	2015 1969	12,785	-	-	-	-	-	12,785	33,199	89,405	U
123	Roholmsvej 19-21	Roholmsvej 19-21, Stensmosevej 15	Albertslund	2015 1991/2004	10,725	-	3,299	-	-	-	14,024	23,571	186,710	
59	Roskildevej 22	Roskildevej 22	Albertslund	2011 1970/1994	5,634	-	1,648	-	-	557	7,839	26,396	60,206	
77	Stöberigade	Stöberigade 12-14	Copenhagen	2016 2004	10,331	-	-	-	-	-	10,331	9,283	291,296	
61	Transformervej 14-16	Transformervej 14-16	Herlev	2012 1972/1989	5,899	-	-	-	-	-	5,899	6,000	53,689	
60	Vibeholms Allé 15	Vibeholms Allé 15	Brøndby	2011 1961/2007	3,114	-	44	-	-	-	3,158	3,695	45,991	
28	Forskaren 2	Emdalavägen 4-18	Lund	1999 2001	19,176	-	-	-	-	1,813	20,989	16,211	321,000	
29	Forskaren 2:2	Emdalavägen 4-10	Lund	1999 2008	7,871	-	-	-	-	1,517	9,388	9,136	160,500	
105	Forskaren 2:3	Scheelevägen	Lund	1999 2012	7,528	-	-	-	-	1,638	9,166	9,136	160,500	
31	Kvarsten 2	Skiffervägen 15-19	Lund	1995 1991	639	-	999	-	-	-	1,638	4,512	12,217	
39	Stockholmsledet 8	Scheelevägen 30-32	Lund	1995 1991	9,997	-	1,104	-	-	788	11,889	14,440	126,000	
106	Fullriggaren 4	Riggaregatan 51-57	Malmö	2010 2013	4,765	381	24	-	-	230	5,400	1,854	113,800	
8	Gustav Adolf 13	Gustav Adolfs Torg 4	Malmö	2003 1968	7,987	1,261	10	-	-	829	10,087	2,224	174,609	
9	Hälsingland 19	Fosiev 9-19/Finlandsg 1/ Trelleborgsv 12-14	Malmö	1995 1950/2003	8,223	6,668	-	-	-	9	14,900	26,696	101,600	U
124	Mässhallen 2	Hyllie Boulevard 10A-B	Malmö	2016 2016	7,318	-	-	-	-	-	7,318	2,140	30,074	
115	Revolversvarven 12	Jägershillgatan 18	Malmö	2012 1987	9,982	-	106	-	-	-	10,088	16,531	62,000	
22	Stenyxan 21	Stenyxegatan 14	Malmö	2007 1992/1999	1,094	-	-	-	-	-	1,094	2,301	5,127	
25	Torshammaren 11	Hornyxegatan 6	Malmö	2011 1984	647	-	-	-	-	-	647	5,034	4,103	
<b>Total office</b>					<b>323,291</b>	<b>27,635</b>	<b>17,721</b>	<b>0</b>	<b>5,241</b>	<b>13,024</b>	<b>386,912</b>	<b>406,205</b>	<b>5,898,372</b>	

Note: S=Site leashold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Öresund by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year built/ acquired reconstr.	Square metres per type of premises							Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Ware-house/ Logistics	Light industry	Residential	Other					
<b>Public sector properties</b>															
10	Bollbro 15	Gasverksgatan 15-17, Carl Krooks gata 17	Helsingborg	2016 1970	7,739	1,601	60	-	-	452	9,852	3,146	-		
14	Danmark 31	Hantverkareg 10-12, Nedre Nytorosg 15	Helsingborg	2016 1972	1,925	-	-	-	326	353	2,604	1,282	28,207		
19	Högkvarteret 1	Berga Allé 25	Helsingborg	2016 2007	22,164	-	-	-	-	-	22,164	17,766	172,800		
23	Högkvarteret 2	Berga Allé 21	Helsingborg	2016 2011	18,454	-	-	-	-	-	18,454	6,999	-		
78	Peblingehus	Nansensgade 19	Copenhagen	2016 1970/2014	11,654	421	-	-	-	-	12,075	3,320	295,666		
12	Malte 23	Fredriksbergsgatan 16	Malmö	1999 1965	5,214	-	219	643	-	1,472	7,548	2,597	80,800		
16	Norsen 12	Föreningsgatan 7-11/ Brogatan 12	Malmö	1995 1930/1990	2,446	-	36	54	75	653	3,264	1,296	-		
107	Sändaren 1	Agnesfridsvägen 111	Malmö	2010 2013	15,156	-	-	-	-	-	15,156	40,239	96,400	U/S	
<b>Total public sector properties</b>					<b>84,752</b>	<b>2,022</b>	<b>315</b>	<b>697</b>	<b>401</b>	<b>2,930</b>	<b>91,117</b>	<b>76,645</b>	<b>673,873</b>		
<b>Warehouse/Logistics</b>															
86	Akvamarin 1	Diabasgatan 1	Helsingborg	2000 2007	-	-	4,713	-	-	-	4,713	10,001	25,432		
87	Bergakungen 1	Måndagsgatan 6	Helsingborg	1995 1990	478	-	2,465	-	-	-	2,943	6,799	11,872		
88	Dolken 4	Mörsaregatan 16	Helsingborg	2004 1970/1985	410	-	2,586	-	-	-	2,996	8,240	9,187		
90	Grusbädden 2	Mogatan 2-6	Helsingborg	1995 1989	1,550	-	7,824	-	-	30	9,404	28,486	41,242		
92	Grusplanen 3	Makadamgatan 19-21	Helsingborg	2005 1990	-	-	2,735	-	-	-	2,735	7,292	10,993		
93	Hyveljärnet 3	Lastgatan 9	Helsingborg	1995 1990	-	-	2,276	-	-	-	2,276	6,014	9,597		
119	Kniven 7	Florettgatan 9	Helsingborg	2014 1979	3,015	-	-	-	-	-	3,015	5,084	11,095		
45	Kulan 3	Garnisonsgatan 51	Helsingborg	2002 1996/2005	-	-	12,730	-	-	-	12,730	18,567	43,400		
113	Kulan 3:2	Garnisonsgatan 51	Helsingborg	2010 2014	-	-	9,689	-	-	-	9,689	35,933	60,200		
94	Mimer 12	S Tvärgången 3	Helsingborg	1995 1960	-	-	-	-	-	3,767	3,767	11,721	-	U	
52	Studsaren 4	Bergavägen 21	Helsingborg	1995 2006	-	-	2,170	-	-	-	2,170	7,200	9,407	U	
97	Värjan 3	Garnisonsgatan 9	Helsingborg	2002 1969	301	695	3,485	-	-	-	4,481	17,923	18,015	U	
30	Jöns Petter Borg 9	Landerigrändan 23	Lund	1999 1990	4,059	-	7,208	-	-	9	11,276	24,502	47,451	U	
31	Kvarsten 2:2	Skiffervägen 15	Lund	1995 1991/2013	-	-	2,300	-	-	300	2,600	5,031	12,839		
6	Lerstenen 1	Kalkstensvägen 12	Lund	2016 2004/2005	497	-	1,202	-	-	-	1,699	3,698	10,589		
7	Lerstenen 2	Kalkstensvägen 14	Lund	2016 2008	-	-	1,950	-	-	-	1,950	4,000	9,735		
99	Råbyholm 5	Landerigrändan 2-4/ Borgs väg 9	Lund	1999 1984	2,501	-	7,908	-	-	-	10,409	23,825	60,507		
62	Benkammen 6	Skogholmogatan 5	Malmö	2005 1994	-	-	12,997	-	-	-	12,997	30,100	54,705	U	
63	Bjurö 12	Flintränegatan 21/ Bjurögatan	Malmö	1995 1960/1974	3,299	-	11,918	7,322	-	390	22,929	35,500	81,592	S	
66	Dubbelknappen 17	Risxegatan 6	Malmö	1998 1989	-	-	2,450	-	-	-	2,450	8,472	10,659	U	
67	Finngrundet 1	Blidögatan 30	Malmö	1998 1966	-	-	7,490	-	-	-	7,490	10,000	20,008	S	
69	Gulsippan 1	Källvattengatan 5	Malmö	2001 1988	3,077	-	10,916	-	-	-	13,993	38,450	67,687	U	
73	Kalkgrundet 5	Borrgatan 15/ Koksg 1-3/Väderög.2	Malmö	1995 1935/1985	-	-	6,734	-	-	-	6,734	14,274	23,029	S	
76	Långdansen 1	Sångelekgatan 9	Malmö	1995 1980	-	-	1,200	-	-	-	1,200	10,042	8,903		
114	Revolversvarven 10	Jägershillgatan 14	Malmö	2012 1988	-	-	3,600	-	-	-	3,600	15,570	30,551		
79	Revolversvarven 9	Jägershillgatan 16	Malmö	1997 1985	-	-	3,900	-	-	-	3,900	10,932	19,300	S	
80	Ringspännet 1	Kantyxegatan 5/ Knackstengatan 1	Malmö	2002 2002	1,087	-	9,420	-	-	-	10,507	24,019	27,547		
104	Helgeshöj Allé 38	Helgeshöj Allé 38	Taastrup	2012 1991	4,104	-	13,012	-	-	-	17,116	108,180	163,381	U	
<b>Total warehouse/logistics</b>					<b>24,378</b>	<b>695</b>	<b>154,878</b>	<b>7,322</b>	<b>0</b>	<b>4,496</b>	<b>191,769</b>	<b>529,855</b>	<b>898,923</b>		

Note: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Öresund by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Ware-house/ Logistics	Light industry	Residential	Other				
<b>Retail</b>														
15	Delfinen 15	Kullagatan 29, Norra Strandgatan 32	Helsingborg	2016 1962	1,074	1,176	-	-	-	65	2,315	787	21,910	
17	Erik Dahlberg 5, 9	Kolmätaregränd 7-11, etc.	Helsingborg	2016 1929/1989	1,324	640	-	-	42	114	2,120	943	35,015	
47	Pilbågen 6	Garnisonsgatan 6	Helsingborg	2000 1977	-	4,525	814	-	-	-	5,339	11,400	18,873	U
	- Snårskogen 1	Kanongatan 155-159	Helsingborg	1995 1991	2,345	5,029	1,254	-	-	-	8,628	27,824	47,817	
51	Spjutet 2	Garnisonsgatan 14	Helsingborg	2008 1970/2003	1,412	5,169	-	-	-	162	6,743	15,287	40,400	
37	St Clemens 22	Stortorget 6-8	Lund	1995 1832/1981	1,160	1,423	128	-	574	-	3,285	2,769	71,305	
38	St Clemens 27	Stortorget 4/ Grönegatan	Lund	1995 1846/1999	-	2,344	-	-	-	-	2,344	1,114	41,400	
1	Armringen 2	Agnesfridsvägen 190	Malmö	2011 1975	-	4,894	24	-	-	-	4,918	14,925	20,327	S
5	Bältespännat 13	Hornyxegatan 12/ Amilonsvägen 3	Malmö	2006 1972/2002	-	1,820	-	-	-	-	1,820	4,402	8,774	
110	Ringspännat 5	Kantyxegatan 1 A	Malmö	2006 2016	-	-	-	-	-	3,333	3,333	8,200	2,010	
20	Spännbucklan 16	Agnesfridsvägen 178	Malmö	1995 1972/2002	-	4,677	-	-	-	-	4,677	15,117	30,000	
<b>Total retail</b>					<b>7,315</b>	<b>31,697</b>	<b>2,220</b>	<b>0</b>	<b>616</b>	<b>3,674</b>	<b>45,522</b>	<b>102,768</b>	<b>337,831</b>	
<b>Light industry</b>														
89	Grusbacken 2	Makadamgatan 15	Helsingborg	2005 2005	-	-	-	13,300	-	-	13,300	27,950	62,480	
91	Grusbädden 3	Makadamgatan 16	Helsingborg	2007 2007/2010	-	-	-	13,705	-	-	13,705	29,334	62,400	
96	Topasen 1	Andesitgatan 8	Helsingborg	2003 1989	-	-	-	8,558	-	-	8,558	33,786	44,821	U
72	Hollyxan 5	Bronsyxegatan 11	Malmö	1995 1977/2000	-	-	6,510	-	-	-	6,510	13,035	22,179	S
<b>Total light industry</b>					<b>0</b>	<b>0</b>	<b>6,510</b>	<b>35,563</b>	<b>0</b>	<b>0</b>	<b>42,073</b>	<b>104,105</b>	<b>191,880</b>	
<b>Developments</b>														
125	Jeppe 1	Henckels Torg 1, Oceanpiren	Helsingborg	2018 -	-	-	-	-	-	-	-	-	-	
95	Nide 2	Rundgången 10	Helsingborg	1995 1955/1985	1,824	425	3,703	754	-	-	6,706	17,285	21,966	
32	Reuterdahl 15	Scheelevägen 16/ Neversvägen	Lund	1997 1990	2,927	-	-	-	-	195	3,122	4,478	24,055	
33	Reuterdahl 15:2	Scheelevägen 16	Lund	2006 1990	4,594	-	1,051	-	-	-	5,645	12,077	56,482	
34	Rudebok 2	Rudeboksvägen 3	Lund	2004 1985/2004	3,404	-	-	-	-	-	3,404	14,781	20,934	
71	Hamnen 22:27	Mercurigatan 3	Malmö	1995 1952/1976	-	-	-	-	-	-	-	545	299	S
2	Hamnen 22:28	Carlsgatan 16	Malmö	2016 1945	-	-	-	-	-	2,800	2,800	2,213	2,130	S
4	Hamnen 22:31	Carlsgatan 22	Malmö	2016 1932	-	-	1,663	-	-	644	2,307	2,211	2,331	U/S
116	Smygmaskan 1	Hyllie Boulevard 35	Malmö	2017 -	-	-	-	-	-	-	-	2,519	-	
83	Tistlarna 9	Styrsögatan 4/ Väderögatan/Kocksg	Malmö	2000 1991	2,285	-	11,256	-	-	266	13,807	31,020	52,413	U
26	Tuborg 1	Kronobergsv 5/ V Rönne- holmsv 38/Tuborgsg 2	Malmö	1995 1945/1980	6,508	-	485	403	-	37	7,433	4,377	-	
<b>Total developments</b>					<b>21,542</b>	<b>425</b>	<b>18,158</b>	<b>1,157</b>	<b>0</b>	<b>3,942</b>	<b>45,224</b>	<b>91,506</b>	<b>180,610</b>	
<b>Undeveloped land</b>														
112	Höjdpunkten 2	Brunnhögsvägen	Lund	2001 -	-	-	-	-	-	-	-	15,079	4,385	U
109	Moränen 1 & 2	Borrgatan 1	Malmö	1995 -	-	-	-	-	-	-	-	11,289	6,208	U
<b>Total undeveloped land</b>					<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,368</b>	<b>10,593</b>	
<b>Total Region Öresund</b>					<b>461,278</b>	<b>62,474</b>	<b>199,802</b>	<b>44,739</b>	<b>6,258</b>	<b>28,066</b>	<b>802,617</b>	<b>1,337,452</b>	<b>8,192,082</b>	

Note: S=Site leasehold L=Lease U=Unutilized building right

# Region West

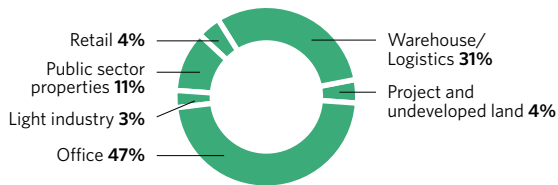
## CASTELLUM'S PROPERTY PORTFOLIO IN REGION WEST BY CATEGORY AND AREA, DEC 31, 2018

	No. of properties	Area, 000 sq. m.	Rental value, MSEK	Rental value, SEK/sq.m.	Economic occupancy rate	Rental income, MSEK	Property costs, MSEK	Property costs, SEK/sq. m.	Net operating income, MSEK
<b>Office</b>									
Borås	7	37	31	822	87.6%	27	10	271	17
Central Gothenburg	20	125	264	2,102	92.9%	245	56	442	189
Halmstad	3	15	16	1,096	89.6%	14	3	229	11
Hisingen	12	84	155	1,851	97.3%	151	31	368	120
Härryda	2	17	17	1,017	84.9%	14	2	143	12
Högsbo, Sisjön	10	52	58	1,124	88.1%	51	14	281	37
Kungsbacka	3	6	6	957	96.6%	6	2	276	4
Möndal	6	20	23	1,178	92.8%	22	5	252	17
<b>Total office</b>	<b>63</b>	<b>356</b>	<b>570</b>	<b>1,602</b>	<b>93.0%</b>	<b>530</b>	<b>123</b>	<b>347</b>	<b>407</b>
<b>Public sector properties</b>									
Borås	5	46	44	976	92.8%	41	12	266	29
Central Gothenburg	3	20	35	1,735	99.3%	35	6	266	29
Halmstad	4	33	49	1,456	97.1%	47	8	254	39
Kungsbacka	2	3	5	1,539	100.0%	5	1	266	4
Möndal	1	8	8	1,013	100.0%	8	1	89	7
<b>Total public sector properties</b>	<b>15</b>	<b>110</b>	<b>141</b>	<b>1,280</b>	<b>96.5%</b>	<b>136</b>	<b>28</b>	<b>250</b>	<b>108</b>
<b>Warehouse/logistics</b>									
Borås	10	78	46	586	82.3%	38	13	167	25
Central Gothenburg	1	4	3	690	40.3%	1	1	176	0
Halmstad	1	12	7	608	95.4%	7	2	145	5
Hisingen	25	284	209	738	90.3%	189	37	131	152
Härryda	1	6	5	789	97.5%	5	0	79	5
Högsbo, Sisjön	10	53	45	852	78.4%	35	9	181	26
Kungsbacka	5	49	44	904	94.1%	42	8	163	34
Möndal	15	100	88	877	94.8%	83	16	157	67
<b>Total warehouse/logistics</b>	<b>68</b>	<b>586</b>	<b>447</b>	<b>763</b>	<b>89.4%</b>	<b>400</b>	<b>86</b>	<b>147</b>	<b>314</b>
<b>Retail</b>									
Borås	4	14	18	1,208	96.8%	17	5	337	12
Central Gothenburg	4	17	26	1,486	94.4%	24	9	531	15
Halmstad	3	11	8	767	97.9%	8	2	214	6
Hisingen	2	7	10	1,446	100.0%	10	1	81	9
Möndal	1	4	5	1,407	98.4%	5	0	47	5
<b>Total retail</b>	<b>14</b>	<b>53</b>	<b>67</b>	<b>1,253</b>	<b>96.6%</b>	<b>64</b>	<b>17</b>	<b>322</b>	<b>47</b>
<b>Light industry</b>									
Högsbo, Sisjön	6	17	17	993	100.0%	17	3	160	14
Borås	1	9	4	441	89.7%	3	1	137	2
Halmstad	1	4	3	575	100.0%	3	1	63	2
Hisingen	4	21	16	787	89.4%	15	4	177	11
Kungsbacka	1	4	2	560	91.0%	2	0	123	2
Möndal	2	8	10	1,214	96.8%	9	1	244	8
<b>Total light industry</b>	<b>15</b>	<b>63</b>	<b>52</b>	<b>819</b>	<b>94.9%</b>	<b>49</b>	<b>10</b>	<b>164</b>	<b>39</b>
<b>Total</b>	<b>175</b>	<b>1,168</b>	<b>1,277</b>	<b>1,093</b>	<b>92.4%</b>	<b>1,179</b>	<b>264</b>	<b>227</b>	<b>915</b>
Developments	11	21	15	-	-	7	7	-	0
Undeveloped land	14	-	-	-	-	-	-	-	-
<b>Total</b>	<b>200</b>	<b>1,189</b>	<b>1,292</b>	<b>-</b>	<b>-</b>	<b>1,186</b>	<b>271</b>	<b>-</b>	<b>915</b>

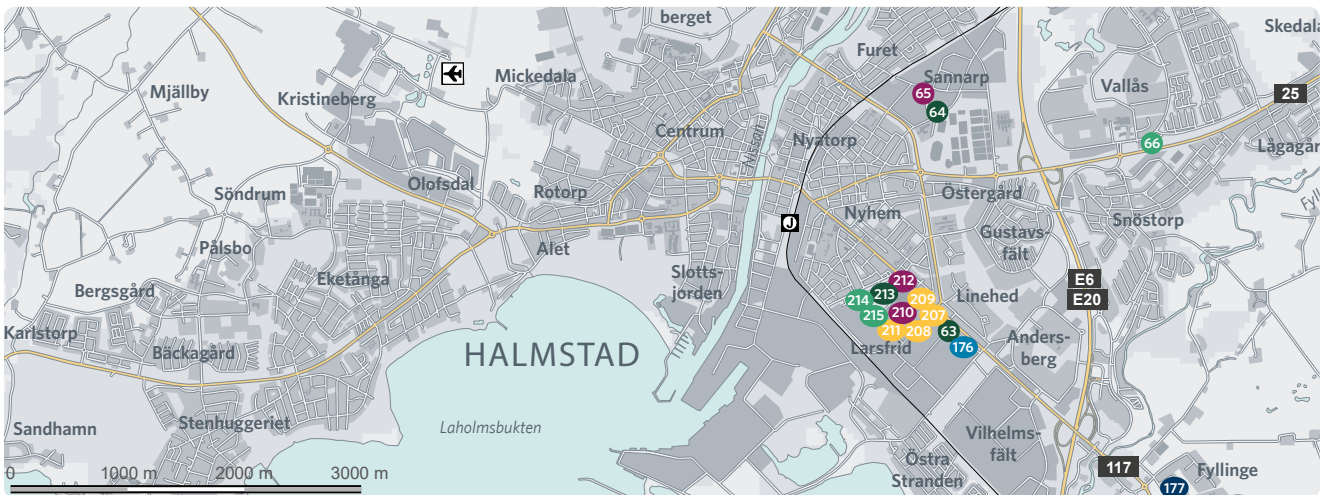
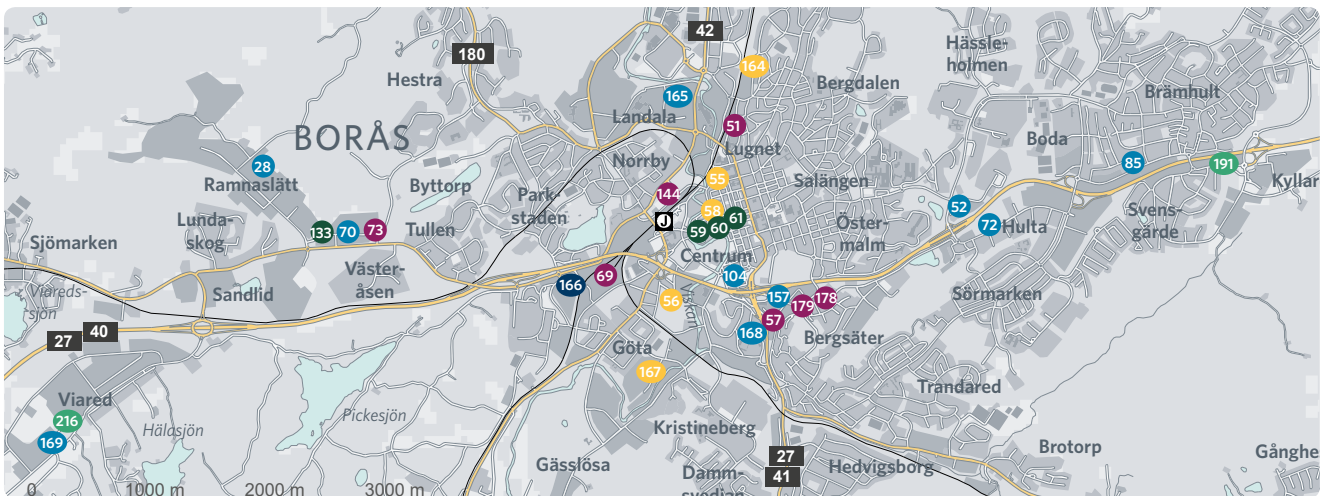
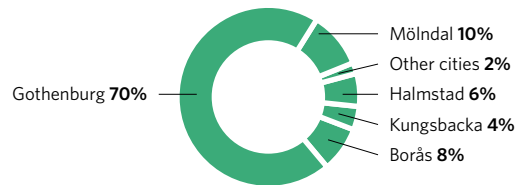
KEY PROPERTY METRICS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Rental value, SEK/sq. m.	1,093	1,072	1,033	1,021	1,003	993	957	944	935	919
Economic occupancy rate	92.4%	91.6%	92.3%	92.4%	91.6%	94.1%	93.4%	95.4%	94.1%	94.0%
Property costs, SEK/sq. m.	227	259	284	263	254	264	259	257	264	262
Net operating income, SEK/sq. m.	783	722	670	681	665	670	635	644	616	602
No. of properties	200	216	212	212	209	196	194	193	188	190
Leasable area, 000 sq. m.	1,189	1,225	1,218	1,198	1,157	1,111	1,103	1,085	1,046	1,028

PROPERTY VALUE BY CATEGORY

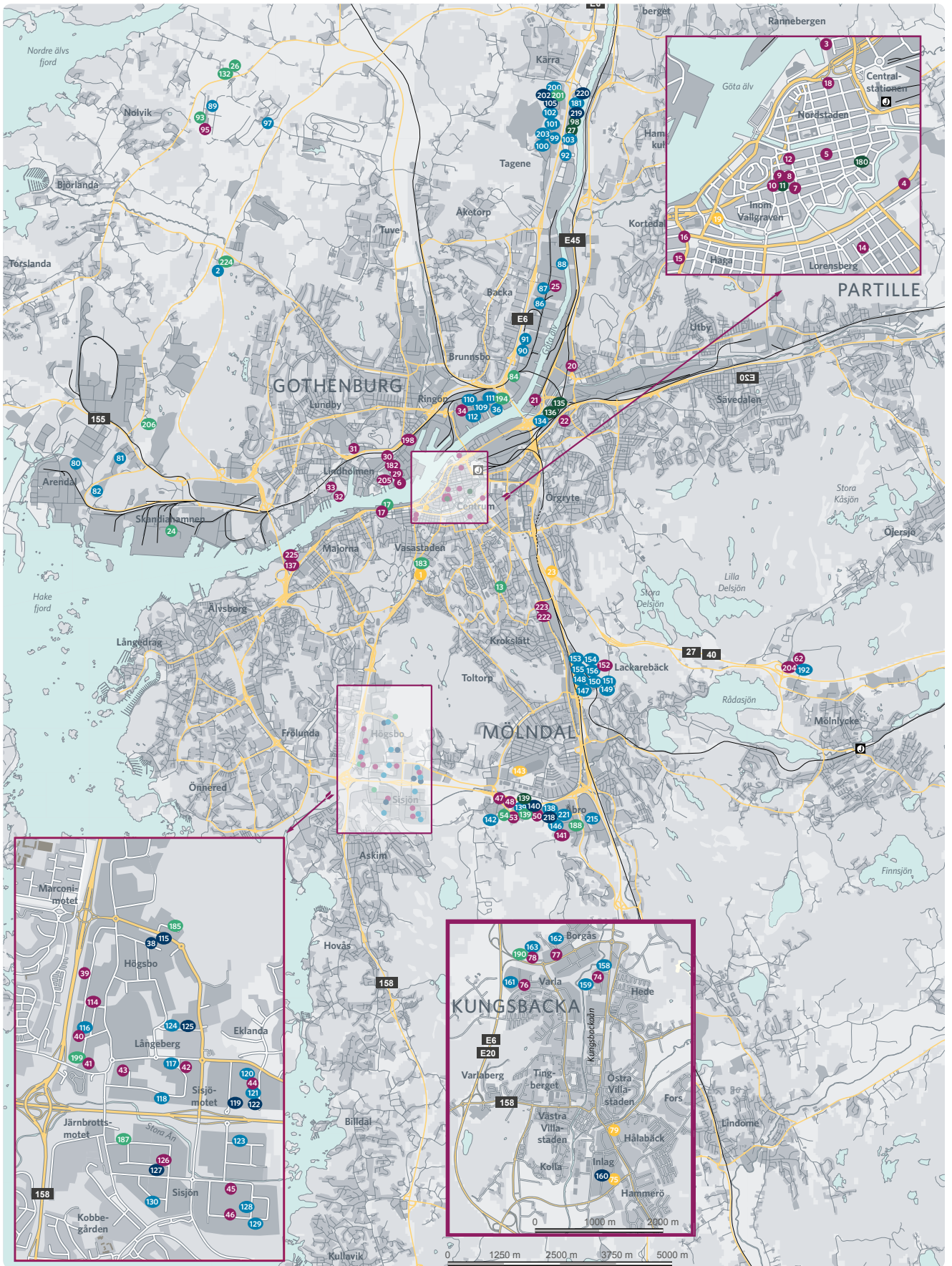


PROPERTY VALUE BY AREA



● Public sector property 
 ● Light industry 
 ● Warehouse/logistics 
 ● Retail 
 ● Office 
 ● Developments and land





● Public sector property 
 ● Light industry 
 ● Warehouse/logistics 
 ● Retail 
 ● Office 
 ● Developments and land

CASTELLUM'S PROPERTY PORTFOLIO IN REGION WEST BY CATEGORY AND AREA, DEC 31, 2018

No.	Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Ware-house/ Logistics	Light industry	Residential	Other				
<b>Office</b>														
144	Gjutaren 10	Norrby Långgatan 18	Borås	2017 1966	1,834	-	5,212	1,894	-	-	8,940	2,448	14,689	
51	Grävlingen 5	Skaraborgsvägen 21	Borås	2017 1974/1990	6,729	625	23	-	-	-	7,377	6,981	45,582	
57	Katrinedal 14	Katrinedalsgatan 22	Borås	1995 1990	2,249	-	1,892	111	-	-	4,252	7,675	16,378	
179	Katrinehill 8	Åsboholmsvägen 16	Borås	2017 1959/2006	4,466	-	1,948	-	-	-	6,414	7,421	23,800	
69	Laxöringen 1	Tullkammaregatan 1	Borås	2017 1948/1961	1,396	-	1,131	-	-	-	2,527	3,055	7,862	
73	Muttern 3	Verkstadsgatan 14	Borås	2017 1992/1996	712	-	1,610	-	-	-	2,322	4,225	8,804	
178	Näckrosen 3	Katrinedalsgatan 1	Borås	2017 1990	3,908	-	1,360	-	-	-	5,268	6,981	25,861	
25	Backa 27:43	Backa Bergögata 5-7	Gothenburg	1998 1984	3,531	-	984	309	-	-	4,824	3,919	28,600	
20	Gamlestaden 22:14	Gamlestadvägen 16	Gothenburg	2004 1957	14,119	-	2,404	-	-	700	17,223	20,313	80,802	U
21	Gamlestaden 26:1	Marieholmsgatan 10	Gothenburg	1995 1914/1987	5,427	-	1,773	6,983	-	270	14,453	24,356	54,403	U/S
3	Gullbergsvass 1:15	Lilla Bommen 4A-B	Gothenburg	1999 2001	7,600	-	36	-	-	-	7,636	1,834	199,000	
4	Heden 16:5	Parkgatan 10/Nya Allén 5	Gothenburg	1995 1961	70	-	-	-	616	1,243	1,929	993	35,600	
39	Högsbo 13:3	E A Rosengrens Gata 15	Gothenburg	1995 1982	1,163	-	-	-	-	-	1,163	3,787	7,257	S
40	Högsbo 17:7	E A Rosengrens Gata 31	Gothenburg	2012 1969	3,120	-	613	375	-	-	4,108	2,996	23,000	
41	Högsbo 20:22	F O Petterssons Gata 24-32	Gothenburg	2002 1982	13,960	-	760	256	-	325	15,301	15,522	99,800	
42	Högsbo 24:12	August Barks Gata 23	Gothenburg	1999 1968/1990	2,747	352	2,756	-	-	-	5,855	12,817	44,467	
43	Högsbo 27:7	August Barks Gata 6 A-B	Gothenburg	2002 1988	6,927	-	-	340	-	-	7,267	9,723	77,000	
44	Högsbo 36:6	Hulda Mellgrens Gata 1	Gothenburg	2012 1991	3,812	-	510	-	-	39	4,361	5,336	38,800	
114	Högsbo 7:16	Gustaf Melins Gata 7	Gothenburg	1995 1987	1,800	-	-	-	-	-	1,800	4,043	10,821	
5	Inom Vallgraven 19:17	Kyrkogatan 38-40	Gothenburg	1995 1919	-	158	20	-	-	1,185	1,363	867	32,600	
7	Inom Vallgraven 33:9	Västra Hamng 21/Vallg 9	Gothenburg	1995 1929/1995	1,063	510	-	-	-	-	1,573	829	36,000	
8	Inom Vallgraven 34:8	Kungsgatan 19-23/Magasinsgatan 18	Gothenburg	1995 1929/1994	2,868	1,503	55	-	-	88	4,514	1,242	111,000	
9	Inom Vallgraven 35:14	Kungsgatan 15-17/Magasinsgatan 17	Gothenburg	1995 1929/1991	2,274	1,219	13	-	469	184	4,159	1,315	113,600	
10	Inom Vallgraven 35:16	Kaserntoget 5/Vallgatan 2	Gothenburg	1995 1991	2,371	575	36	-	-	-	2,982	713	61,600	
12	Inom Vallgraven 57:2	Drottninggatan 7/Västra Hamngatan 5	Gothenburg	2000 1988/1990	5,997	508	235	-	-	396	7,136	2,422	119,296	
126	Kobbegården 208:6	Askims Verkstadsväg 16	Gothenburg	1999 1973/1979	1,004	-	-	735	-	5	1,744	3,462	7,458	
45	Kobbegården 6:362	Stora Ävägen 19 A-B, 21	Gothenburg	1995 1990	5,525	878	1,150	-	-	-	7,553	5,490	72,000	
46	Kobbegården 6:726	Datavägen 14 B	Gothenburg	1995 1981	1,916	-	-	574	-	-	2,490	4,267	11,992	
223	Krokslätt 154:8	Mölnaldsvägen 77	Gothenburg	2017 1962	4,009	1,224	-	-	-	-	5,233	-	-	U
222	Krokslätt 20:6	Mölnaldsvägen 81	Gothenburg	2017 1962	3,140	251	-	-	-	-	3,391	-	39,200	
6	Lindholmen 28:1	Theres Svenssons gata 11	Gothenburg	2015 2006	3,898	-	-	-	-	-	3,898	-	82,600	
29	Lindholmen 28:3	Theres Svenssons gata 9	Gothenburg	2006 2006	4,873	204	72	-	-	-	5,149	6,532	124,000	
182	Lindholmen 28:4	Theres Svenssons gata 7	Gothenburg	2011 2013	9,447	-	-	-	-	-	9,447	9,500	238,000	
205	Lindholmen 30:5	Lindholmspiren 7	Gothenburg	2014 2017	9,166	-	249	-	-	-	9,415	3,375	1,518	
14	Rosersberg 48:8	Vasagatan 46	Gothenburg	1995 1900/1992	1,475	202	-	-	-	-	1,677	722	22,200	
30	Lundbyvassen 3:1	Lindholmsallén 9	Gothenburg	2011 1949/2006	10,790	-	-	-	-	13	10,803	6,016	134,000	
198	Lundbyvassen 8:3	Lindholmsallén 2	Gothenburg	2013 2015	8,990	-	-	-	-	-	8,990	4,197	161,000	
137	Majorna 163:1	Banehagsliden 2	Gothenburg	2006 1949/2017	5,729	-	143	-	-	-	5,872	9,263	18,164	U
225	Majorna 720:19	Banehagsliden 20-22	Gothenburg	2017 1949	3,210	-	-	-	-	-	3,210	-	42,010	
17	Masthugget 26:1	Barlastgatan 2	Gothenburg	1995 1923	3,911	1,075	-	-	2,796	130	7,912	3,597	141,400	
15	Masthugget 3:6	Linnégatan 5	Gothenburg	1995 1893/1980	492	237	-	-	1,079	1,181	2,989	745	52,400	
16	Masthugget 9:17	Järntorget 3-4	Gothenburg	1996 1900	2,220	310	10	-	-	853	3,393	1,221	50,200	
18	Nordstaden 2:16	Östra Hamngatan 16	Gothenburg	2004 1974/2010	12,301	3,934	334	-	-	248	16,817	3,255	485,656	

Note: S=Site leashold L=Lease U=Unutilized building right

Castellum's property portfolio in Region West by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year built/ acquired reconstr.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Warehouse/ Logistics	Light industry	Residential	Other				
22	Olskroken 14:2	Ånäsv 44-46/ Svang 2-4/Ejderg 3	Gothenburg	1995 1895/1986	7,625	197	373	3,636	136	0	11,967	10,263	72,275	
31	Rambergsskogens 733:409	Herkulesgatan 68	Gothenburg	1995 1988	2,791	1,204	249	-	-	-	4,244	8,149	22,400	
32	Sannegården 28:33	Vingalandsgatan 2	Gothenburg	2006 1880/1987	5,229	-	1,410	-	-	34	6,673	3,072	50,400	
33	Sannegården 52:1	Östra Eriksbergsgatan 14-52	Gothenburg	2011 1956/1993	5,163	354	686	489	-	550	7,242	12,783	48,600	
34	Tingstadsvassen 11:11	Ringögatan 12/ Kolgruvegatan 3-5	Gothenburg	1995 1992	3,396	2,170	321	-	-	-	5,887	4,267	35,200	U
95	Åseby 9:1	Säve Flygplatsväg 25	Gothenburg	2018 2013	350	-	3,317	-	-	3,700	7,367	17,401	21,600	
210	Fanan 47	Linjegatan 3	Halmstad	2014 1986	3,183	-	174	-	-	-	3,357	6,720	-	
212	Fanan 51	Linjegatan 5-7	Halmstad	2014 2004	5,413	-	-	-	-	-	5,413	5,886	-	
65	Kartongen 3	Spikgatan 7	Halmstad	2007 1990/1995	2,664	-	2,842	314	-	49	5,869	20,900	24,040	
204	Solsten 1:118	Designvägen 1	Härbyda	2014 2007	4,860	-	-	-	-	-	4,860	7,063	48,631	
62	Solsten 1:172	Designvägen 2	Härbyda	1995 2003	11,756	-	-	-	-	-	11,756	19,206	66,400	
74	Hede 3:125	Sättarevägen 3	Kungsbacka	1995 1990	1,327	-	601	426	-	-	2,354	3,690	10,390	
76	Varla 2:380	Energigatan 11	Kungsbacka	1995 1990	1,513	-	685	-	-	158	2,356	4,590	13,090	
77	Varla 2:416	Kungsparksvägen 2	Kungsbacka	2001 2002	1,120	-	680	-	-	-	1,800	5,500	10,967	U
47	Anisen 1	Johannefredsgatan 1	Möln dal	2000 1990	1,167	-	237	320	-	-	1,724	5,843	12,310	
48	Anisen 3	Johannefredsgatan 3	Möln dal	1998 2003	4,350	1,614	-	-	-	-	5,964	10,108	47,455	
50	Generatoren 5	Aminogatan 16	Möln dal	1995 1986	1,130	-	-	-	-	-	1,130	5,169	8,182	
141	Heliumgasen 11	Kryptogatan 5 B	Möln dal	1999 1975	4,700	-	-	-	-	-	4,700	16,300	53,824	U
53	Riskullaverket 2	Aminogatan 25	Möln dal	1995 1991	1,715	-	1,261	-	-	-	2,976	3,411	19,961	
152	Törnrosen 3	Flöjelbergsgatan 10	Möln dal	1999 1964	2,349	-	1,085	-	-	-	3,434	4,468	10,357	
<b>Total office</b>					<b>264,040</b>	<b>19,304</b>	<b>39,250</b>	<b>16,762</b>	<b>5,096</b>	<b>11,351</b>	<b>355,803</b>	<b>388,244</b>	<b>3,576,502</b>	
<b>Public sector properties</b>														
55	Apollo 5	Österlånggatan 5	Borås	1995 1930/1979	6,739	552	193	-	-	0	7,484	2,343	43,200	
56	Cedern 9,12,15,16	Ramnåsgatan 1/ Göteborgsvägen 6	Borås	2005 1935/1980	5,244	1,003	-	729	-	-	6,976	4,159	12,765	
164	Hinden 2	Sagagatan 17	Borås	1995 1956	500	-	-	6,156	-	-	6,656	9,833	10,364	U
58	Midas 14	Västerlånggatan 17	Borås	1995 1974	13,809	6,217	-	829	-	593	21,448	8,185	157,800	
167	Silverpoppeln 31	Ålandsgatan 6	Borås	2006 1961/1970	-	-	-	3,000	-	-	3,000	6,143	4,826	
1	Annedal 21:10	Haraldsgatan 5	Gothenburg	1999 1995	4,382	-	-	-	-	-	4,382	3,131	76,600	
19	Pustervik 3:8	Brogatan 4	Gothenburg	1995 1988	3,910	-	-	-	-	-	3,910	1,087	46,400	
23	Skår 58:1	St Sigfridsgatan 89	Gothenburg	1995 1991	11,855	-	-	-	-	-	11,855	12,175	108,182	U
207	Fanan 26	Kristian IV:s väg 1	Halmstad	2014 1999	5,444	-	180	-	-	231	5,855	6,387	6,800	
208	Fanan 30	Kristian IV:s väg 3	Halmstad	2014 1988	16,599	50	-	-	-	1,055	17,704	12,518	-	
209	Fanan 43	Linjegatan 6	Halmstad	2014 1986	2,561	-	-	-	-	-	2,561	6,544	-	
211	Fanan 49	Linjegatan 8-10	Halmstad	2014 1999	7,178	-	-	-	-	-	7,178	10,298	-	
75	Kungsbacka 4:46	Lilla Verkstadsgatan 8	Kungsbacka	1995 1979	401	-	-	-	-	-	401	1,356	1,840	U
79	Vägmästaren 5	Syréngatan 1	Kungsbacka	2009 2010	3,000	-	-	-	-	-	3,000	6,500	30,320	U
143	Kusken 3	Idrottsvägen 10	Möln dal	2011 2005	-	-	-	7,625	-	-	7,625	17,665	42,444	
<b>Total public sector properties</b>					<b>81,622</b>	<b>7,822</b>	<b>373</b>	<b>18,339</b>	<b>0</b>	<b>1,879</b>	<b>110,035</b>	<b>108,324</b>	<b>541,541</b>	
<b>Warehouse/logistics</b>														
72	Ekholma 7	Hultagatan 15-17	Borås	2017 2000	854	456	3,840	-	-	-	5,150	9,298	20,924	
157	Katrinedal 2	Åsboholmsvägen 12	Borås	2017 1988	1,907	280	2,645	-	-	3,806	8,638	11,043	-	
165	Kilsund 3	Evedalsgatan 5	Borås	1995 1935	1,680	-	1,400	8,780	-	356	12,216	16,660	24,090	
52	Milen 7	Solvarvsgatan 4	Borås	2017 1989	2,405	-	7,543	-	-	-	9,948	20,712	24,655	
70	Muttern 2	Verkstadsgatan 12	Borås	2017 1963/1997	552	-	1,231	468	-	-	2,251	4,225	7,207	
85	Raklinjen 2	Källbäckerydsgatan 6	Borås	2017 1970	-	-	7,876	-	-	-	7,876	8,602	15,283	
28	Rotorn 3	Maskingatan 4	Borås	2017 1972/1995	854	456	1,727	-	-	-	3,037	16,254	7,715	
168	Snödroppen 8	Elinsdalsg 9,13-15/ Södra Korsg 11	Borås	2005 1980/1980	710	-	-	7,041	-	-	7,751	14,546	18,696	U
169	Trucken 5	Viaredevägen 14	Borås	2001 2001/2012	-	-	14,374	-	-	-	14,374	37,700	70,400	U
104	Uranus 16	Byggaregatan 18	Borås	2017 1949/2004	240	-	4,963	-	-	1,987	7,190	1,924	11,167	

Note: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region West by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year Built/ acquired reconstr.		Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
						Office	Retail	Ware-house/ Logistics	Light industry	Residential	Other				
80	Arendal 1:13	Styckegodsgatan 4	Gothenburg	2005	2006	-	-	27,787	-	-	-	27,787	42,376	152,800	
81	Arendal 7:4	Kärrlyckegatan 11	Gothenburg	1998	1991	553	-	2,955	-	-	4	3,512	12,671	17,249	
82	Arendal 764:130	Oljevägen 103-109	Gothenburg	2005	1971	3,662	-	20,326	891	-	502	25,381	41,244	41,146	
92	Backa 107:4	Transportgatan 17	Gothenburg	2010	1983/2006	1,445	-	21,095	-	-	-	22,540	73,621	29,302	S
86	Backa 25:7	Exportgatan 28	Gothenburg	1999	1972	-	-	-	11,200	-	-	11,200	23,169	39,732	
87	Backa 26:3	Exportgatan 40	Gothenburg	1996	1947/1988	2,512	763	2,658	-	-	6	5,939	6,000	25,849	
88	Backa 27:2	Importgatan 17	Gothenburg	1995	1968	-	-	2,765	-	-	-	2,765	12,927	13,542	U
90	Backa 94:1	Exportgatan 15	Gothenburg	1998	1989	-	-	7,560	-	-	-	7,560	20,947	30,790	U
91	Backa 97:11	Exportgatan 39-41	Gothenburg	2002	1978	1,508	-	2,486	-	-	-	3,994	19,285	17,987	
116	Högsbo 18:1	E A Rosengrens Gata 30-38	Gothenburg	1995	1966/1973	930	-	7,678	295	-	369	9,272	17,149	31,560	
117	Högsbo 26:8	August Barks Gata 25	Gothenburg	1998	1969/1979	1,386	-	-	2,840	-	-	4,226	6,068	17,132	
118	Högsbo 28:3	August Barks Gata 7	Gothenburg	1995	1968/1981	1,128	-	-	2,612	-	-	3,740	3,942	14,025	
120	Högsbo 36:5	Hulda Mellgrens Gata 3	Gothenburg	1998	1991	553	-	-	2,848	-	-	3,401	5,438	16,366	
121	Högsbo 36:7	Hulda Mellgrens Gata 5	Gothenburg	2012	1990	1,555	-	7,421	155	-	-	9,131	18,010	51,400	
123	Högsbo 38:9	Sisjö Kullegata 4	Gothenburg	1995	1984	-	-	-	1,093	-	-	1,093	8,609	11,760	
124	Högsbo 40:1	Gustaf Werners Gata 2	Gothenburg	1999	1981/1999	-	-	5,505	984	-	-	6,489	16,070	34,433	U
128	Kobbegården 6:180	Datavägen 20	Gothenburg	1995	1980	1,151	-	1,078	435	-	-	2,664	5,100	19,514	
129	Kobbegården 6:360	Datavägen 31	Gothenburg	2001	1979	52	-	5,349	1,429	-	159	6,989	14,508	43,600	
130	Kobbegården 6:7	Ekonomivägen 11	Gothenburg	1999	1978/1986	-	-	-	5,870	-	-	5,870	15,973	32,200	U
2	Kålsared 1:108	Sörredsvägen	Gothenburg	2017	2018	-	-	30,201	-	-	-	30,201	-	-	
181	Kärä 28:18	Transportgatan 37	Gothenburg	1996	2012	-	-	5,442	-	-	-	5,442	19,042	40,008	
99	Kärä 37:4	Tagenevägen 21	Gothenburg	1995	1972	-	610	12,325	-	-	-	12,935	26,476	44,169	
100	Kärä 72:36	Tagenevägen 34	Gothenburg	2008	2011	-	-	6,400	-	-	-	6,400	14,609	39,127	
203	Kärä 73:3	Tagenevägen 15 B	Gothenburg	2013	1999	-	-	1,450	-	-	-	1,450	7,817	10,436	U
101	Kärä 74:2	Tagenevägen 29	Gothenburg	1996	2010	-	-	19,558	-	-	-	19,558	35,995	97,600	
102	Kärä 74:3	Tagenevägen 33	Gothenburg	1998	1985	-	-	-	9,500	-	-	9,500	17,475	39,683	
103	Kärä 75:3	Transportgatan 35	Gothenburg	2008	1980	-	-	4,170	4,357	-	-	8,527	14,375	36,536	
200	Kärä 78:12	Trankärrsgatan 9-11	Gothenburg	2013	1982/2012	-	-	5,715	-	-	-	5,715	10,121	15,400	
134	Olskroken 35:7	Blomstergatan 2	Gothenburg	2009	1977	417	-	3,427	-	-	-	3,844	3,760	12,071	S
109	Tingstadsvassen 12:6	Manufakturatan 19	Gothenburg	1995	1990	328	-	2,657	-	-	-	2,985	2,960	13,776	S
110	Tingstadsvassen 12:9	Manufakturatan 21-23	Gothenburg	1995	1957	-	-	5,786	-	-	-	5,786	8,682	13,707	S
111	Tingstadsvassen 14:7	Stålverksgatan 11	Gothenburg	1997	1993	-	-	52	4,098	-	-	4,150	6,847	17,301	U
112	Tingstadsvassen 19:3	Kolgruvegatan 1	Gothenburg	1995	1950/1988	608	-	9,636	-	-	168	10,412	16,444	25,153	S
36	Tingstadsvassen 26:5	Lergodsgatan 1-3	Gothenburg	2002	1989	792	-	2,518	-	-	-	3,310	4,566	20,539	U/S
89	Åseby 1:5	Säve Flygplatsväg 10	Gothenburg	2018	-	9,963	-	620	-	-	12,171	22,754	1,918,656	-	
97	Åseby 7:2	Holmvägen 100	Gothenburg	2018	-	7,050	-	5,763	-	-	11,219	24,032	1,138,303	14,732	
176	Fogden 4	Laholmsvägen 84	Halmstad	2007	1960/1990	534	1,978	8,974	-	-	530	12,016	25,800	25,118	U
192	Solsten 1:173	Designvägen 5	Härryda	1995	1999	-	-	6,534	-	-	-	6,534	36,806	34,781	
158	Hede 3:12	Faktorvägen 1	Kungsbacka	2003	1992	210	-	6,929	1,599	-	-	8,738	32,809	45,515	U
159	Hede 3:131	Tryckarevägen 8	Kungsbacka	1995	1991	170	-	1,347	-	-	-	1,517	7,558	6,602	U
161	Varla 2:388	Energigatan 21	Kungsbacka	1995	1995/2013	-	-	3,970	500	-	-	4,470	10,003	19,732	
162	Varla 2:415	Borgås Gårdsväg 15	Kungsbacka	2004	2002	-	-	3,676	724	-	-	4,400	8,852	20,540	
163	Varla 3:22	Hallabäcksvägen 1	Kungsbacka	2006	1979	864	-	28,888	-	-	-	29,752	93,644	145,856	U
221	Balltorp 1:223	Aminogatan 17	Mölndal	2016	2018	-	-	18,000	-	-	-	18,000	35,000	-	U
138	Gaslyktan 11	Argogatan 26-30	Mölndal	2003	1987	464	-	16,959	-	-	800	18,223	38,100	96,000	U
139	Generatoren 1 A	Aminogatan 24	Mölndal	2003	1995/2003	-	-	3,110	1,490	-	-	4,600	30,000	46,512	U
215	Hökegården 1	Kärragatan 2	Mölndal	2014	1971	-	-	2,337	675	-	-	3,012	8,839	15,272	U
142	Kryddepepparn 3	Östergårdsgatan 8	Mölndal	1995	1992	-	-	-	4,140	-	-	4,140	15,347	-	U
146	Syrgasen 8	Kryptogatan 14	Mölndal	1995	1979	-	-	-	2,952	-	-	2,952	11,197	19,145	U

Note: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region West by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Warehouse/ Logistics	Light industry	Residential	Other				
147	Tjärblomman 2	Flöjelbergsgatan 3 A	Möln dal	1999 1960	219	-	4,540	2,437	-	-	7,196	9,193	18,563	U
148	Tjärblomman 3	Sallarängsgatan 3	Möln dal	1999 1970	928	-	7,533	76	-	221	8,758	9,394	23,303	
149	Tulpanen 1	Bergfotsgatan 5	Möln dal	1999 1961	1,451	-	2,726	-	-	-	4,177	5,577	15,425	
150	Tusenskönan 2	Flöjelbergsgatan 6	Möln dal	1999 1960	954	-	933	2,129	-	464	4,480	5,346	14,636	
151	Tusenskönan 4	Bergfotsgatan 3	Möln dal	1999 1961	1,310	-	2,169	1,426	-	175	5,080	5,397	14,275	U
153	Vallmon 2	Flöjelbergsgatan 13	Möln dal	1995 1965	640	-	2,518	12	-	-	3,170	3,642	8,957	
154	Vallmon 3	Flöjelbergsgatan 11	Möln dal	1995 1965	630	-	2,570	68	-	-	3,268	3,830	9,194	
155	Vallmon 6	Flöjelbergsgatan 7 B	Möln dal	1995 1965	1,448	-	6,589	-	-	-	8,037	9,956	23,354	
156	Vallmon 7	Flöjelbergsgatan 7 A	Möln dal	1999 1930	924	-	3,844	50	-	-	4,818	6,894	14,200	
<b>Total warehouse/logistics</b>					<b>55,541</b>	<b>4,543</b>	<b>410,128</b>	<b>83,174</b>	<b>0</b>	<b>32,937</b>	<b>586,323</b>	<b>4,163,383</b>	<b>1,897,742</b>	
<b>Retail</b>														
59	Narcissus 5	Lilla Brogatan 15/ Stora Brogatan 16	Borås	1995 1930	1,099	817	-	-	1,295	502	3,713	853	33,609	
60	Nestor 2	Lilla Brogatan 19-21	Borås	1995 1962/1991	1,267	2,888	-	51	-	73	4,279	1,381	41,000	
61	Nestor 3	Stora Brogatan 24	Borås	1999 1930	1,034	865	-	-	649	-	2,548	590	23,318	
133	Niten 6	Verkstads gatan 4	Borås	2017 1974	1,538	-	1,098	1,422	-	-	4,058	7,078	8,259	
11	Inom Vallgraven 35:17	Magasinsgatan 11-13/ Vallgatan 4-6	Gothenburg	1995 1991	54	139	-	-	1,149	109	1,451	666	37,967	
180	Inom Vallgraven 4:1	Östra Larmgatan 18	Gothenburg	1995 1856/2017	-	-	-	-	-	2,500	2,500	671	52,700	
98	Kärä 28:10	Transportgatan 37	Gothenburg	1996 2010	-	2,217	-	-	-	-	2,217	14,609	76,192	
27	Kärä 28:19	Transportgatan 33	Gothenburg	1996 2008	-	-	4,600	-	-	-	4,600	20,811	34,241	
136	Olskroken 35:14	Grönsaksgatan 3	Gothenburg	2009 1967	1,169	4,542	-	-	-	-	5,711	6,216	18,129	S
135	Olskroken 35:9	Grönsaksgatan 5	Gothenburg	2009 1966	874	-	6,781	-	-	-	7,655	9,127	21,595	S
213	Fanan 39	Pilefeltsgatan 71	Halmstad	2014 1990	-	1,870	-	-	-	-	1,870	3,279	36,366	
63	Flaggan 1	Laholmsvägen 84	Halmstad	2007 1959/2004	557	1,730	-	616	-	-	2,903	5,941	9,607	
64	Karossen 3	Kristinehedsvägen 5, 7	Halmstad	2007 1965/2004	614	4,375	568	497	-	-	6,054	14,500	22,126	
139	Generatörn 1 B	Aminogatan 24	Möln dal	2003 2017	-	3,700	-	-	-	-	3,700	8,000	-	
<b>Total retail</b>					<b>8,206</b>	<b>23,143</b>	<b>13,047</b>	<b>2,586</b>	<b>3,093</b>	<b>3,184</b>	<b>53,259</b>	<b>93,722</b>	<b>415,109</b>	
<b>Light industry</b>														
166	Lagern 8	Hällingsgatan 15	Borås	1995 1948/1961	1,343	-	-	7,413	-	-	8,756	5,700	12,103	U
119	Högsbo 36:1	Norra Långebergsg 8	Gothenburg	2000 1971/1995	-	-	3,840	660	-	-	4,500	9,057	23,121	
122	Högsbo 36:9	Hulda Mellgrens Gata 9	Gothenburg	1995 2007	-	-	1,475	400	-	-	1,875	4,253	13,349	
125	Högsbo 40:2	Gustaf Werners Gata 4	Gothenburg	2006 1978	-	-	2,815	475	-	-	3,290	10,799	19,237	
38	Högsbo 8:8	Beatrice Lesslies Gata 14	Gothenburg	2000 1961/2001	-	-	1,000	1,100	-	-	2,100	3,500	9,764	
115	Högsbo 9:3	A Odhners Gata 17	Gothenburg	2008 1978/2002	-	-	2,267	635	-	-	2,902	6,007	16,962	
127	Kobbegården 209:1	Askims Verkstads 15	Gothenburg	1999 1973/1996	-	-	-	2,538	-	-	2,538	6,336	12,508	U
219	Kärä 28:10 A	Transportgatan 37-39	Gothenburg	2015 1982	614	-	7,144	-	-	185	7,943	13,275	28,800	U
220	Kärä 28:10 B	Transportgatan 41-43	Gothenburg	2015 1984	-	1,654	6,346	-	-	-	8,000	13,305	30,200	U
202	Kärä 80:6	Trankärrsgatan 16/ Tagenevägen 45	Gothenburg	2013 1990/2010	-	-	-	1,498	-	-	1,498	3,908	10,114	
105	Kärä 80:7	Trankärrsgatan 14	Gothenburg	1995 1990	-	-	3,538	-	-	-	3,538	7,185	16,669	S
177	Fyllinge 20:409	Sadelvägen 5	Halmstad	2011 1992	-	-	-	4,389	-	-	4,389	22,276	17,741	U
160	Kungsbacka 4:47	Lilla Verkstads 2-6/ Verkstads 7	Kungsbacka	1995 1978/1990	692	-	2,475	1,080	-	-	4,247	9,317	12,949	
218	Gasklockan 2	Argogatan 32	Möln dal	2015 1991	876	500	-	3,500	-	-	4,876	19,437	25,363	U
140	Generatörn 2	Aminogatan 20-22	Möln dal	1995 1991	328	-	2,760	-	-	-	3,088	8,933	18,312	
<b>Total light industry</b>					<b>3,853</b>	<b>2,154</b>	<b>33,660</b>	<b>23,688</b>	<b>0</b>	<b>185</b>	<b>63,540</b>	<b>143,288</b>	<b>267,192</b>	
<b>Developments</b>														
24	Arendal 764:394	Sydatlanten 15-17	Gothenburg	2005 1990	8,969	-	-	-	-	389	9,358	9,646	57,600	S
84	Backa 20:5	Exportgatan 2-8	Gothenburg	2007 1989/1999	-	-	-	-	-	-	-	37,965	69,401	U
199	Högsbo 20:11	F O Petterssons Gata 9	Gothenburg	2013 1969	2,280	-	300	-	-	-	2,580	8,605	12,631	U
13	Krokslätt 102:2	Ekländagatan 80	Gothenburg	2008 1980	-	-	-	-	-	811	811	2,140	-	U
201	Kärä 78:8	Trankärrsgatan 3B	Gothenburg	2013 1962/1982	-	-	-	-	-	-	-	5,060	10,751	U

Note: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region West by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year Built/ acquired reconst.	Square metres per type of premises							Total	Site sq.m.	Tax assess- ment value	Note
					Office	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other					
17	Masthugget 26:1, Development	Barlastgatan 2	Gothenburg	1995 -	-	-	-	-	-	-	-	-	-	-	-
206	Sörred 7:23	Sörredsvägen	Gothenburg	2014 -	-	-	-	-	-	-	-	12,500	4,924	U	
66	Valsen 2	Svingelvägen 2	Halmstad	2007 1979/2003	2,309	-	-	-	-	-	2,309	7,314	9,739	U	
139	Generatoren 1 C	Aminogatan 24	Mölnadal	2003 -	-	-	-	-	-	-	-	-	-	-	
188	Heliumgasen 4	Neogatan 4B	Mölnadal	1995 -	-	-	-	-	-	-	-	4,794	4,314	-	
54	Sesamfröet 2	Aminogatan 27	Mölnadal	2005 1992	4,912	-	700	-	-	-	5,612	11,000	55,400	-	
<b>Total developments</b>					<b>18,470</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>1,200</b>	<b>20,670</b>	<b>99,024</b>	<b>224,760</b>		
<b>Undeveloped land</b>															
191	Kyllared 1:112	Tvinnaregatan 27	Borås	1995 -	-	-	-	-	-	-	-	5,118	1,279	U	
216	Trucken 6	Viaredsvägen 14	Borås	2014 -	-	-	-	-	-	-	-	38,500	5,684	U	
183	Annedal 21:9	Haraldsgatan 3	Gothenburg	1999 -	-	-	-	-	-	-	-	2,088	-	-	
224	Part of Kålsered 1:5 & 1:108	Sörredsvägen	Gothenburg	2017 -	-	-	-	-	-	-	-	-	-	-	
185	Högsbo 39:3	Ingela Gathenhielms Gata 8	Gothenburg	1995 -	-	-	-	-	-	-	-	1,720	1,548	U	
187	Kobbegården 152:1	Industrivägen 4-6	Gothenburg	1995 -	-	-	-	-	-	-	-	25,158	22,600	U	
93	Nolvik 9:1	Säve Flygplatsväg 25	Gothenburg	2018 -	-	-	-	-	-	-	-	15,470	-	-	
194	Tingstadvassen 31:6	Stålverksgatan 11	Gothenburg	1997 -	-	-	-	-	-	-	-	2,687	1,611	U	
132	Åseby 1:2	Åseby Mellangård 1	Gothenburg	2018 -	-	-	-	-	-	-	-	63,596	3,409	-	
26	Åseby 3:10	Säve Flygplatsväg	Gothenburg	2018 -	-	-	-	-	-	-	-	18,963	194	-	
215	Fanborgen 3	Spetsvinkelgatan 8	Halmstad	2014 -	-	-	-	-	-	-	-	1,990	5,600	-	
214	Fanborgen 4	Spetsvinkelgatan 8	Halmstad	2014 -	-	-	-	-	-	-	-	5,067	-	-	
-	Skällared 3:49	Lysekulevägen	Kungsbacka	1995 -	-	-	-	-	-	-	-	29,297	1,521	-	
190	Varla 3:34	Hallabäcksvägen 1	Kungsbacka	2006 -	-	-	-	-	-	-	-	14,356	4,306	U	
<b>Total undeveloped land</b>					<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>224,010</b>	<b>47,752</b>		
<b>Total Region West</b>					<b>431,732</b>	<b>56,966</b>	<b>497,458</b>	<b>144,549</b>	<b>8,189</b>	<b>50,736</b>	<b>1,189,630</b>	<b>5,219,995</b>	<b>6,970,598</b>		

Note: S=Site leasehold L=Lease U=Unutilized building right

### THE FIVE LARGEST PROPERTY OWNERS

Greater Gothenburg*	Taxed area, 000 sq. m.	Borås	Taxed area, 000 sq. m.	Halmstad	Taxed area, 000 sq. m.
Castellum	867	Castellum	174	Corem	93
Platzer	813	Nyfosa	104	Castellum	78
Balder	534	Bosjö Fastigheter	82	Klövern	58
Wallenstam	456	Logireal (NREP)	75	Hemfosa	58
Vasakronan	402	Uddetorp Invest	66	Erik Selin Fastigheter	37

Source: Datcha, and their information regarding rental properties (excluding housing) and warehouse/logistics and industrial properties (excluding housing, medical and school properties) owned as of December 31, 2018, taxed area. Municipal and state-owned companies and government institutions have been excluded. \*The following municipalities are included in Greater Gothenburg: Gothenburg, Mölnadal, Härryda, Partille, Lerum and Alingsås.

### RENTAL LEVELS AND INVESTMENT YIELD

		Gothenburg		Borås		Halmstad	
		Rent, SEK/sq. m.	Yield	Rent, SEK/sq. m.	Yield	Rent, SEK/sq. m.	Yield
Office	Prime location	2,300-3,400	3.80%-4.50%	1,200-1,600	5.25%-6.25%	1,250-2,000	5.25%-6.00%
	Secondary location	1,400-2,500	4.75%-5.75%	700-1,100	6.50%-7.50%	800-1,050	7.00%-8.25%
Retail	Prime location	2,000-10,000	4.00%-5.00%	1,500-3,200	5.25%-6.25%	1,900-3,600	5.00%-6.00%
	Secondary location	1,000-2,500	5.25%-6.25%	n/a	n/a	800-1,200	7.25%-8.50%
Warehouse/ Logistics	Prime location	475-925	6.25%-7.25%	500-800	6.50%-7.50%	600-800	7.00%-8.25%
	Secondary location	475-825	6.50%-7.50%	400-700	7.00%-8.00%	n/a	n/a

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum Fastighetsekonomi.

# Region Central

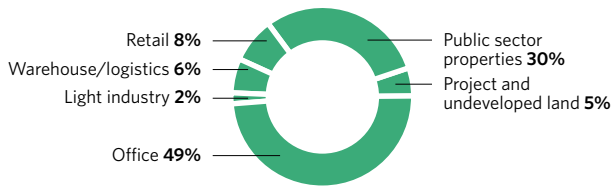
## CASTELLUM'S PROPERTY PORTFOLIO IN REGION CENTRAL BY CATEGORY AND AREA, DEC 31, 2018

	No. of properties	Area, 000 sq. m.	Rental value, MSEK	Rental value, SEK/sq.m.	Economic occupancy rate	Rental income, MSEK	Property costs, MSEK	Property costs, SEK/sq. m.	Net operating income, MSEK
<b>Office</b>									
Jönköping	14	118	176	1,496	93.8%	165	43	363	122
Linköping	15	91	125	1,373	89.2%	111	41	454	70
Norrköping	9	51	67	1,320	93.9%	64	22	416	42
Västerås	10	64	96	1,492	90.3%	87	19	285	68
Växjö	6	62	94	1,495	93.2%	87	22	362	65
Örebro	26	154	197	1,280	96.3%	189	44	292	145
<b>Total office</b>	<b>80</b>	<b>540</b>	<b>755</b>	<b>1,397</b>	<b>93.2%</b>	<b>703</b>	<b>191</b>	<b>354</b>	<b>512</b>
<b>Public sector properties</b>									
Jönköping	8	80	138	1,737	98.2%	136	27	337	109
Linköping	1	11	15	1,389	92.0%	13	3	357	10
Norrköping	5	42	64	1,500	94.9%	61	13	283	48
Västerås	2	9	8	936	97.5%	8	3	390	5
Örebro	7	114	164	1,429	97.8%	160	33	287	127
<b>Total public sector properties</b>	<b>23</b>	<b>256</b>	<b>389</b>	<b>1,518</b>	<b>97.3%</b>	<b>378</b>	<b>79</b>	<b>309</b>	<b>299</b>
<b>Warehouse/Logistics</b>									
Jönköping	5	33	22	662	89.9%	19	4	141	15
Västerås	8	24	20	848	99.5%	20	4	171	16
Örebro	17	96	75	784	89.9%	68	18	186	50
<b>Total warehouse/logistics</b>	<b>30</b>	<b>153</b>	<b>117</b>	<b>767</b>	<b>91.6%</b>	<b>107</b>	<b>26</b>	<b>174</b>	<b>81</b>
<b>Retail</b>									
Jönköping	4	27	37	1,369	97.7%	37	8	281	29
Linköping	1	8	12	1,516	99.0%	12	2	237	10
Västerås	6	21	23	1,072	96.7%	22	5	225	17
Örebro	7	34	42	1,235	97.3%	40	10	318	30
<b>Total retail</b>	<b>18</b>	<b>90</b>	<b>114</b>	<b>1,261</b>	<b>97.5%</b>	<b>111</b>	<b>25</b>	<b>278</b>	<b>86</b>
<b>Light industry</b>									
Jönköping	2	10	8	864	98.1%	8	2	218	6
Västerås	9	26	25	947	93.3%	23	6	230	17
Örebro	2	16	9	577	100.0%	10	2	107	8
<b>Total light industry</b>	<b>13</b>	<b>52</b>	<b>42</b>	<b>818</b>	<b>95.7%</b>	<b>41</b>	<b>10</b>	<b>190</b>	<b>31</b>
<b>Total</b>	<b>164</b>	<b>1,091</b>	<b>1,417</b>	<b>1,298</b>	<b>94.6%</b>	<b>1,340</b>	<b>331</b>	<b>304</b>	<b>1,009</b>
Developments	13	45	44	-	-	27	10	-	17
<b>Total</b>	<b>177</b>	<b>1,136</b>	<b>1,461</b>	<b>-</b>	<b>-</b>	<b>1,367</b>	<b>341</b>	<b>-</b>	<b>1,026</b>

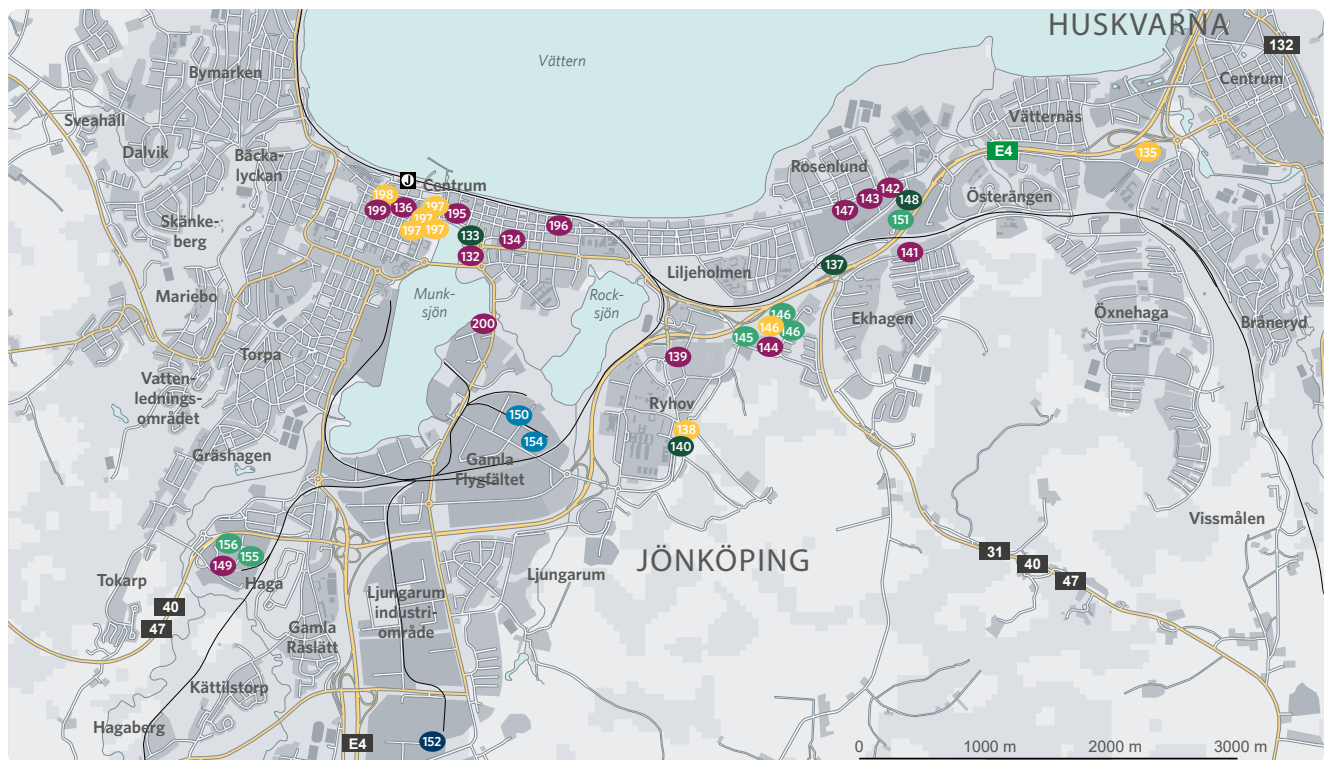
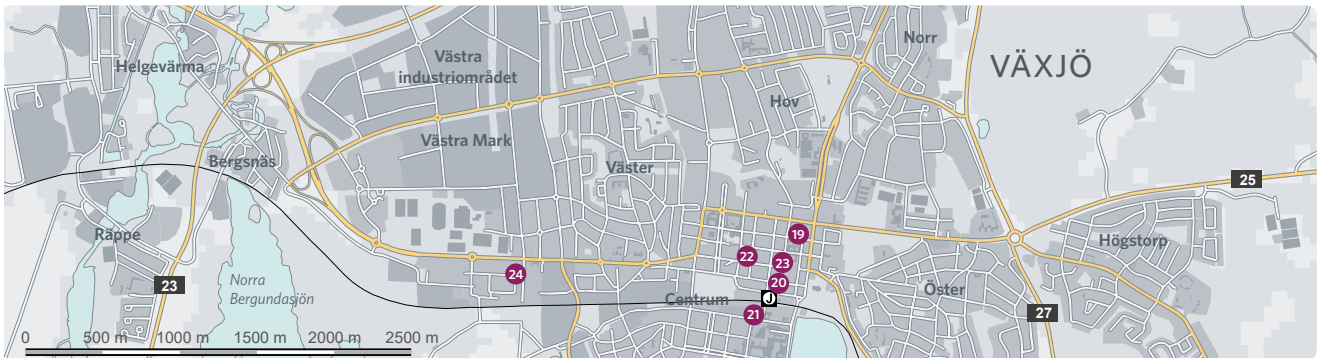
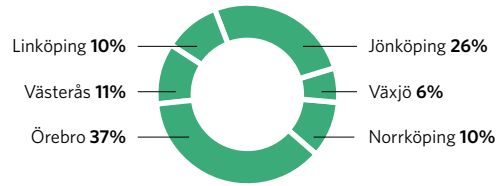
KEY PROPERTY METRICS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Rental value, SEK/sq. m.	1,298	1,271	1,255	1,145	1,022	885	844	818	795	775
Economic occupancy rate	94.6%	91.9%	92.2%	93.7%	89.3%	86.8%	88.4%	88.4%	88.0%	90.0%
Property costs, SEK/sq. m.	304	385	395	381	362	284	268	272	268	275
Net operating income, SEK/sq. m.	939	783	762	692	551	483	478	451	432	422
No. of properties	177	206	206	40	40	94	95	95	96	95
Leasable area, 000 sq. m.	1,136	1,349	1,320	248	260	519	518	515	505	501

PROPERTY VALUE BY CATEGORY

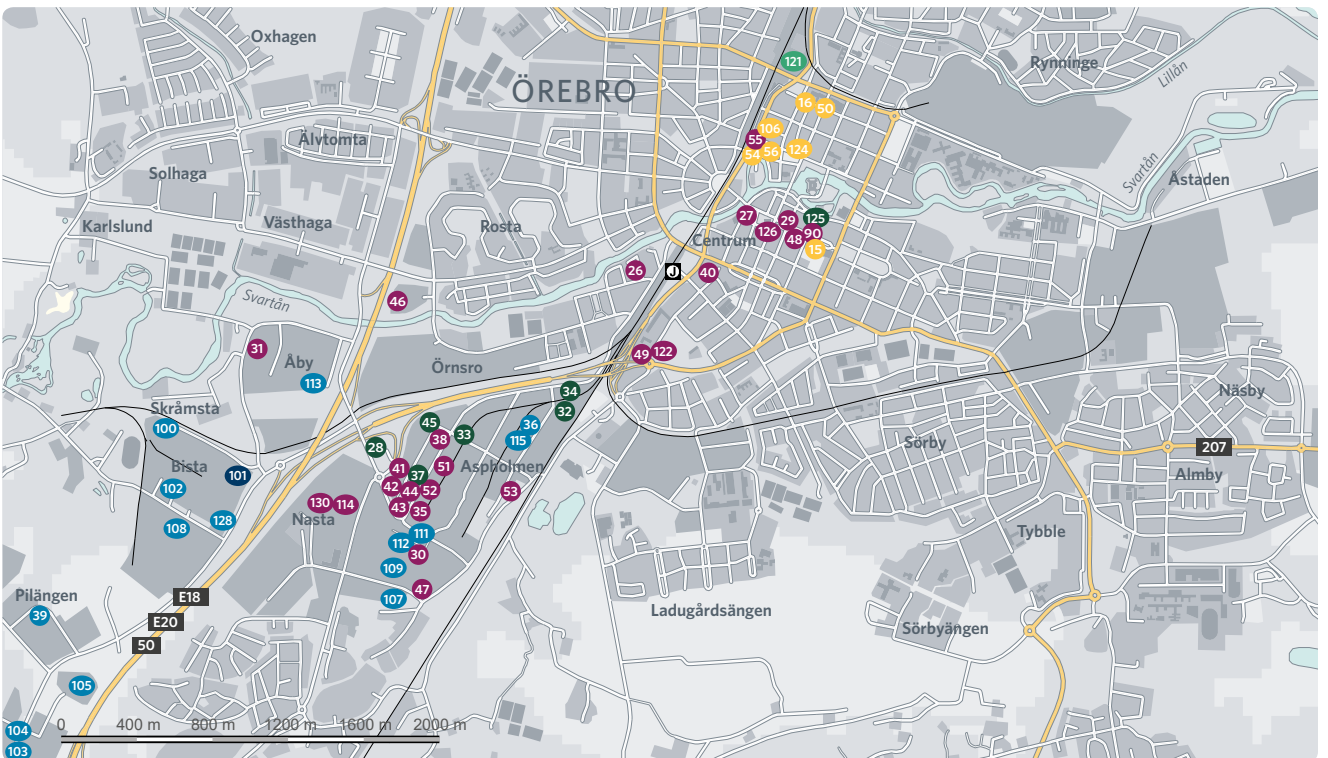
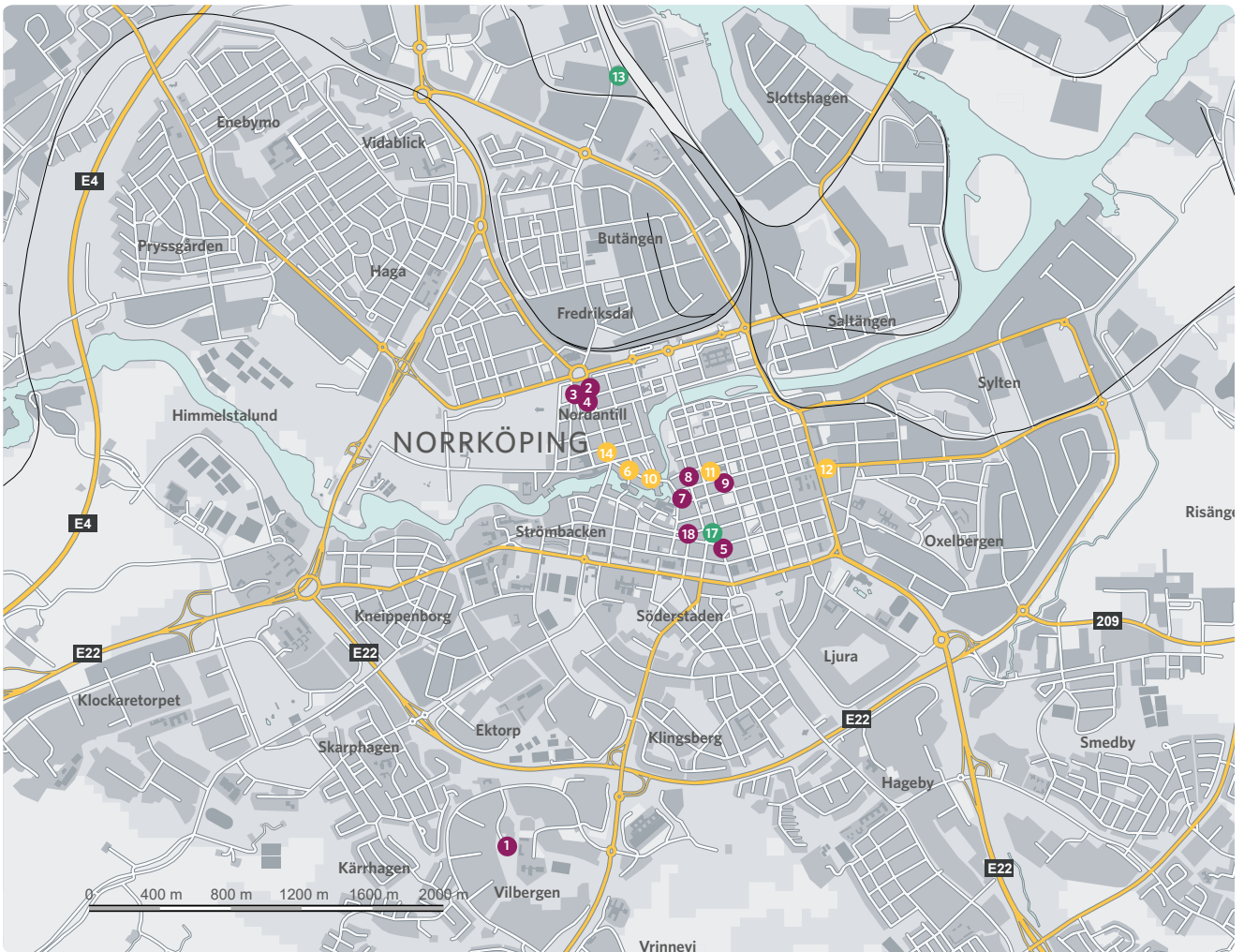


PROPERTY VALUE BY AREA

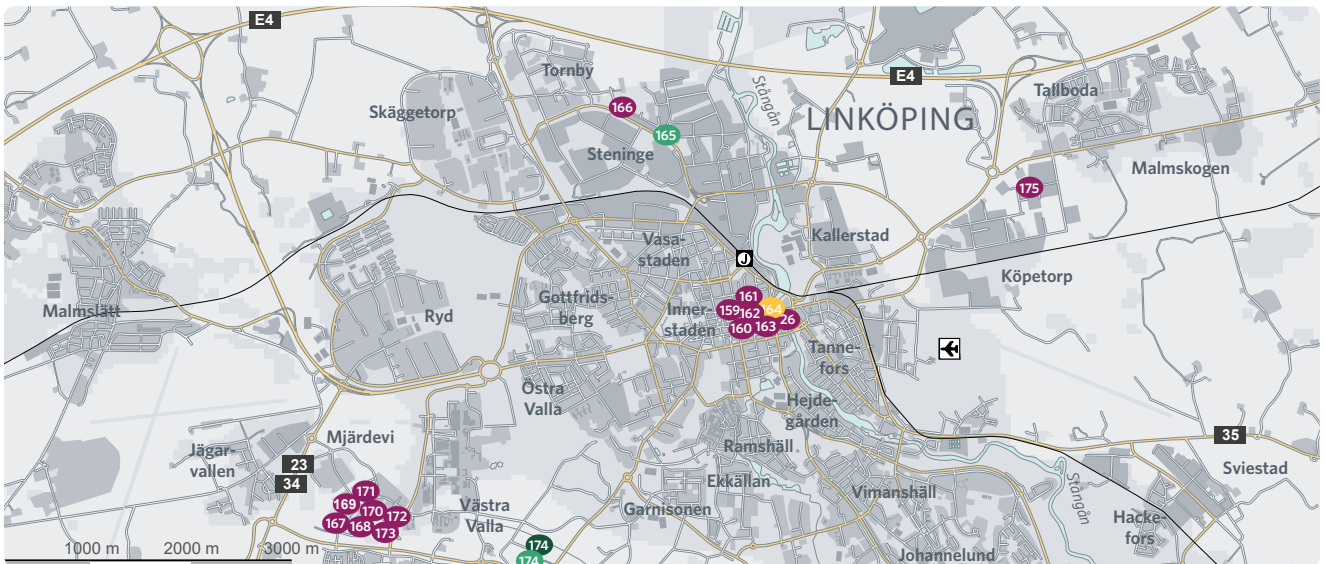
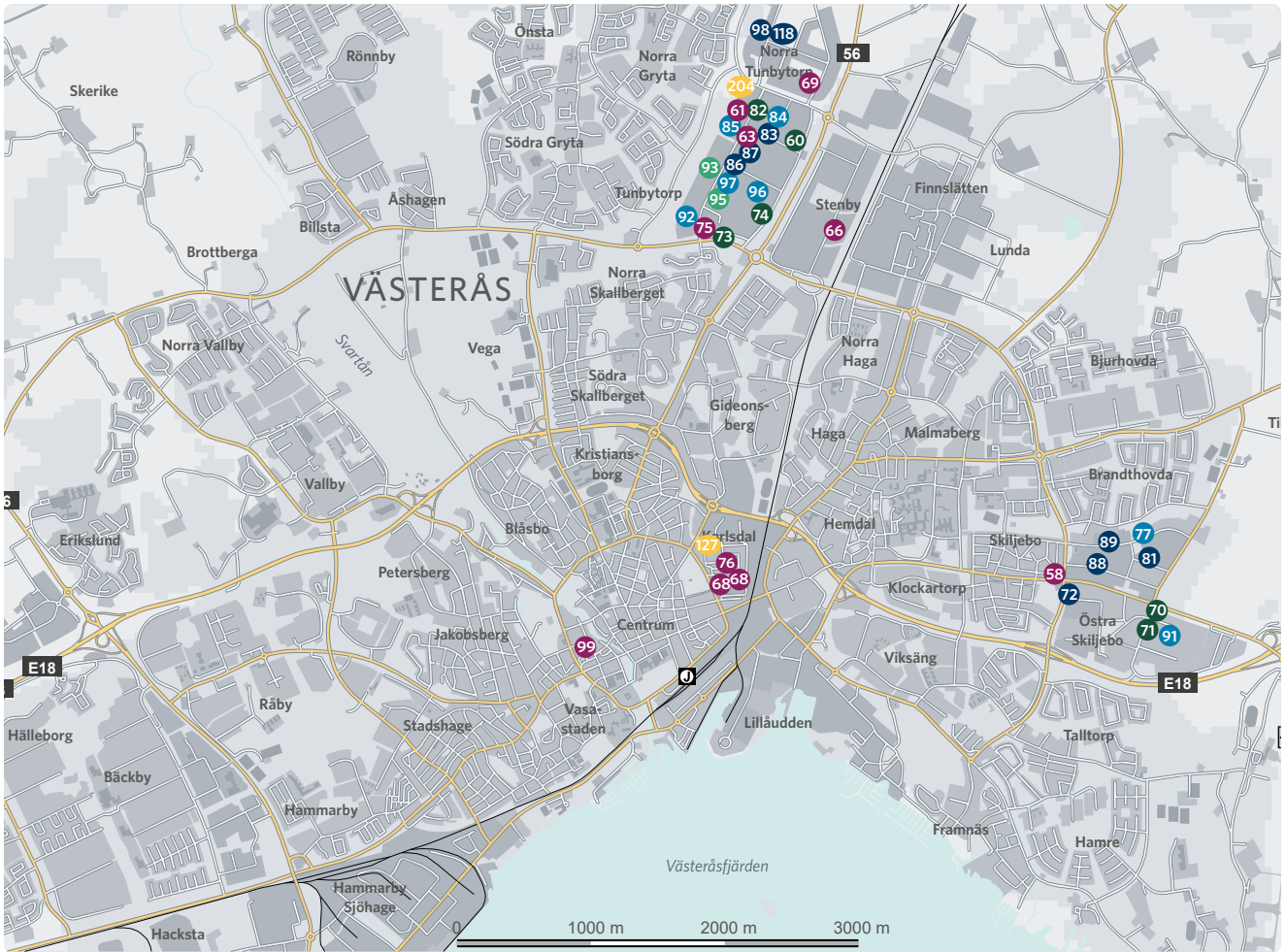


● Public sector property ● Light industry ● Warehouse/logistics ● Retail ● Office ● Developments and land





● Public sector property ● Light industry ● Warehouse/logistics ● Retail ● Office ● Developments and land



● Public sector property 
 ● Light industry 
 ● Warehouse/logistics 
 ● Retail 
 ● Office 
 ● Developments and land

## CASTELLUM'S PROPERTY PORTFOLIO IN REGION CENTRAL BY CATEGORY AND AREA, DEC 31, 2018

No.	Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Ware-house/ Logistics	Light industry	Residential	Other				
<b>Office</b>														
195	Ansvaret 1	Hoppets Torg 4, Södra Strandgatan 3	Jönköping	2016 1965	4,299	190	-	-	-	-	4,489	1,490	65,200	
132	Atollen 3	Lantmätargränd 53-63	Jönköping	2011 2013	2,329	2,404	-	-	765	5	5,503	890	119,964	
196	Blixten 6	Östra Storgatan 67	Jönköping	2016 1941	5,216	-	-	-	120	382	5,718	3,016	50,584	
134	Droskan 12	Slottsgatan 14	Jönköping	1998 1990	9,310	-	-	-	-	-	9,310	4,951	104,800	
136	Hotellet 8	Västra Storgatan 9-13	Jönköping	1995 1963/1999	10,547	7,966	347	-	-	89	18,949	5,121	195,000	
199	Jordgubben 1	Skolgatan 25B	Jönköping	2016 1982	2,834	-	-	-	-	50	2,884	1,002	23,400	
139	Valutan 11	Kompanigatan 1-2	Jönköping	1995 1992/2001	4,267	749	526	-	-	6	5,548	7,763	60,600	
141	Vattenpasset 2	Ekhagsringen 17	Jönköping	1995 1980	1,323	-	1,749	1,073	-	-	4,145	17,884	-	
142	Vilan 7	Huskvarnav 58-64	Jönköping	2000 1955/1999	7,459	1,838	5,264	-	-	-	14,561	25,576	77,760	
143	Vingen 4	Linnegatan 1	Jönköping	1995 1970	2,785	530	-	420	-	-	3,735	17,281	14,347	U
144	Visionen 3 A	Bataljongsgatan 10-12	Jönköping	2004 2010	7,391	-	338	-	-	-	7,729	12,269	112,400	
147	Vägsålen 3	Huskvarnavägen 40	Jönköping	2003 1983	8,164	-	7,962	-	-	-	16,126	42,536	39,360	
149	Ögongloben 5	Gråshagsgatan 11	Jönköping	2006 1961	3,512	-	-	-	-	-	3,512	7,346	7,261	
200	Öriket 2	Herkulesvägen 2, Klubbhusgatan 13-15	Jönköping	2016 1992	14,666	493	74	-	-	434	15,666	12,955	178,000	
159	Banken 8	Borgmästaregatan 1	Linköping	2016 1929	2,730	-	-	-	-	-	2,730	873	-	
160	Boklådan 7	Borgmästaregatan 4	Linköping	2016 1938	3,915	-	-	-	-	-	3,915	1,579	46,200	
161	Borgmästaren 11	Badhusgatan 2	Linköping	2016 1936	1,215	985	191	-	1,072	-	3,463	1,091	39,151	
162	Borgmästaren 2	Ågatan 27	Linköping	2016 1940	1,256	406	101	-	761	-	2,524	962	30,142	
163	Decimalen 17	Storgatan 24	Linköping	2016 1981	6,834	3,414	83	-	-	1,839	12,170	5,220	141,000	
26	Dolken 5	Strandgatan 2/ Hamngatan 13	Linköping	2018 1950	2,388	2,697	54	-	-	-	5,139	2,540	36,000	
166	Gården 15	Gillbergsgatan 37-45	Linköping	2009 2013	6,305	-	3,600	-	-	-	9,905	34,706	77,048	
167	Idéflödet 1	Teknikringen 20	Linköping	2016 2002	9,055	-	-	-	-	-	9,055	16,703	67,800	
168	Idékretsen 4	Teknikringen 9	Linköping	2016 1991	6,077	-	60	-	-	100	6,237	14,065	44,400	
169	Idémannen 1	Teknikringen 16	Linköping	2007 1990	580	-	-	-	-	-	580	4,212	4,757	U
170	Idémannen 2, Collegium	Teknikringen 7	Linköping	2007 1989	12,327	4,230	-	-	-	43	16,600	27,823	98,600	
171	Idémannen 2, Datalinjen	Datalinjen 1	Linköping	2007 1989/1994	1,420	-	-	-	-	-	1,420	4,590	9,771	
172	Idémannen 2, Teknikringen	Teknikringen 1 A-F	Linköping	2007 1984/1996	6,179	-	-	-	-	123	6,302	19,720	44,168	
173	Idémannen 2, Vita Huset	Universitetsvägen 14	Linköping	2007 2002	8,252	-	-	-	-	109	8,361	29,597	82,800	U
175	Magnetjärnet 6	Finnögatan 5 C	Linköping	2010 1996	2,388	-	-	-	-	-	2,388	8,328	10,623	U
1	Beryllen 1	Urbergsgatan 90	Norrköping	2016 1971	3,002	2,990	183	-	-	4,031	10,206	10,970	-	
2	Bägaren 3	Slottsgatan 154	Norrköping	2018 1987	3,760	-	253	-	-	14	4,027	1,490	26,400	S
3	Bägaren 5	Slottsgatan 148-152	Norrköping	2018 1984/2002	5,547	-	-	-	-	10	5,557	1,588	39,800	S
4	Bägaren 6	Slottsgatan 148-152	Norrköping	2018 1988	108	-	130	-	-	-	238	1,762	5,499	S
5	Diket 7	Drottninggatan 64	Norrköping	2016 1940	2,398	1,325	473	-	1,596	-	5,792	2,192	69,800	
7	Gamla Rådstugan 3	Gamla Torget 3	Norrköping	2016 1929	1,397	583	288	-	-	-	2,268	973	35,101	
8	Knäppingsborg 7+8	Gamla Rådstugug 30	Norrköping	2016 1929	8,189	2,499	362	-	885	170	12,105	7,895	79,181	
9	Korpen 20	Repslagaregatan 15	Norrköping	2016 1964	1,897	1,019	27	-	992	-	3,935	1,453	29,453	
18	Sprutan 6	Skomakaregatan 6-12	Norrköping	2016 1920	-	595	266	-	-	6,170	7,031	1,546	29,200	
58	Dagslåndan 11	Jonasborgsvägen 26	Västerås	1996 1990	944	-	-	-	-	-	944	3,651	6,546	S
61	Elledningen 4	Tunbytorpsgatan 31	Västerås	1995 1991	3,586	-	-	-	-	-	3,586	10,256	20,460	
63	Friledningen 13	Tunbytorpsgatan 10	Västerås	1999 1978	1,830	-	390	360	-	-	2,580	7,000	11,864	U
66	Jordlinan 2	Stenbygatan 6	Västerås	1995 1991	1,129	3,705	635	3,395	-	-	8,864	21,467	27,264	U
99	Klio 10	Norra Källgatan 17	Västerås	2018 1985	2,817	-	23	-	-	57	2,897	1,213	20,600	
69	Krafftältet 5	Omformargatan 2	Västerås	2005 1991	715	1,324	-	2,352	-	-	4,391	11,221	15,950	
75	Tunbytorp 19	Tunbytorpsgatan 2 A	Västerås	2005 1990	1,982	-	-	-	-	-	1,982	11,782	8,615	

Note: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Central by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises						Total	Site sq.m.	Tax ass- essment value	Note
					Office	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other				
68	Verkstaden 14 A	Kopparlunden	Västerås	2001 2001	13,213	1,274	50	277	-	149	14,963	40,900	72,426	U
68	Verkstaden 14 B	Kopparlunden	Västerås	2001 2018	3,377	204	-	-	-	-	3,581	-	15,390	
76	Verkstaden 21, Kopparlunden	Kopparlunden	Västerås	2001 1890/2000	16,794	-	2,908	466	-	292	20,460	10,256	125,698	
19	Gripen 11	Linnég 23, 27, Norra Esplanaden 7, Nyg 6	Växjö	2016 1929	1,359	-	-	-	66	258	1,683	3,848	10,721	
20	Magnus Smek 6	Kungsgatan 1A-B	Växjö	2016 1952/2003	2,114	2,037	40	-	783	121	5,095	2,022	38,362	
21	Pilgrimen 5	Södra Järnvägsgatan 4	Växjö	2016 2016	5,393	609	-	-	-	69	6,071	-	81,000	
22	Tullen 18	Storgatan 26	Växjö	2016 1965	2,446	915	-	-	-	680	4,041	2,528	35,400	
23	Unaman 9	Kungsgatan 5	Växjö	2016 1972/2004	2,721	2,470	-	-	-	521	5,712	2,299	52,000	
24	Växjö 10:54	Honnörsgatan 2-6, etc.	Växjö	2016 1929	34,848	600	-	-	1,272	3,221	39,941	93,843	248,620	U
26	Basen 10	Fridhemsgatan 2-4	Örebro	1995 1900/1990	6,019	-	183	-	-	-	6,202	4,997	42,200	
29	Bodarna 8	Drottninggatan 12	Örebro	2016 1976/1992	3,186	1,115	-	-	-	6	4,307	1,449	49,200	U
27	Borgaren 1	Fabriksgatan 1 A	Örebro	2008 1969/2001	6,535	466	1,100	-	-	381	8,482	3,375	72,656	
122	Drottningparken	Fabriksgatan	Örebro	2014 2016	4,237	-	-	-	-	-	4,237	8,000	50,600	
90	Hållstugan 8	Stortorget 11, Kungsgatan 5	Örebro	2016 1938	2,181	1,588	-	-	-	202	3,971	1,190	36,200	
-	Järnmalmen 1	Osmundgatan 10	Örebro	2006 1967/1995	3,305	-	7,365	-	-	-	10,670	47,714	33,565	U
30	Konstruktören 11	Söderleden 14	Örebro	1995 1987	-	-	2,255	-	-	-	2,255	7,876	9,555	
31	Kontrollanten 9	Åbyvägen 3	Örebro	2007 1992	3,578	-	1,195	-	-	-	4,773	11,974	15,881	
114	Litografen 1 A	Adolfsbergsvägen 4	Örebro	2012 1964	3,727	8,479	9,730	-	-	316	22,252	122,107	129,127	
130	Litografen 1 B	Adolfsbergsvägen 4	Örebro	2012 2018	861	-	6,096	-	-	-	6,957	-	-	U
126	Prästgården 12	Drottninggatan 18-20	Örebro	2015 1933	4,118	863	386	-	384	543	6,294	2,861	59,388	
35	Röda rummet	Radiatorvägen 17	Örebro	1996 2000	3,405	-	-	-	-	-	3,405	7,710	23,940	
38	Rörmokaren 5	Elementvägen 1	Örebro	1995 1984	1,297	1,023	-	-	-	-	2,320	6,656	12,219	
40	Stinsen 18	Fabriksgatan 18-22	Örebro	2008 1983/2003	12,017	-	118	-	-	187	12,322	5,008	113,000	U
41	Svetsaren 4	Elementvägen 12	Örebro	1995 1976/1984	526	1,679	2,043	-	-	-	4,248	9,644	16,897	
42	Svetsaren 5	Elementvägen 14	Örebro	1995 1977/1988	2,970	-	150	-	-	-	3,120	7,355	13,297	
43	Svetsaren 6	Radiatorvägen 14	Örebro	2000 1962	5,625	-	-	-	-	-	5,625	7,956	41,790	
44	Svetsaren 7	Elementvägen 16	Örebro	1995 1960/1983	855	-	-	-	-	-	855	2,658	5,587	
46	Svängghjulet 1	Stubbengatan 2	Örebro	2010 2004	4,547	1,910	2,197	-	-	14	8,668	24,143	36,484	U
47	Telemontören 1	Nastagatan 2	Örebro	2007 1993	3,732	-	2,759	-	-	-	6,491	30,750	16,639	U
48	Tryckeriet 2	Stortorget 8	Örebro	2008 1984/1999	1,475	1,151	-	-	-	-	2,626	1,350	29,200	
49	Tågmästaren 25	Fabriksgatan 54	Örebro	2008 1986	5,692	-	1,319	-	-	6	7,017	8,110	36,000	U
52	Virkeshandlaren 10	Radiatorvägen 13-15	Örebro	1996 1979	3,168	3,565	1,080	-	-	-	7,813	20,242	34,929	
51	Virkeshandlaren 7	Radiatorvägen 11	Örebro	1995 1970/1987	5,406	-	432	-	-	5	5,843	15,377	30,339	
53	Ånsta 20:117	Aspholmsvägen 9	Örebro	1996 1990	755	-	-	-	-	-	755	1,907	4,085	
55	Ölstånkan 14	Olaigatan 2	Örebro	2008 1929	2,194	-	-	-	-	-	2,194	852	18,750	
<b>Total office</b>					<b>367,999</b>	<b>69,890</b>	<b>64,785</b>	<b>8,343</b>	<b>8,696</b>	<b>20,603</b>	<b>540,316</b>	<b>945,505</b>	<b>3,818,014</b>	
<b>Public sector properties</b>														
135	Elektronen 1	Datorgatan 6	Huskvarna	2008 2000	-	-	1,692	-	-	-	1,692	4,237	7,311	U
197	Götaland 5	Hamngatan 4, 15, etc.	Jönköping	2016 1975	13,950	-	-	-	-	236	14,186	20,092	159,886	
197	Götaland 5	Hamngatan 4, 15, etc.	Jönköping	2016 1975	7,067	833	-	-	-	-	7,900	20,092	159,886	
197	Götaland 5	Hamngatan 4, 15, etc.	Jönköping	2016 1975	24,621	-	103	-	-	338	25,062	20,092	159,886	
197	Götaland 5	Hamngatan 4, 15, etc.	Jönköping	2016 1975	7,235	-	-	-	-	-	7,235	20,092	159,886	
198	Hoven 1	Västra Storgatan 16	Jönköping	2016 1968	12,236	1,863	-	-	-	192	14,291	3,852	159,000	
138	Vakten 11	Batterigatan 2	Jönköping	2015 2009	5,949	973	-	-	-	-	6,922	10,947	0	
146	Visionen 3 C	Bataljonsgatan 10	Jönköping	2004 2015	2,472	-	-	-	-	-	2,472	-	42,000	U
164	Druvan 22	Storgatan 6-16	Linköping	2016 1962	5,454	1,661	468	437	2,558	7	10,585	4,610	98,200	
6	Gamla Bron 13	Västgötegatan 15-17	Norrköping	2016 1929	2,358	243	60	-	327	-	2,988	1,363	24,692	

Note: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Central by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Warehouse/ Logistics	Light industry	Residential	Other				
10	Kvarnen 5	Västgötegatan 13	Norrköping	2016 1910	7,216	-	460	-	-	50	7,726	3,282	23,800	
11	Markattan 11	Drottninggatan 32	Norrköping	2016 1969	1,816	1,560	770	-	-	74	4,220	1,636	37,400	
12	Motorn 12	Lindövågen 5A	Norrköping	2016 1948	13,398	-	995	-	-	77	14,470	9,236	81,064	
14	Spetsen 10	Kungsgatan 36-38	Norrköping	2016 1897	12,025	735	338	-	-	1	13,099	2,000	42,422	
204	Elledningen 3	Tunbytorpsgränd 33-35	Västerås	2017 1991	4,472	-	-	3,402	-	50	7,924	37,312	32,835	U
127	Verkstaden 15	Legeringsgatan 2	Västerås	2015 1977/1992	1,053	-	-	-	-	-	1,053	2,960	-	U
50	Gasverket 2	Storgatan 28-30, Järnvägsgatan 3-5, Slottsgatan 25	Örebro	2016 1967	9,784	430	-	-	-	447	10,661	6,097	89,200	
124	Gillet 22	Olaigatan 15	Örebro	2015 1978	4,591	562	9	-	-	-	5,162	1,217	52,800	
16	Lantmäteriet 2/ Porten 1	Järnvägsgatan 1-3, Klosergatan 36-37	Örebro	2016 1994/2013	49,333	-	-	-	-	3,753	53,086	9,749	383,000	
15	Repslagaren 24	Stortorget 20-22, Trädgårdsg 12-14, Nyg 31	Örebro	2016 1970	9,000	-	-	-	-	1,098	10,097	6,827	95,800	
106	Tullen 8	Klostergatan 23, Fredsgatan 2-4	Örebro	2016 1976/1992	25,185	741	100	-	-	1,777	27,803	8,953	275,000	
54	Ölstånkan 11	Järntorgsgatan 1	Örebro	2008 1939/2003	3,940	-	-	-	-	580	4,520	937	33,000	
56	Ölstånkan 15	Olaigatan 4	Örebro	2008 1975/2003	3,101	-	-	-	-	-	3,101	1,517	27,200	
<b>Total public sector properties</b>					<b>226,255</b>	<b>9,600</b>	<b>4,995</b>	<b>3,839</b>	<b>2,885</b>	<b>8,680</b>	<b>256,254</b>	<b>197,098</b>	<b>2,144,266</b>	
<b>Warehouse/logistics</b>														
-	Flahult 21:3	Momarken 42	Jönköping	2001 1980	-	-	4,299	-	-	-	4,299	24,177	15,383	U
-	Flahult 21:5	Betavägen 17	Jönköping	2012 1997/2008	-	-	9,633	-	-	-	9,633	36,847	29,288	U
150	Örontofsen 5	Granitvägen 7-9	Jönköping	2006 1976	1,514	880	3,181	-	-	-	5,575	15,061	28,755	
154	Överlappen 13	Kalkstensgatan 6-8	Jönköping	2004 1977/1995	1,379	-	801	3,576	-	-	5,756	22,575	30,060	
-	Källemo 1	Källemogatan 12	Vaggeryd	1995 1956/1988	-	-	7,552	-	-	-	7,552	48,347	11,123	U
84	Elkraften 7	Energigatan 3 A	Västerås	2005 1976	250	-	-	1,070	-	-	1,320	5,073	4,373	S
85	Elledningen 1	Tunbytorpsgränd 29	Västerås	1999 1982	-	-	230	1,680	-	-	1,910	8,300	7,225	U
-	Krista 1	Saltängsvägen 59	Västerås	2004 2005	-	-	-	2,980	-	-	2,980	11,500	17,398	
91	Köpmanen 8	Lundby Gårdsgata 4	Västerås	2004 1988	-	-	351	2,334	-	-	2,685	9,957	10,510	
92	Ledningstråden 1	Tunbytorpsgränd 1-3	Västerås	2005 1967	520	1,011	1,065	3,454	-	22	6,072	27,410	20,961	U
97	Tunbytorp 10	Tunbytorpsgränd 4 A	Västerås	2005 1978	-	-	-	7,241	-	-	7,241	24,663	20,400	
96	Tunbytorp 8	Friledningsgatan 3 A	Västerås	2005 1970	-	-	-	830	-	-	830	5,825	3,714	
77	Vikingatiden 9	Brandthovdagatan 17 A	Västerås	2007 2004	173	-	173	438	-	-	784	3,477	4,221	
100	Bleckslagaren 1	Handelsgatan 9	Örebro	2012 1970	645	-	3,185	-	-	-	3,830	14,405	-	
128	Bleckslagaren 7	Vattenverksgatan 2	Örebro	2015 2011	865	-	4,891	-	-	-	5,756	22,160	24,488	U
102	Bleckslagaren 8	Vattenverksgatan 8	Örebro	2006 1978/2001	-	-	4,736	-	-	-	4,736	24,878	20,017	U
103	Chauffören 2	Stuvargatan 3	Örebro	1997 1991	-	-	7,100	-	-	-	7,100	16,974	24,435	
104	Chauffören 3	Pikullagatan 9	Örebro	2006 1991	-	-	1,577	-	-	-	1,577	5,442	5,519	
105	Distributören 7	Krangatan 11	Örebro	2012 1989	853	-	6,742	-	-	-	7,595	24,675	24,185	
-	Däcket 1	Dialoggatan 14	Örebro	2008 2012	-	-	740	1,128	-	-	1,868	7,184	10,448	
108	Elektrikern 3	Vattenverksgatan 3	Örebro	2012 1972	-	-	8,440	-	-	-	8,440	18,823	17,800	
107	Försäljaren 2	Nastagatan 9	Örebro	2012 2008	-	-	3,049	-	-	-	3,049	9,545	18,130	U
109	Grosshandlaren 2	Nastagatan 6-8	Örebro	2001 1977	2,353	4,051	16,812	-	-	-	23,216	61,695	98,036	U
112	Konstruktören 10	Söderleden 12	Örebro	1995 1987	-	-	3,665	-	-	-	3,665	10,649	16,630	
111	Konstruktören 9	Söderleden 10	Örebro	1996 1987	-	-	1,260	-	-	-	1,260	32,400	5,838	
113	Kontrollanten 12	Skomaskingsgatan 6	Örebro	2012 1981	3,470	-	7,321	-	-	-	10,791	30,946	33,400	
36	Rörläggaren 1	Aspholmsvägen 4	Örebro	1995 1963/1992	-	-	4,480	-	-	-	4,480	15,881	21,686	U
115	Rörläggaren 2	Aspholmsvägen 6	Örebro	2004 1984	-	-	2,955	-	-	-	2,955	4,960	12,387	
39	Speditören 8	Vattenverksgatan	Örebro	2016 1980	100	-	1,504	-	-	-	1,604	16,400	8,141	U
-	Ånsta 20:148	Berglunda 208	Örebro	2007 1971/1999	1,380	-	2,805	-	-	-	4,185	44,237	23,615	U
<b>Total warehouse/logistics</b>					<b>13,502</b>	<b>5,942</b>	<b>108,547</b>	<b>24,731</b>	<b>0</b>	<b>22</b>	<b>152,744</b>	<b>604,466</b>	<b>568,166</b>	

Note: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Central by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year Built/ acquired reconst.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Ware-house/ Logistics	Light industry	Residential	Other				
<b>Retail</b>														
133	Algen 1	Lantmätargränd 42	Jönköping	2013 2015	1,325	2,844	-	-	-	229	4,398	2,749	64,400	
137	Vagnmakaren 7	Hästhovsvägen 2	Jönköping	1995 1983/2001	-	9,531	-	-	-	14	9,545	19,226	65,400	
140	Varuhuset 1	Batterigatan 2	Jönköping	2009 2009	-	11,041	-	-	-	-	11,041	42,046	118,000	
148	Vägporten 5	Vasavägen 4	Jönköping	2003 1955/2004	-	2,327	-	-	-	-	2,327	8,458	14,467	
174	Jägmästaren 1	Djurgården	Linköping	2013 2015	-	7,823	-	-	-	-	7,823	36,750	82,135	
60	Elenergin 1	Elledningsgatan 2	Västerås	2008 1976	119	3,955	-	1,009	-	-	5,083	26,290	18,763	U
82	Elkraften 4	Tunbytorpsgatan 16	Västerås	2005 1976	-	496	-	450	-	-	946	5,673	4,100	U
70	Köpmannen 1	Kranbyggargatan 1	Västerås	1995 1984	-	1,380	35	-	-	-	1,415	5,804	9,467	
71	Köpmannen 3	Kranbyggargatan 3	Västerås	1995 1982	-	2,010	-	410	-	-	2,420	10,073	12,006	S
73	Tunbytorp 1	Strömledningsgatan 1	Västerås	2005 1965	-	1,836	-	1,278	-	-	3,114	27,584	26,067	
74	Tunbytorp 7	Strömledningsgatan 3	Västerås	2005 1965	-	4,006	928	3,534	-	-	8,468	31,990	32,271	U
125	Hållstugan 28	Kungsgatan 3	Örebro	2015 1929	1,880	4,225	51	-	1,272	183	7,611	7,149	73,285	
28	Inköparen 1	Rörvägen 1	Örebro	2007 2008	3,625	5,939	-	-	-	-	9,564	22,500	76,654	
32	Lagerchefen 3	Aspholmsvägen 3	Örebro	1996 1957/1985	-	1,900	-	-	-	-	1,900	9,213	12,961	U
33	Lantmannen 7	Boställsvägen 10	Örebro	1995 1985	-	2,462	250	-	-	-	2,712	8,573	10,938	
34	Motormannen 1	Radiatorvägen 1	Örebro	1995 1966	302	3,418	410	-	-	12	4,142	10,501	20,400	
37	Rörmokaren 1	Elementvägen 13-15	Örebro	1995 1963/1986	660	-	3,239	-	-	-	3,899	10,432	16,338	
45	Svetsaren 8	Elementvägen 4	Örebro	1995 1977	570	3,060	220	-	-	-	3,850	8,074	16,586	
<b>Total retail</b>					<b>8,481</b>	<b>68,253</b>	<b>5,133</b>	<b>6,681</b>	<b>1,272</b>	<b>438</b>	<b>90,258</b>	<b>293,085</b>	<b>674,238</b>	
<b>Light industry</b>														
152	Ättehögen 18	Fordonsvägen 8	Jönköping	2012 2013	-	-	-	3,334	-	-	3,334	11,009	17,794	
-	Yggen 1	Krokvägen 1	Vaggeryd	1995 1985/1989	450	-	-	5,853	-	-	6,303	18,598	11,581	
81	Barkborren 3	Barkborregatan 3	Västerås	1995 1970/1989	-	-	-	2,950	-	-	2,950	10,000	8,748	S
83	Elkraften 6	Elledningsgatan 4	Västerås	2008 1981	-	-	1,150	-	-	-	1,150	8,025	4,765	U
86	Friledning 8	Tunbytorpsgatan 6	Västerås	2005 1971	387	-	-	1,915	-	40	2,342	11,243	8,133	S

Note: S=Site leasehold L=Lease U=Unutilized building right

**THE FIVE LARGEST PROPERTY OWNERS**

Jönköping	Taxed area, 000 sq. m.	Linköping	Taxed area, 000 sq. m.	Norrköping	Taxed area, 000 sq. m.
Castellum	277	Klövern	286	Lundbergs	370
Cordea Savills	111	Castellum	97	Klövern	162
Prologis	82	Intea Fastigheter	70	Castellum	115
Catena	77	Lilium	67	FastPartner	86
Regio	68	Lundbergs	67	Olav Thon	65

Växjö	Taxed area, 000 sq. m.	Örebro	Taxed area, 000 sq. m.	Västerås	Taxed area, 000 sq. m.
Hemfosa	155	Castellum	400	Kungsleden	483
Corem	76	AB Lokalusman	163	Klövern	236
Catena	68	Behrn Fastigheter	93	Castellum	162
Castellum	63	Klövern	87	M2 Asset Management	99
Stenvalvet	38	Catena	87	Hemfosa	76

Source: Datcha, and their information regarding rental properties (excluding housing) and warehouse/logistics and industrial properties (excluding housing, medical and school properties) owned as of December 31, 2018, taxed area. Municipal and state-owned companies and government institutions have been excluded.

Castellum's property portfolio in Region Central by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Ware-house/ Logistics	Light industry	Residential	Other				
87	Friedningen 9	Tunbytorpsgatan 8	Västerås	2005 1968	865	576	1,280	2,481	-	-	5,202	9,995	18,990	
88	Fältmätaren 29	Fältmätargatan 9	Västerås	2007 1960	678	-	198	2,170	-	-	3,046	10,173	11,032	U
118	Högspänningen 1	Lågspänningsgatan 8	Västerås	2007 2014	1,092	-	-	2,819	-	-	3,911	22,500	27,800	U
89	Järnåldern 6	Brandthovdagatan 11	Västerås	2008 1982	1,060	-	236	375	-	256	1,927	5,967	7,426	U
72	Ringborren 8 & 16	Tallmätargatan 1	Västerås	1995 1956/1988	1,588	19	-	3,303	-	-	4,910	9,019	22,522	
98	Voltmätaren 3	Lågspänningsgatan 7	Västerås	2006 1990	-	-	-	760	-	-	760	2,254	2,645	
101	Bleckslagaren 6	Handelsgatan 1	Örebro	2008 1982	-	-	1,964	2,362	-	-	4,326	22,243	14,721	U
-	Gällersta-Gryt 4:9	Gällerstavägen	Örebro	1995 1969	-	-	11,625	-	-	-	11,625	42,143	24,606	
<b>Total light industry</b>					<b>6,120</b>	<b>595</b>	<b>16,453</b>	<b>28,322</b>	<b>0</b>	<b>296</b>	<b>51,786</b>	<b>183,169</b>	<b>180,763</b>	
<b>Developments</b>														
151	Vargön 4	Vasavägen 5	Jönköping	2003 1989	-	-	-	-	-	-	-	6,694	12,763	
145	Visionen 3 B	Bataljonsgatan 10-12	Jönköping	2004 1996/1995	9,731	-	423	-	-	-	10,154	27,162	48,612	U
146	Visionen 4	Bataljonsgatan 10	Jönköping	2013 -	-	-	-	-	-	-	-	4,750	914	U
146	Visionen 6	Bataljonsgatan 10-12	Jönköping	2014 -	-	-	-	-	-	-	-	-	1,575	
156	Ögongloben 6	Kindgrensgatan 4	Jönköping	2008 1997	-	-	-	-	-	-	-	7,500	6,234	U
155	Överstycket 25	Kindgrensgatan 3	Jönköping	2008 1981	-	1,040	2,945	-	-	-	3,985	16,342	17,690	U
165	Giggen 2	Gillbergagatan 24	Linköping	2016 1977	-	385	-	-	-	-	385	1,480	2,572	U
174	Jägmästaren 1 B	Djurgården	Linköping	2013 -	-	2,293	-	-	-	-	2,293	7,631	-	
13	Proppen 2	Malmgatan 16	Norrköping	2016 1978	569	-	18,129	742	-	-	19,440	15,550	42,063	
17	Spiran 12	Drottninggatan 50-52	Norrköping	2016 1972	4,977	1,528	-	-	-	1,607	8,112	2,546	106,000	
93	Ledningstråden 6	Tunbytorpsgatan 23	Västerås	2005 1970	-	-	-	1	-	-	1	8,000	2,400	U
95	Tunbytorp 2	Tunbytorpsgatan 4	Västerås	2005 1970	-	-	-	-	-	-	-	19,191	12,376	U
121	Olaus Petri 3:244	Östra Bangatan	Örebro	2014 -	-	-	-	-	-	1	1	5,000	19,400	
<b>Total developments</b>					<b>15,277</b>	<b>5,246</b>	<b>21,497</b>	<b>743</b>	<b>0</b>	<b>1,608</b>	<b>44,371</b>	<b>121,846</b>	<b>272,599</b>	
<b>Total Region Central</b>					<b>637,634</b>	<b>159,526</b>	<b>221,410</b>	<b>72,659</b>	<b>12,853</b>	<b>31,646</b>	<b>1,135,728</b>	<b>2,345,169</b>	<b>7,658,046</b>	

Note: S=Site leasehold L=Lease U=Unutilized building right

## RENTAL LEVELS AND INVESTMENT YIELD

		Jönköping		Linköping		Norrköping	
		Rent, SEK/sq. m.	Yield	Rent, SEK/sq. m.	Yield	Rent, SEK/sq. m.	Yield
Office	Prime location	1,550-2,450	5.25%-6.00%	1,300-2,400	5.00%-6.25%	1,450-2,250	5.35%-6.30%
	Secondary location	1,100-1,450	6.25%-7.00%	1,000-1,900	5.60%-6.50%	1,500-2,200	5.50%-6.50%
Retail	Prime location	1,800-4,000	5.10%-6.35%	1,700-3,700	5.00%-6.10%	2,000-3,800	5.45%-6.15%
	Secondary location	1,150-1,500	6.50%-7.50%	1,000-2,500	5.50%-6.75%	1,500-2,000	6.50%-7.25%
Warehouse/ Logistics	Prime location	600-950	6.25%-7.00%	600-900	6.25%-7.25%	600-950	6.35%-7.00%
	Secondary location	600-850	7.00%-7.75%	550-850	6.50%-7.50%	550-850	6.50%-7.25%
		Växjö		Örebro		Västerås	
		Rent, SEK/sq. m.	Yield	Rent, SEK/sq. m.	Yield	Rent, SEK/sq. m.	Yield
Office	Prime location	1,100-2,000	5.35%-6.25%	1,200-2,400	5.50%-6.50%	1,200-2,100	5.50%-6.50%
	Secondary location	750-1,200	6.25%-7.00%	600-1,200	6.50%-7.50%	700-1,200	6.50%-7.75%
Retail	Prime location	1,800-3,000	5.25%-6.00%	1,600-3,800	5.50%-6.50%	1,400-3,700	5.50%-6.75%
	Secondary location	800-1,150	6.50%-7.00%	600-1,300	6.50%-7.75%	800-1,200	6.50%-7.25%
Warehouse/ Logistics	Prime location	500-900	5.35%-6.25%	600-1,100	6.25%-7.25%	600-1,100	6.25%-7.25%
	Secondary location	400-800	6.25%-7.00%	500-900	6.75%-7.50%	600-1,000	6.75%-7.75%

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum and Castellum.

# Region Stockholm

## CASTELLUM'S PROPERTY PORTFOLIO IN REGION STOCKHOLM BY CATEGORY AND AREA, DEC 31, 2018

	No. of properties	Area, 000 sq. m.	Rental value, MSEK	Rental value SEK/sq. m.	Economic occupancy rate	Rental income, MSEK	Property costs, MSEK	Property costs, SEK/sq. m.	Net operating income, MSEK
<b>Office</b>									
Central	5	108	294	2,713	95.1%	279	49	458	230
North	5	33	55	1,677	86.7%	48	10	279	38
Southern	1	1	2	1,339	88.2%	2	1	427	1
West	7	77	131	1,716	93.6%	123	24	319	99
Uppsala	11	65	120	1,857	95.8%	115	28	435	87
<b>Total office</b>	<b>29</b>	<b>284</b>	<b>602</b>	<b>2,122</b>	<b>94.1%</b>	<b>567</b>	<b>112</b>	<b>394</b>	<b>455</b>
<b>Public sector properties</b>									
Central	3	51	198	3,870	97.8%	194	33	647	161
North	2	4	7	1,995	99.4%	7	1	345	6
Southern	2	14	20	1,478	92.3%	19	5	319	14
West	1	3	4	1,035	98.9%	4	1	279	3
Uppsala	4	17	26	1,559	98.3%	26	3	186	23
<b>Total public sector properties</b>	<b>12</b>	<b>89</b>	<b>255</b>	<b>2,869</b>	<b>97.5%</b>	<b>250</b>	<b>43</b>	<b>482</b>	<b>207</b>
<b>Warehouse/logistics</b>									
Central	3	14	20	1,436	95.9%	19	3	246	16
North	18	116	126	1,083	96.3%	121	19	167	102
Southern	12	104	125	1,201	95.2%	119	21	195	98
West	1	4	4	881	100.0%	4	1	179	3
Uppsala	2	18	18	1,014	77.3%	14	2	93	12
<b>Total warehouse/logistics</b>	<b>36</b>	<b>256</b>	<b>293</b>	<b>1,142</b>	<b>94.6%</b>	<b>277</b>	<b>46</b>	<b>178</b>	<b>231</b>
<b>Retail</b>									
Central	1	3	3	1,359	100.0%	4	1	200	3
North	3	17	19	1,114	93.3%	18	2	126	16
Southern	19	84	123	1,476	96.7%	119	11	133	108
West	1	14	20	1,358	93.4%	18	3	237	15
Uppsala	8	71	100	1,395	92.8%	92	24	334	68
<b>Total retail</b>	<b>32</b>	<b>189</b>	<b>265</b>	<b>1,402</b>	<b>94.8%</b>	<b>251</b>	<b>41</b>	<b>217</b>	<b>210</b>
<b>Light industry</b>									
North	4	9	11	1,214	96.9%	11	2	222	9
Southern	1	2	4	1,695	100.0%	3	0	73	3
Uppsala	5	33	35	1,093	90.6%	32	7	209	25
<b>Total light industry</b>	<b>10</b>	<b>44</b>	<b>50</b>	<b>1,149</b>	<b>92.7%</b>	<b>46</b>	<b>9</b>	<b>205</b>	<b>37</b>
<b>Total</b>	<b>119</b>	<b>862</b>	<b>1,465</b>	<b>1,701</b>	<b>94.9%</b>	<b>1,391</b>	<b>251</b>	<b>290</b>	<b>1,140</b>
Developments	5	20	17	-	-	8	7	-	1
Undeveloped land	7	-	-	-	-	-	-	-	-
<b>Total</b>	<b>131</b>	<b>882</b>	<b>1,482</b>	<b>-</b>	<b>-</b>	<b>1,399</b>	<b>258</b>	<b>-</b>	<b>1,141</b>

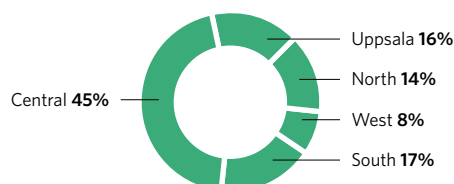
### KEY PROPERTY METRICS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Rental value, SEK/sq. m.	1,701	1,621	1,501	1,240	1,199	1,198	1,203	1,181	1,154	1,175
Economic occupancy rate	94.9%	92.9%	92.8%	90.5%	85.4%	83.1%	82.8%	82.2%	82.8%	84.8%
Property costs, SEK/sq. m.	290	425	373	334	326	337	344	362	345	347
Net operating income, SEK/sq. m.	1,325	1,080	1,021	788	697	658	652	609	611	650
No. of properties	131	115	111	106	106	105	109	100	97	90
Leasable area, 000 sq. m.	882	742	692	594	649	639	650	573	569	534

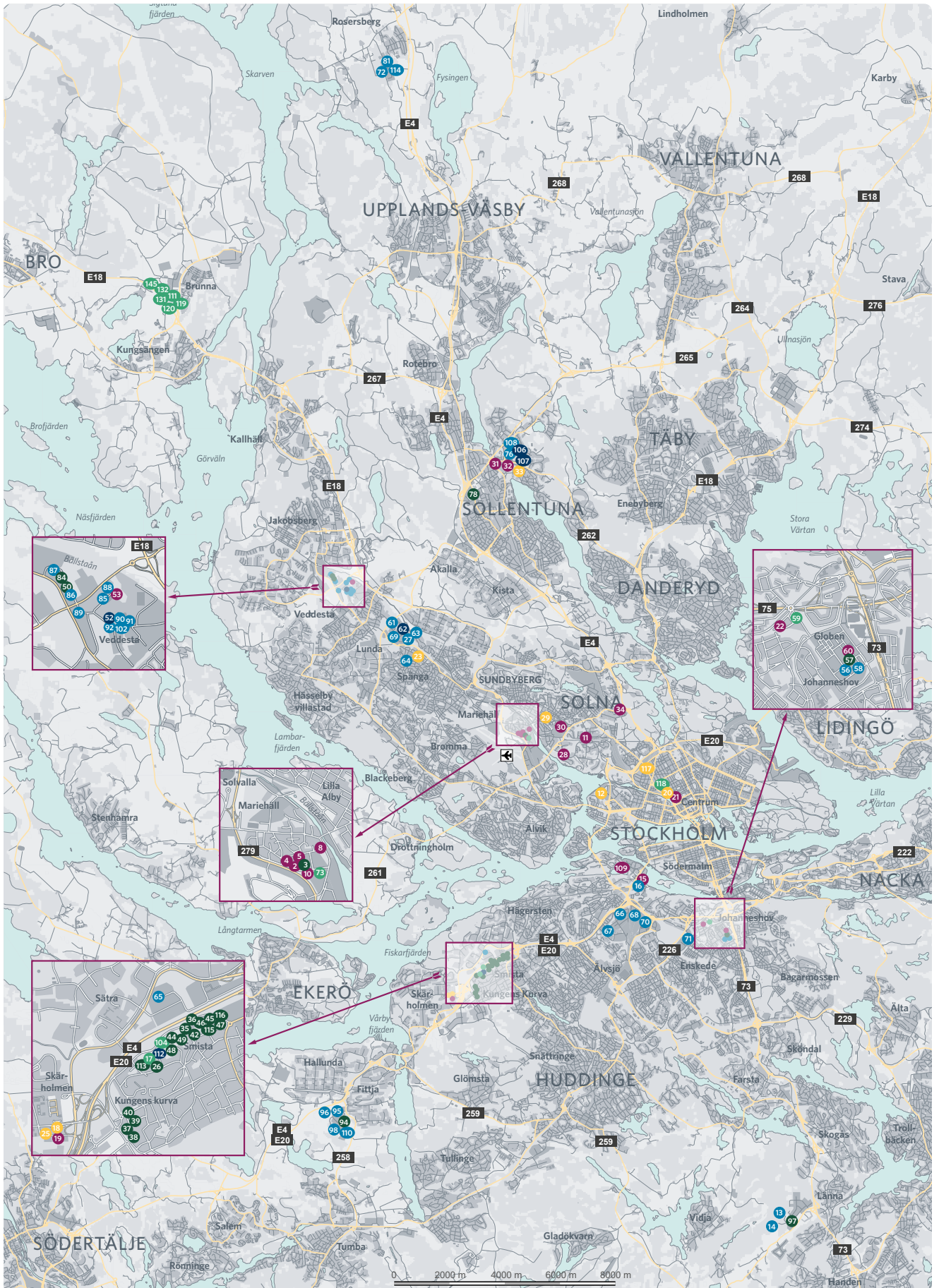
#### PROPERTY VALUE BY CATEGORY

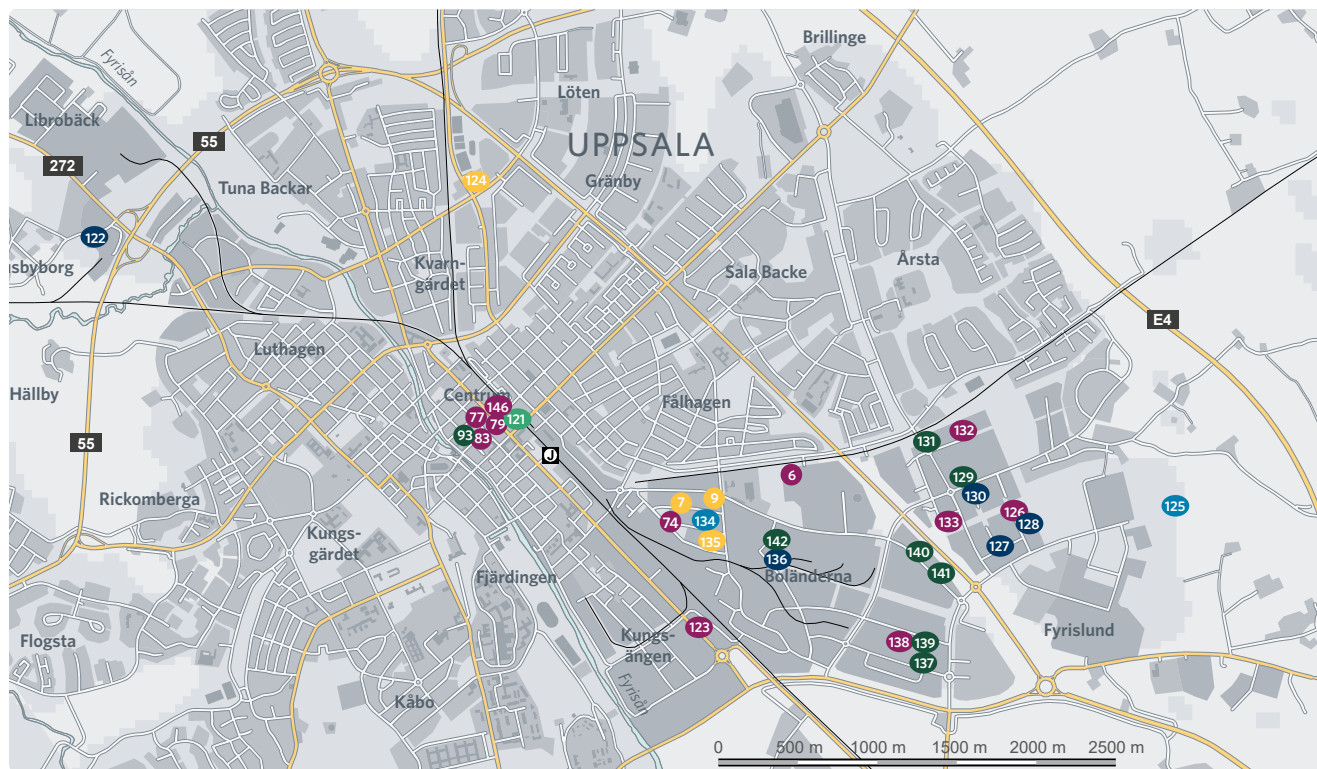


#### PROPERTY VALUE BY AREA









● Public sector property ● Light industry ● Warehouse/logistics ● Retail ● Office ● Developments and land

**CASTELLUM'S PROPERTY PORTFOLIO IN REGION STOCKHOLM BY CATEGORY AND AREA, DEC 31, 2018**

No. Property	Street address	Municipality	Year Built/ acquired reconst.	Square metres per type of premises							Total	Site sq.m.	Tax assessment value	Note
				Office	Retail	Warehouse/ Logistics	Light industry	Residential	Other					
<b>Office</b>														
53	Veddesta 2:66	Girovägen 13	Järfälla	2010 1989	3,221	-	250	-	-	8	3,479	7,422	23,000	
31	Ekplantan 4	Djupdalsvägen 1-7	Sollentuna	1996 1990	7,930	1,581	344	-	-	155	10,010	8,595	66,100	
32	Ekstubben 21 & 23	Djupdalsvägen 10-18, 20-22, 30-32	Sollentuna	1999 1989	5,998	-	289	-	-	110	6,397	3,069	50,058	
11	Bangården 4	Huvudstagatan 5	Solna	2015 1968	5,939	-	-	-	-	-	5,939	1,977	45,667	
28	Gräslöken 1	Anderstorpsv 20-26	Solna	2006 1976	6,110	681	233	-	-	-	7,024	1,288	73,400	
34	Stora Frösunda 3	Frösundaleden 2	Solna	2016 2009	28,419	1,000	-	-	-	176	29,595	9,946	699,000	
30	Yrket 4	Smidesvägen 10-12	Solna	2006 1982/1984	9,588	-	973	-	-	329	10,889	8,774	128,000	U
4	Betongblandaren 12	Gårdsfogdevägen 18 B	Stockholm	1998 1972	6,876	-	644	-	-	1	7,521	3,679	60,638	
5	Betongblandaren 13	Adolfbergsv 15, 25-31	Stockholm	1995 1989	7,317	2,475	1,181	-	-	7	10,980	7,690	82,600	
2	Betongblandaren 3	Gårdsfogdevägen 16	Stockholm	2001 1971	3,362	1,765	1,195	-	-	-	6,322	2,722	46,200	
8	Fredsfors 14	Karlsbodavägen 39-41	Stockholm	1995 1960	11,128	-	3,419	-	-	5	14,552	7,073	115,971	
19	Hästholmen 2	Ekholmsvägen 23	Stockholm	1995 1985	1,220	-	-	-	-	-	1,220	1,839	8,878	S
21	Läkaren 10	Torsg 12-14, Kammarkarg 74, Dalag 7	Stockholm	2016 1989	31,496	1,680	-	-	663	5,318	39,157	8,920	1,108,200	U
15	Marievik 27	Årstaängsv 17-19	Stockholm	2015 1956	10,390	1,175	31	-	-	-	11,596	2,747	222,000	U
109	Rosteriet 5	Lövholmsvägen 9, Trekantsvägen 9	Stockholm	2012 1956	3,270	-	-	-	-	-	3,270	2,390	46,200	S
60	Sandhagen 6	Slakthusgatan 9	Stockholm	2001 1967	1,531	-	2,659	-	-	-	4,190	1,728	15,464	S
22	Tjurhornet 15	Huddinge v 103-109	Stockholm	1995 1986	19,239	575	3,875	-	-	30	23,719	13,314	266,561	
10	Vallonsmidet 8	Gårdsfogdevägen 1-7	Stockholm	1995 1963/1992	13,650	2,571	6,792	-	-	10	23,023	29,425	171,400	
138	Boländerna 28:4 A	Verkstadsgatan 11	Uppsala	2003 2002	2,124	-	-	-	-	-	2,124	4,500	23,200	
6	Boländerna 5:12	Fälhagsleden 51	Uppsala	2010 1983/1996	7,144	-	209	286	-	-	7,639	15,251	49,272	U
74	Boländerna 9:1	Märstagatan 2	Uppsala	2008 1946/2005	1,578	128	466	-	-	100	2,272	2,890	-	
77	Dragarbrunn 16:2	Dragarbrunns Torg 2-6/Klosterg 13-15	Uppsala	2004 1963	3,766	1,943	571	-	-	304	6,584	2,209	136,000	
146	Dragarbrunn 16:6	Kungsgatan 41	Uppsala	2018 1964	1,502	1,275	66	-	-	1,424	4,267	1,283	59,000	

Note: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Stockholm by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises							Total	Site sq.m.	Tax assess- ment value	Note
					Office	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other					
79	Dragarbrunn 20:2	Kungsgatan 43/ St Persgatan 17	Uppsala	1999 1963	2,501	737	-	-	-	58	3,296	921	-		
83	Dragarbrunn 20:4	Dragarbrunnsg 34	Uppsala	2010 2010/2014	9,556	2,921	35	-	1,305	421	14,238	4,472	275,200		
123	Kungsängen 35:3	Kungsgatan 76	Uppsala	1998 2001	3,030	-	-	-	-	-	3,030	4,547	32,234		
126	Årsta 36:2	Möllersvärdsgatan 12	Uppsala	1995 1978/1989	1,538	-	715	570	-	30	2,853	5,143	19,816		
132	Årsta 74:3	Axel Johanssons Gata 4-6	Uppsala	1995 1990	13,979	238	127	-	-	1,192	15,536	17,212	114,000	U	
133	Årsta 78:1	Fyrislundsgatan 73	Uppsala	2011 2000	2,838	-	-	-	-	-	2,838	4,156	20,200		
<b>Total office</b>					<b>226,240</b>	<b>20,745</b>	<b>24,074</b>	<b>856</b>	<b>1,968</b>	<b>9,677</b>	<b>283,560</b>	<b>185,182</b>	<b>3,958,259</b>		
<b>Public sector properties</b>															
33	Ekstubben 25	Djupdalsvägen 24-26	Sollentuna	2011 1987/1988	1,050	-	-	-	-	-	1,050	534	-		
25	Getholmen 1	Ekholmsvägen 32-36	Stockholm	1998 1982	5,854	-	2,244	-	-	-	8,098	4,717	62,800	S	
18	Getholmen 2	Måsholmstorget 1-13	Stockholm	1995 1990	5,253	-	468	-	-	-	5,721	3,195	48,400	S	
12	Hornsberg 10	Lindhagensgatan 133	Stockholm	2015 1985	9,979	390	888	3,840	-	10	15,107	4,578	255,982		
117	Isotopen 1	Solnavägen 1/Norra Stationsgatan 86-90	Stockholm	2017 2016	18,795	1,598	-	-	-	2,319	22,712	25,500	490,000		
20	Klassföre- ståndaren 3	Torsgatan 11-13, Lilla Bantorget 15	Stockholm	2016 2008	13,322	-	-	-	-	87	13,409	3,389	659,000		
23	Mandelblomman 15	Avestagatan 29/ Kronofogdevägen 56	Stockholm	1995 1950/1990	3,321	-	294	-	-	6	3,621	4,364	21,261	U	
29	Råsten 4	Råstensg 1/Stureg 10	Sundbyberg	2007 1929/2001	2,700	-	-	-	-	-	2,700	1,111	40,600		
135	Boländerna 11:5	Märstagatan 7	Uppsala	2011 1975	2,992	-	-	1,550	-	-	4,542	4,346	-	U	
9	Boländerna 8:11	Bergsbrunnagatan 15	Uppsala	2008 1975	2,114	-	5,736	-	-	-	7,850	11,535	16,853		
7	Boländerna 8:6	Knivstagatan 6	Uppsala	2008 1990	2,431	-	-	-	-	18	2,449	3,806	19,318		
124	Kvarngärdet 64:3	Sportfältsvägen 3	Uppsala	1996 1991	2,024	-	-	-	-	15	2,039	2,955	-		
<b>Total public sector properties</b>					<b>69,835</b>	<b>1,988</b>	<b>9,630</b>	<b>5,390</b>	<b>0</b>	<b>2,455</b>	<b>89,298</b>	<b>70,030</b>	<b>1,614,214</b>		
<b>Warehouse/logistics</b>															
96	Kumla Hage 13	Kumla Gårdsväg 24 C	Botkyrka	1995 1990	-	-	1,630	-	-	-	1,630	3,258	8,151		
95	Kumla Hage 3	Kumla Gårdsväg 24 A-B	Botkyrka	1995 1985	-	-	1,889	-	-	-	1,889	3,959	8,370		
98	Saltmossen 3	Kumla Gårdsväg 21	Botkyrka	1995 1983/1986	1,054	-	23,590	2,453	-	-	27,097	57,214	151,801		
110	Segersby 1	Kumla Gårdsväg 10	Botkyrka	2012 1976	325	-	3,384	8,310	-	-	12,019	24,104	45,304		
13	Dumpern 7	Speditionsvägen 36	Huddinge	2014 2009	-	-	6,792	-	-	-	6,792	12,035	36,605		
14	Kranbilen 2	Lyftkransvägen 11	Huddinge	2015 -	-	-	-	8,974	-	-	8,974	17,066	43,000		
102	Veddesta 1:9	Fakturavägen 2	Järfälla	2007 1965	-	-	286	1,901	-	-	2,187	3,731	19,131		
85	Veddesta 2:19	Girovägen 9	Järfälla	1995 1964	-	-	2,556	-	-	-	2,556	10,000	16,067		
86	Veddesta 2:21	Nettovägen 5	Järfälla	1995 1965/1988	460	-	1,495	-	-	-	1,955	5,000	9,705		
87	Veddesta 2:26	Nettovägen 11	Järfälla	1995 1968	465	190	2,288	-	-	-	2,943	7,000	15,224		
88	Veddesta 2:49	Girovägen 11	Järfälla	2010 1981	-	-	1,325	2,379	-	-	3,704	9,250	22,281	S	
89	Veddesta 2:50	Kontovägen 7/ Veddestavägen 23-25	Järfälla	1995 1964	1,339	-	2,893	565	-	-	4,797	21,889	32,164	U	
90	Veddesta 2:60	Fakturavägen 4	Järfälla	2007 1987	175	-	140	644	-	-	959	1,099	4,561	S	
91	Veddesta 2:68	Fakturavägen 6	Järfälla	2012 1990	210	-	-	2,658	-	-	2,868	2,801	13,136		
92	Veddesta 2:77	Fakturavägen 1-3	Järfälla	2007 1994/1997	-	-	7,339	-	-	-	7,339	14,857	47,040		
72	Rosersberg 11:130	Metallvägen	Sigtuna	2015 -	-	-	12,167	-	-	-	12,167	23,315	20,800		
81	Rosersberg 11:34	Tallbacksgatan 14	Sigtuna	1996 1987/1990	464	-	35,903	-	-	-	36,367	92,299	189,828		
114	Rosersberg 11:94	Skansvägen 25	Sigtuna	2014 2008	-	-	9,353	-	-	-	9,353	19,971	61,400		
108	Elementet 3	Bäckvägen 20	Sollentuna	2012 1963	722	-	1,222	799	-	-	2,743	2,624	13,769		
76	Elementet 4	Bäckvägen 18	Sollentuna	1995 1960	1,084	245	9,812	-	-	-	11,141	18,469	56,325		
56	Charkuteristen 5	Hallvägen 21	Stockholm	2001 1955	1,520	-	5,524	-	-	-	7,044	4,213	11,348	S	
58	Charkuteristen 8	Slakthusgatan 22	Stockholm	2001 1968	548	-	4,667	-	-	-	5,215	2,582	16,793	S	
66	Dagskiftet 4	Elektravägen 10	Stockholm	2007 1945	252	-	1,406	-	-	-	1,658	1,892	7,871	S	
63	Domnarvet 28	Fagerstagatan 19 C	Stockholm	2010 1986	-	-	-	3,720	-	-	3,720	7,272	20,064	S	
27	Domnarvet 39	Gunnebogatan 24-26	Stockholm	1995 1989	1,408	-	1,303	-	-	-	2,711	1,940	17,646	S	
61	Domnarvet 4	Domnarvsgatan 27-29	Stockholm	1995 1987	1,486	-	5,829	-	-	436	7,751	8,605	37,200	S	
67	Elektra 3	Västbergavägen 25	Stockholm	1995 1946	1,076	280	7,008	-	-	-	8,364	10,106	39,962		

Note: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region Stockholm by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Ware-house/ Logistics	Light industry	Residential	Other				
69	Furudal 4	Fagerstagatan 10 C	Stockholm	2010 2008	-	-	-	1,237	-	-	1,237	2,051	9,506	S
68	Godståget 1	Transportvägen 7-9	Stockholm	1995 1985	1,819	-	11,240	70	-	5	13,134	31,392	107,976	
70	Lagerhallen 2	Brunnby 2-4/ Partihandlarv 27-45	Stockholm	2004 1975	2,842	-	7,185	-	-	3,505	13,532	9,512	57,200	S
64	Mandelblomman 16	Kronofogdevägen 62	Stockholm	2007 1974	710	-	2,239	1,095	-	-	4,044	4,125	15,650	U
16	Marievik 30	Årstaängsvägen 17-19	Stockholm	2015 -	-	-	22	-	-	1,599	1,621	1,883	11,400	
71	Ostmästaren 2	Ostmästargränd 4	Stockholm	2012 1980	-	-	-	3,292	-	-	3,292	5,915	22,000	S
65	Stensätra 7	Strömsättravägen 16	Stockholm	1999 1974	-	-	5,288	-	-	-	5,288	10,212	24,292	S
134	Boländerna 11:2 & 11:3	Märstagatan 3-5/ Pustbygatan 6-8	Uppsala	2017 1981	6,068	675	5,434	-	-	-	12,177	-	41,327	U
125	Söderhällby 2:1	Pustgatan 5/ Reprogratan 19	Uppsala	2016 2018	-	-	5,963	-	-	-	5,963	-	-	U
<b>Total warehouse/logistics</b>					<b>24,027</b>	<b>1,390</b>	<b>187,172</b>	<b>38,097</b>	<b>0</b>	<b>5,545</b>	<b>256,231</b>	<b>451,641</b>	<b>1,254,897</b>	
<b>Retail</b>														
94	Hantverkaren 2	Hantverkärvägen 9	Botkyrka	1995 1976/1979	-	-	-	5,850	-	-	5,850	11,672	24,497	
37	Altartorget 22	Jägerhornsväg 6	Huddinge	1996 1986	810	1,267	630	-	-	-	2,707	5,766	36,600	S
38	Altartorget 23	Jägerhornsväg 8	Huddinge	1996 1987	1,741	2,471	-	-	-	-	4,212	5,755	60,000	S
39	Arrendatorn 15	Jägerhornsväg 3-5	Huddinge	2001 1987	490	625	210	-	-	-	1,325	2,422	10,700	
40	Arrendatorn 16	Jägerhornsväg 1	Huddinge	1995 1987	440	747	318	-	-	-	1,505	2,803	12,786	
116	Myren 9	Smista Allé	Huddinge	2011 2015	-	589	-	-	-	-	589	12,035	5,112	
97	Slipstegen 1	Fräsarvägen 19/ Slipstensvägen 4-8	Huddinge	2012 2006	-	2,808	-	-	-	-	2,808	11,442	17,569	
113	Spejaren 3	Smista Allé	Huddinge	1997 2014	-	-	-	6,793	-	-	6,793	5,349	36,600	
26	Spejaren 5	Smista Allé	Huddinge	1997 -	-	-	-	3,501	-	5	3,506	6,809	2,800	
35	Varpen 10	Smista Allé 36	Huddinge	1997 2016	3,636	-	-	-	-	-	3,636	5,715	7,840	
42	Varpen 11 A	Smista Allé 36	Huddinge	1997 2009	-	-	-	11,950	-	-	11,950	6,082	60,200	
36	Varpen 11 B	Smista Allé 36	Huddinge	1997 -	-	-	-	5,555	-	-	5,555	6,900	10,946	
44	Varpen 8	Smista Allé 32	Huddinge	1997 2010	-	-	-	2,622	-	-	2,622	3,100	-	
45	Visiret 2 A	Smista Allé 44	Huddinge	2004 2004	-	-	-	2,690	-	-	2,690	4,890	18,265	
115	Visiret 2 D	Smista Allé	Huddinge	1997 2013	-	-	-	-	-	12,357	12,357	5,000	33,035	
47	Visiret 2 F	Smista Allé 38-50	Huddinge	1997 2009	-	-	-	4,895	-	-	4,895	8,241	32,600	
46	Visiret 3 A	Smista Allé 42	Huddinge	1997 2006	-	-	-	7,545	-	-	7,545	3,122	50,600	
48	Visiret 3 B	Smista Allé 42	Huddinge	1997 2017	-	-	-	2,082	-	-	2,082	13,747	5,200	
49	Visiret 4	Smista Allé	Huddinge	1997 2017	-	-	-	851	-	-	851	2,566	4,310	
84	Veddesta 2:17	Nettovägen 9	Järfälla	2006 1968	-	1,338	-	-	-	-	1,338	5,350	7,527	
50	Veddesta 2:22	Nettovägen 7	Järfälla	1995 1965/1975	508	-	-	-	-	-	508	1,782	2,973	
78	Tidskriften 2	Kuskvägen 2	Sollentuna	1997 1976	1,235	2,894	11,086	-	-	-	15,215	18,203	64,341	
3	Betongblandaren 10	Archimedesv 1-3/ Gårdsfogdev 8-10	Stockholm	2005 1975/1996	1,750	10,437	2,222	-	-	-	14,409	15,170	131,000	
57	Charkuteristen 6	Slakthusgatan 20	Stockholm	2001 1955	-	1,066	1,269	180	-	-	2,515	1,665	8,034	S
137	Boländerna 28:3	Stångjärnsgatan 10	Uppsala	2000 1971	-	24,706	1,064	-	-	-	25,770	64,871	256,600	U
139	Boländerna 28:4 B	Stångjärnsgatan 8B	Uppsala	2003 1987	-	4,100	-	-	-	-	4,100	10,981	42,408	U

Note: S=Site leasehold L=Lease U=Unutilized building right

## THE FIVE LARGEST PROPERTY OWNERS

Stockholm County	Taxed area, 000 sq. m.	Uppsala	Taxed area, 000 sq. m.
Vasakronan	1,395	Vasakronan	183
Fabege	1,143	Castellum	167
FastPartner	749	Klövern	120
Klövern	721	Atrium Ljungberg	80
Castellum	672	Skandia	64

Source: Datcha, and their information regarding rental properties (excluding housing) and warehouse/logistics and industrial properties (excluding housing, medical and school properties) owned as of December 31, 2018, taxed area. Municipal and state-owned companies and government institutions have been excluded. The following municipalities are included in the Greater Stockholm: Botkyrka, Huddinge, Järfälla, Nacka, Sigtuna, Sollentuna, Solna, Stockholm and Upplands Väsby.

Castellum's property portfolio in Region Stockholm by category and property, Dec 31, 2018, cont.

No.	Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Warehouse/ Logistics	Light industry	Residential	Other				
140	Boländerna 35:1	Bolandsgatan 18	Uppsala	2006 2006	-	8,466	-	-	-	250	8,716	26,193	71,018	U
141	Boländerna 35:2	Bolandsgatan 20	Uppsala	1995 1981	-	9,085	-	-	-	-	9,085	9,600	31,567	U
142	Boländerna 36:2	Danmarksgatan 20	Uppsala	2011 1982	360	1,581	396	-	-	100	2,437	3,204	16,400	
93	Dragarbrunn 19:1	Stora Torget 8-12	Uppsala	2018 1883/2010	582	2,041	307	-	-	34	2,964	1,755	39,786	
129	Årsta 67:1	Stålgatan 8-12	Uppsala	1995 1988	187	10,315	515	417	-	-	11,434	31,608	85,951	
131	Årsta 74:1	Fyrislundsgatan 68	Uppsala	1999 1985	1,028	5,840	25	-	-	6	6,899	15,268	51,400	
<b>Total retail</b>					<b>12,767</b>	<b>90,376</b>	<b>18,042</b>	<b>54,931</b>	<b>0</b>	<b>12,752</b>	<b>188,868</b>	<b>329,066</b>	<b>1,238,665</b>	
<b>Light industry</b>														
112	Palissaden 4	Smista Allé 30	Huddinge	1997 2013	-	-	-	2,198	-	-	2,198	3,285	17,885	
52	Veddesta 2:58	Fakturavägen 5	Järfälla	2007 1985/1995	980	-	-	-	-	-	980	2,452	6,666	
106	Elektronen 1	Hovslagarevägen 5	Sollentuna	2012 1957/1987	261	-	-	2,112	-	-	2,373	3,639	11,278	
107	Elektronen 4	Hovslagarev 3A-B	Sollentuna	2012 1958/1992	855	-	1,259	1,710	-	-	3,824	5,273	19,255	
62	Domnarvet 27	Fagerstagatan 19 B	Stockholm	1995 1982	-	-	-	1,970	-	-	1,970	4,337	11,665	S
136	Boländerna 12:1	Danmarksgatan 24	Uppsala	2011 1979	1,879	-	6,770	1,873	-	-	10,522	14,136	41,084	
122	Husbyborg 1:83	Gamla Börjevägen 4	Uppsala	2008 1972/1988	81	210	1,079	6,643	-	-	8,013	14,543	56,352	U
127	Årsta 36:7	Hanselligatan 6	Uppsala	2007 1986	-	-	2,271	-	-	-	2,271	3,358	13,526	
128	Årsta 38:1	Möllersvärdsgatan 5	Uppsala	1995 1979	755	-	910	1,295	-	-	2,960	8,572	18,160	U
130	Årsta 72:3	Svederusgatan 1-4	Uppsala	1997 1990	1,620	720	2,458	3,331	-	337	8,466	10,792	43,149	
<b>Total light industry</b>					<b>6,431</b>	<b>930</b>	<b>14,747</b>	<b>21,132</b>	<b>0</b>	<b>337</b>	<b>43,577</b>	<b>70,387</b>	<b>239,020</b>	
<b>Developments</b>														
17	Spejaren 4	Smista Allé	Huddinge	1997 -	-	-	-	-	-	-	-	16,376	41,300	
118	Sabbatsberg 24	Torsgatan 22, 24, 26, 28, 30	Stockholm	2017 1906	13,629	-	-	-	-	87	13,716	6,148	232,000	U
119	Kungsängen-Tibble 1:647	Mätarvägen 9	Upplands-Bro	2017 -	-	-	-	-	-	-	-	-	-	
111	Örnäs 1:17	Mätarvägen 45	Upplands-Bro	2016 -	-	-	-	-	-	-	-	132,165	52,000	U
121	Dragarbrunn 21:1	S:t Persgatan 21	Uppsala	2012 1970	6,027	-	877	-	-	229	7,133	4,747	10,012	
<b>Total developments</b>					<b>19,656</b>	<b>0</b>	<b>877</b>	<b>0</b>	<b>0</b>	<b>316</b>	<b>20,849</b>	<b>159,436</b>	<b>335,312</b>	
<b>Undeveloped land</b>														
104	Smista Park	Smista Allé	Huddinge	2011 -	-	-	-	-	-	-	-	30,955	-	
59	Linde Torp 8	Bolidenvägen 8-10	Stockholm	1995 -	-	-	-	-	-	-	-	5,537	4,850	U
73	Vallonsmidet 11	Gårdsfogdevägen 1-7	Stockholm	1995 -	-	-	-	-	-	-	-	-	8,200	U
120	Kungsängen-Tibble 1:648	Mätarvägen 17	Upplands-Bro	2017 -	-	-	-	-	-	-	-	-	-	
131	Örnäs 1:28	Mätarvägen 45	Upplands-Bro	2016 -	-	-	-	-	-	-	-	-	-	
132	Örnäs 1:29	Mätarvägen 45	Upplands-Bro	2016 -	-	-	-	-	-	-	-	-	-	
145	Örnäs 1:30	Mätarvägen 45	Upplands-Bro	2016 -	-	-	-	-	-	-	-	-	-	
<b>Total undeveloped land</b>					<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,492</b>	<b>13,050</b>	
<b>Total Region Stockholm</b>					<b>358,956</b>	<b>115,429</b>	<b>254,542</b>	<b>120,406</b>	<b>1,968</b>	<b>31,082</b>	<b>882,383</b>	<b>1,302,234</b>	<b>8,653,417</b>	

Note: S=Site leasehold L=Lease U=Unutilized building right

## RENTAL LEVELS AND INVESTMENT YIELD

		Stockholm		Uppsala	
		Rent, SEK/sq. m.	Yield	Rent, SEK/sq. m.	Yield
Office	Prime location	2,200-6,750	3.25%-4.25%	1,850-3,000	4.75%-5.50%
	Secondary location	1,600-2,400	4.60%-5.00%	1,300-1,800	5.70%-6.20%
Retail	Prime location	4,500-13,000	3.50%-4.25%	1,900-5,000	4.80%-5.70%
	Secondary location	3,000-7,000	4.60%-5.00%	1,300-1,700	5.50%-6.00%
Warehouse/ Logistics	Prime location	800-1,500	5.50%-6.25%	750-1,000	5.90%-6.70%
	Secondary location	625-1,100	6.15%-7.50%	700-1,000	6.15%-7.00%

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum and Castellum.

# Region North

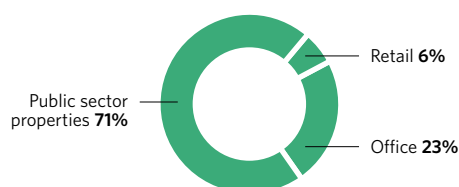
## CASTELLUM'S PROPERTY PORTFOLIO IN REGION NORTH BY CATEGORY AND AREA, DEC 31, 2018

	No. of properties	Area, 000 sq. m.	Rental value, MSEK	Rental value SEK/sq. m.	Economic occupancy rate	Rental income, MSEK	Property costs, MSEK	Property costs, SEK/sq. m.	Net operating income, MSEK
<b>Office</b>									
Gävle	2	5	7	1,459	99.6%	7	2	439	5
Sundsvall	9	60	96	1,594	85.5%	82	23	370	59
<b>Total office</b>	<b>11</b>	<b>65</b>	<b>103</b>	<b>1,584</b>	<b>86.5%</b>	<b>89</b>	<b>25</b>	<b>375</b>	<b>64</b>
<b>Public sector properties</b>									
Gävle	10	100	143	1,441	95.1%	136	30	303	106
Sundsvall	4	77	135	1,745	97.9%	132	26	332	106
<b>Total public sector properties</b>	<b>14</b>	<b>177</b>	<b>278</b>	<b>1,574</b>	<b>96.5%</b>	<b>268</b>	<b>56</b>	<b>316</b>	<b>212</b>
<b>Retail</b>									
Sundsvall	3	17	27	1,597	88.0%	24	8	466	16
<b>Total retail</b>	<b>3</b>	<b>17</b>	<b>27</b>	<b>1,597</b>	<b>88.0%</b>	<b>24</b>	<b>8</b>	<b>466</b>	<b>16</b>
<b>Total</b>	<b>28</b>	<b>259</b>	<b>408</b>	<b>1,578</b>	<b>93.4%</b>	<b>381</b>	<b>89</b>	<b>341</b>	<b>292</b>
Undeveloped land	2	-	-	-	-	-	-	-	-
<b>Total</b>	<b>30</b>	<b>259</b>	<b>408</b>	<b>-</b>	<b>-</b>	<b>381</b>	<b>89</b>	<b>-</b>	<b>292</b>

## KEY PROPERTY METRICS

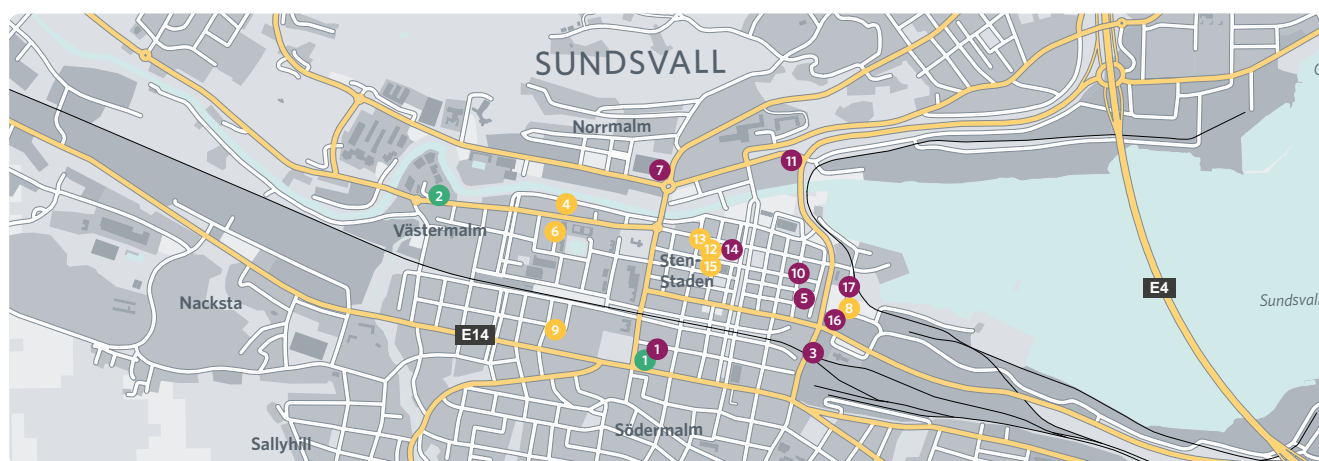
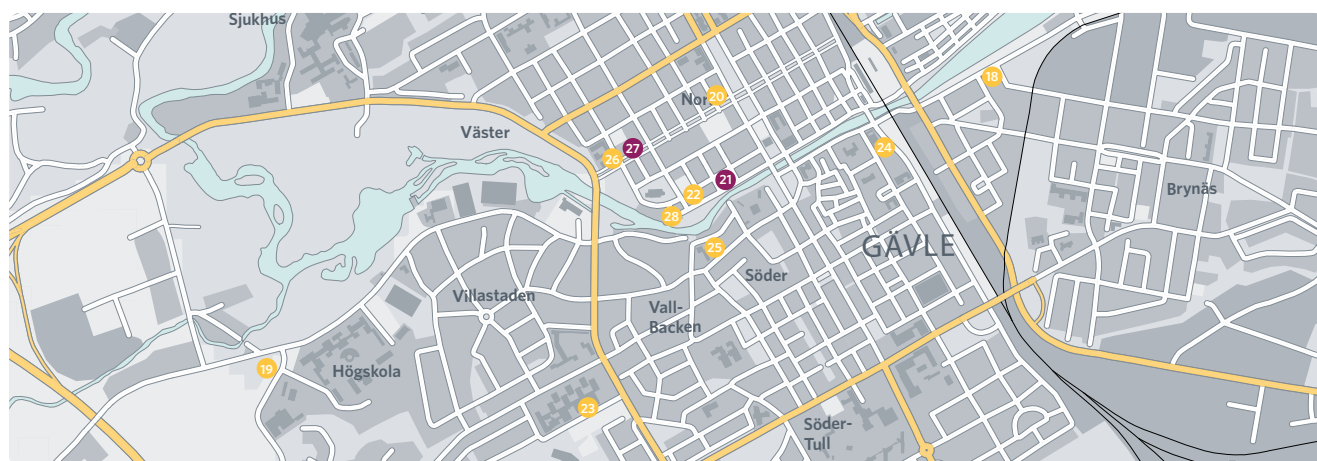
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Rental value, SEK/sq. m.	1,578	1,536	1,501	-	-	-	-	-	-	-
Economic occupancy rate	93.4%	93.9%	93.2%	-	-	-	-	-	-	-
Property costs, SEK/sq. m.	341	355	483	-	-	-	-	-	-	-
Net operating income, SEK/sq. m.	1,133	1,088	916	-	-	-	-	-	-	-
No. of properties	30	30	29	-	-	-	-	-	-	-
Leasable area, 000 sq. m.	259	259	259	-	-	-	-	-	-	-

### PROPERTY VALUE BY CATEGORY



### PROPERTY VALUE BY AREA





● Public sector property 
 ● Light industry 
 ● Warehouse/logistics 
 ● Retail 
 ● Office 
 ● Developments and land

### CASTELLUM'S PROPERTY PORTFOLIO IN REGION NORTH BY CATEGORY AND AREA, DEC 31, 2018

No. Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises							Total	Site sq.m.	Tax ass- essment value	Note
				Office	Retail	Ware- house/ Logistics	Light industry	Resi- dential	Other					
<b>Office</b>														
21 Norr 38:3	Kyrkog 10-12, Norra Strandg 9, Skeppsg 2	Gävle	2016 1940/1992	2,433	-	66	-	-	238	2,737	2,044	26,177		
27 Väster 27:1	Nyg 3, Vågskrivareg 5	Gävle	2016 1897/1983	2,058	-	-	-	-	133	2,191	2,977	19,460	U	
1 Borgaren 3	Södra järnväggsgatan 35, 37-39	Sundsvall	2016 1992/1932	5,122	-	-	-	708	155	5,985	3,895	41,433	U	
3 Byggmästaren 2	Landsvägsallén 4	Sundsvall	2016 1954/2005	6,751	-	-	-	-	332	7,083	5,850	52,271		
5 Hercules 2, 8, 9	Rådhusgatan 3, etc.	Sundsvall	2016 1979/1995	3,762	55	-	-	373	43	4,233	921	32,152		
7 Idrottsparken 2, 3	Universitetsallén 2-8	Sundsvall	2016 2002	8,537	-	-	-	-	55	8,592	3,100	85,328		
10 Neptunus 5	Kyrkogatan 3	Sundsvall	2016 1967	5,779	-	-	-	-	168	5,947	1,713	-		
11 Notvarpet 8	Skepparplatsen 1	Sundsvall	2016 1959/1995	8,122	-	-	-	-	-	8,122	13,519	50,800	U	
14 Olympen 4	Storgatan 22, etc.	Sundsvall	2016 1975/1999	5,906	3,279	227	-	-	236	9,648	3,078	79,200		
16 Stuvaren 1	Stuvarvägen 5-17	Sundsvall	2016 1960/1988	4,476	1,386	251	-	-	273	6,386	8,215	46,800		
17 Tullpaviljongen 1	Stuvarg 25, Stuvarv 27	Sundsvall	2016 1999/2005	4,265	-	-	-	-	112	4,377	-	49,400	U	
<b>Total office</b>				<b>57,211</b>	<b>4,720</b>	<b>544</b>	<b>0</b>	<b>1,081</b>	<b>1,745</b>	<b>65,301</b>	<b>45,312</b>	<b>483,021</b>		

Note: S=Site leasehold L=Lease U=Unutilized building right

Castellum's property portfolio in Region North by category and area, Dec 31, 2018

No. Property	Street address	Municipality	Year Built/ acquired reconstr.	Square metres per type of premises								Total	Site sq.m.	Tax assessment value	Note
				Office	Retail	Ware-house/ Logistics	Light industry	Residential	Other						
<b>Public sector properties</b>															
18 Brynäs 17:1	Södra Skeppsbron 18, Södra Sjötullsg 1-3	Gävle	2016 1976/1989	8,147	-	54	-	-	654	8,855	12,000	-			
- Kubbo 15:1	Kubbostigen 8	Gävle	2016 1975	-	-	325	-	-	-	325	14,695	328			
19 Kungsbäck 2:18	Kungsbäcksvägen 51	Gävle	2016 2010	3,609	-	-	-	-	98	3,707	7,372	-			
20 Norr 15:7	Kungsgatan 11-13, Nygatan 25	Gävle	2016 1891/1978	9,853	1,082	167	-	2,021	662	13,785	4,389	115,000			
22 Norr 47:7	Kyrkogatan 4	Gävle	2016 1972	4,838	-	15	-	-	321	5,174	6,480	39,000	U		
23 Olsbacka 45:6	Lantmäterigatan 2-4, Bobergsplan 3	Gävle	2016 1975/1993	34,483	734	-	-	-	-	35,217	31,619	233,000			
24 Söder 17:10	Södra Centralg 1-3	Gävle	2016 1971/2007	9,869	-	-	-	-	1,560	11,429	6,759	64,200			
25 Söder 6:5	Borgmästarplan	Gävle	2016 1955/1967	8,245	-	-	-	-	101	8,346	6,536	49,600			
26 Väster 26:1	Skomakargatan 1	Gävle	2016 1979/1983	9,814	485	172	-	-	728	11,199	5,633	80,000			
28 Väster 32:3	Kaplansgatan 1	Gävle	2016 1900/1950	1,245	-	-	-	-	-	1,245	1,683	10,163			
4 Guldsmeden 15	Storgatan 50	Sundsvall	2016 1970/2004	5,441	-	33	-	-	96	5,570	2,015	36,000			
6 Hovrätten 2	Storgatan 37-39, etc.	Sundsvall	2016 1974/2004	30,581	-	-	-	-	185	30,766	11,843	154,133			
8 Järnvägsstationen 2	Stuvarvägen 21	Sundsvall	2016 2008	11,008	-	-	-	-	44	11,052	4,958	151,200			
9 Måsen 14	Västra Långg 42, 45, Södra Järnvägsg 41	Sundsvall	2016 1978/2002	28,161	-	12	-	-	1,584	29,757	28,415	212,408			
12 Nyttan 3, 6	Torgg 6-8, Kyrkog 18, Storg 17	Sundsvall	2016 1899/1967	1,447	2,341	-	-	1,881	8	5,677	1,756	61,266			
13 Nyttan 7	Storgatan 21, etc.	Sundsvall	2016 1892/1960	2,088	3,019	-	-	2,163	172	7,442	2,168	112,200			
15 Stadshuset 2	Kyrkog 19, Rådhusg 22	Sundsvall	2016 1868	900	2,899	-	-	-	56	3,855	2,620	18,200			
<b>Total public sector properties</b>				<b>169,729</b>	<b>10,560</b>	<b>778</b>	<b>0</b>	<b>6,065</b>	<b>6,269</b>	<b>193,400</b>	<b>150,941</b>	<b>1,336,698</b>			
<b>Undeveloped land</b>															
1 Borgaren 6	Södra järnvägsgatan 35, 37-39	Sundsvall	2016 -	-	-	-	-	-	-	-	-	-	2,217		
2 Brohuvudet 13, 15, 16	Storgatan 74	Sundsvall	2016 -	-	-	-	-	-	-	-	1,476	968	U		
<b>Total undeveloped land</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,476</b>	<b>3,185</b>			
<b>Total Region North</b>				<b>226,940</b>	<b>15,280</b>	<b>1,322</b>	<b>0</b>	<b>7,146</b>	<b>8,014</b>	<b>258,701</b>	<b>197,729</b>	<b>1,822,904</b>			

Note: S=Site leasehold L=Lease U=Unutilized building right

### THE FIVE LARGEST PROPERTY OWNERS

Sundsvall		Taxed area, 000 sq. m.	Gävle		Taxed area, 000 sq. m.
Diös		191	Diös		174
Castellum		149	FastPartner		114
NP3 Fastigheter		119	Castellum		93
Hemfosa		65	CBRE		77
Hedern Fastigheter		48	NP3 Fastigheter		66

Source: Datcha, and their information regarding rental properties (excluding housing) and warehouse/logistics and industrial properties (excluding housing, medical and school properties) owned as of December 31, 2018, taxed area. Municipal and State-owned companies and government institutions have been excluded.

### RENTAL LEVELS AND INVESTMENT YIELD

		Sundsvall		Gävle	
		Rent, SEK/sq. m.	Yield	Rent, SEK/sq. m.	Yield
Office	Prime location	1,100-2,000	5.50%-6.75%	1,000-1,850	5.55%-6.75%
	Secondary location	900-1,500	6.25%-7.25%	800-1,600	6.25%-8.00%
Retail	Prime location	1,550-3,250	5.90%-6.50%	1,900-3,900	5.60%-6.60%
	Secondary location	1,050-2,400	6.10%-7.35%	800-2,500	6.10%-8.00%
Warehouse/ Logistics	Prime location	550-1,000	6.50%-7.30%	500-800	6.50%-7.50%
	Secondary location	480-825	7.00%-8.25%	400-700	6.80%-8.25%

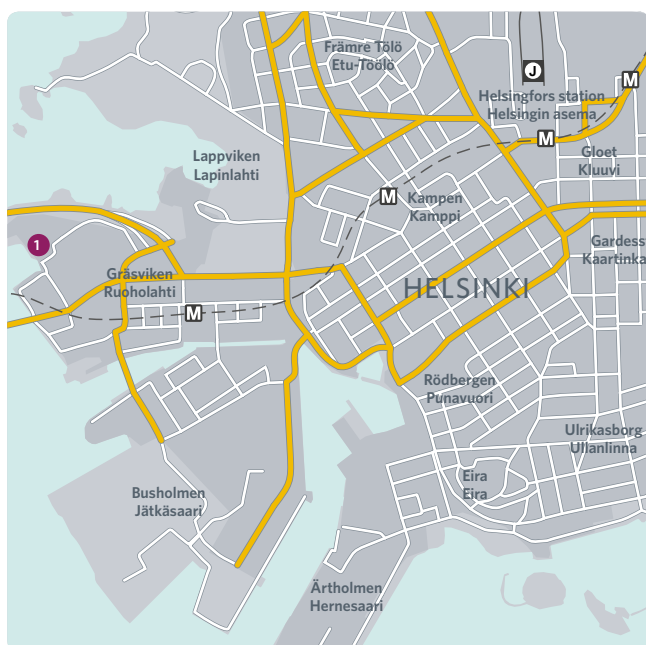
Office and retail refer to rent incl. media, but excl. additions for property tax. Source: Forum and Castellum.



# Region Finland

## CASTELLUM'S PROPERTY PORTFOLIO IN REGION FINLAND BY CATEGORY AND AREA, DEC 31, 2018

	No. of properties	Area, 000 sq. m.	Rental value, MSEK	Rental value SEK/sq. m.	Economic occupancy rate	Rental income, MSEK	Property costs, MSEK	Property costs, SEK/sq. m.	Net operating income, MSEK
<b>Office</b>									
Helsinki	1	14	52	3,577	99.6%	51	11	804	40
<b>Total office</b>	<b>1</b>	<b>14</b>	<b>52</b>	<b>3,577</b>	<b>99.6%</b>	<b>51</b>	<b>11</b>	<b>804</b>	<b>40</b>
<b>Total</b>	<b>1</b>	<b>14</b>	<b>52</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>11</b>	<b>-</b>	<b>40</b>



● Office

### KEY PROPERTY METRICS

	2018
Rental value, SEK/sq. m.	3,577
Economic occupancy rate	99.6%
Property costs, SEK/sq. m.	804
Net operating income, SEK/sq. m.	2,759
No. of properties	1
Leasable area, 000 sq. m.	14

### RENTAL LEVELS AND INVESTMENT YIELD

		Helsinki	
		Rent, SEK/sq. m.	Yield
Office	Prime location	3,750-4,000	3.60%-4.00%
	Secondary location	3,000-3,500	4.75%-5.25%
Retail	Prime location	14,000-17,000	4.00%-4.50%
	Secondary location	8,000-12,000	5.00%-5.75%
Warehouse/Logistics	Prime location	900-1,000	5.75%-6.50%
	Secondary location	650-700	6.50%-7.50%

Office and retail refer to rent incl. media, but excl. additions for property tax. Source: JLL, KTI and Castellum

## CASTELLUM'S PROPERTY PORTFOLIO IN REGION FINLAND BY CATEGORY AND AREA, DEC 31, 2018

No. Property	Street address	Municipality	Year acquired	Built/reconst.	Square metres per type of premises							Site sq.m.	Tax assessment value	Note
					Office	Retail	Warehouse/Logistics	Light industry	Residential	Other	Total			
<b>Office</b>														
1	Salmisaarenaukio 1	Helsinki	2018	2007	14,433	-	-	-	-	-	14,433	3,309	272,957	
<b>Total office</b>					<b>14,433</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,433</b>	<b>3,309</b>	<b>272,957</b>	
<b>Total Region Finland</b>					<b>14,433</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,433</b>	<b>3,309</b>	<b>272,957</b>	

Note: S=Site leasehold L=Lease U=Unutilized building right

### THE FIVE LARGEST PROPERTY OWNERS

Helsinki	Value, EUR billion
Sponda (Polar Bidco)	-3.9
Ilmarinen	-2.9
Varma	-2.8
OP Group	-2.6
LocalTapiola Group	-2.5

Source: KTI. Purely residential players excluded.

### PROPERTY VALUE BY CATEGORY



### PROPERTY VALUE BY AREA



# Properties sold in 2018

Property	Street address	Municipality	Year acquired	Built/reconst.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Ware-house/ Logistics	Light industry	Residential	Other				
<b>Region Öresund</b>														
Vikingen 6	Mariagatan 10/ Södra Kyrkogatan 11	Helsingborg	1995	1878/1984	535	159	-	-	-	-	694	275	7,040	
Vikingen 12	Lilla Strandgatan 7/ Södra Kyrkogatan 7	Helsingborg	1995	1912/1988	625	-	-	-	-	600	1,225	414	15,940	
<b>Total Region Öresund</b>					<b>1,160</b>	<b>159</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600</b>	<b>1,919</b>	<b>689</b>	<b>22,980</b>	
<b>Region West</b>														
Bulten 6	Bultgatan 1	Alingsås	2007	1985/1990	-	-	2,600	760	-	-	3,360	19,559	11,542	U
Filaren 1	Sveagatan 10	Alingsås	1995	1958/1968	3,576	1,520	158	-	-	408	5,662	4,636	30,400	
Gjutaren 26	Metallgatan 2-4	Alingsås	1995	1933/1989	6,016	-	9,571	-	-	-	15,587	21,080	21,951	U
Gjutaren 27	Metallgatan 2-4	Alingsås	1995	-	-	-	-	-	-	-	-	600	276	
Konfektasken 15	Kolvägen 2/ Sidenvägen 7	Alingsås	1995	1929/1969	9,297	-	2,542	-	-	-	11,839	15,544	24,483	U
Stallet 3	Tomasgårdsvägen 19	Alingsås	2008	1990	510	-	3,140	717	-	-	4,367	4,700	11,542	
Backa 192:10	Aröds Industriväg 66	Gothenburg	1995	1990	1,227	-	1,593	-	-	-	2,820	6,042	12,974	
Backa 192:4	Aröds Industriväg 60	Gothenburg	1995	1989	343	-	1,461	-	-	240	2,044	3,428	7,755	S
Backa 192:6	Aröds Industriväg 62	Gothenburg	1998	1988	-	-	1,371	-	-	-	1,371	4,386	5,073	
Backa 193:1	Aröds Industriväg 2 A	Gothenburg	2000	1988/1996	-	-	-	4,100	-	-	4,100	11,217	16,718	U
Backa 196:6	Aröds Industriväg 34	Gothenburg	1996	1990	1,840	-	-	-	-	-	1,840	5,274	7,952	
Backa 197:2	Aröds Industriväg 17-19	Gothenburg	1995	1990	-	-	1,228	-	-	-	1,228	2,727	4,848	
Backa 29:24	Importgatan 12	Gothenburg	1995	1977	-	-	2,224	-	-	-	2,224	4,366	8,108	
Ellesbo 1:5 & 2:10	Ellesbovägen 150	Gothenburg	2012	1990/2009	2,270	-	-	-	-	-	2,270	30,163	8,218	U
Kärra 94:1	Orrekulla Industrigata 25	Gothenburg	1999	1990	-	-	-	1,960	-	-	1,960	3,520	8,188	
Kärra 96:1	Orrekulla Industrigata 13-15	Gothenburg	2001	1991	210	-	3,780	-	-	-	3,990	10,407	18,254	U
Rud 51:21	Klangfärgsgatan 2 C	Gothenburg	2006	1979/1989	603	-	2,590	128	-	-	3,321	6,926	0	S
Tynnered 1:10	Kontrabasgatan 12	Gothenburg	1995	1969	429	280	-	2,012	-	-	2,721	7,475	11,103	S/U
Bolsheden 1:4	Kungssporten 1-7	Kungsbacka	2015	1991	7,698	7,618	-	2,503	-	-	17,819	36,993	90,982	
Berg 1:76	Åkerivägen 7	Lerum	2006	2007	-	-	8,400	1,510	-	-	9,910	30,000	50,088	U
Hede 2:11	Hedeforsvägen 6	Lerum	2006	1960/1974	-	-	2,200	865	-	-	3,065	9,973	8,705	
Berguven 1	Möbelgatan 4	Mölnadal	2004	1964	5,655	-	-	65	-	1,280	7,000	24,283	24,200	U
Skinntickan 1	Ålegårdgatan 5	Mölnadal	1995	1989	945	-	-	4,615	-	402	5,962	10,267	11,565	
<b>Total Region West</b>					<b>40,619</b>	<b>9,418</b>	<b>42,858</b>	<b>19,235</b>	<b>0</b>	<b>2,330</b>	<b>114,460</b>	<b>273,566</b>	<b>394,925</b>	
<b>Region Central</b>														
Blästerugnen 2	Kokillgatan 7	Västerås	1997	1991	-	1,894	-	-	-	-	1,894	11,045	11,542	S
Degeln 1	Kokillgatan 1-3	Västerås	1996	1984	4,744	1,086	700	-	-	-	6,530	26,917	27,545	S
Fallhammaren 1	Fallhammargatan 3	Västerås	1995	1989	3,741	-	701	-	-	-	4,442	10,700	20,399	
Gjutjärnet 7	Gjutjärnsgatan 5	Västerås	1995	1989	-	2,387	-	260	-	-	2,647	10,517	10,011	
Hjulsmeden 1	Gjutjärnsgatan 8	Västerås	1995	1990	-	1,110	80	793	-	-	1,983	5,625	8,599	
Kokillen 1	Kokillgatan 2	Västerås	1996	1988	1,610	100	245	1,050	-	-	3,005	11,975	13,185	S
Lufthammaren 1	Ånghammargatan 2-4	Västerås	1996	1977	3,515	-	412	3,539	-	-	7,466	17,055	24,200	S
Ånghammaren 2	Ånghammargatan 1-9	Västerås	1996	1972/1994	3,669	112	1,664	7,964	-	-	13,409	35,738	32,101	S
Bromsgården 1	Drottninggatan 11	Örebro	2015	1929	1,229	1,227	33	-	566	-	3,055	1,144	29,627	
<b>Total Region Central</b>					<b>18,508</b>	<b>7,916</b>	<b>3,835</b>	<b>13,606</b>	<b>566</b>	<b>0</b>	<b>44,431</b>	<b>130,716</b>	<b>177,209</b>	

Property	Street address	Municipality	Year acquired	Built/reconst.	Square metres per type of premises						Total	Site sq.m.	Tax assessment value	Note
					Office	Retail	Ware-house/ Logistics	Light industry	Residential	Other				
<b>Region Stockholm</b>														
Åby 1:223	Cementvägen 7	Haninge	2011	2013	-	-	-	6,633	-	-	6,633	10,209	40,600	
Ellipsen 3	Ellipsvägen 11	Huddinge	2001	1993	2,319	-	1,139	-	-	-	3,458	3,904	16,828	
Riggen 2	Botkyrkavägen 4	Huddinge	2012	1991	4,684	-	731	-	-	32	5,447	5,901	38,000	
Bredgården 1:7	Jättevägen 4	Järfälla	2010	1978	111	294	-	3,087	-	400	3,892	9,213	14,000	
Sicklaön 393:4	Vikdalsvägen 50	Nacka	1995	1990	3,485	-	553	-	-	-	4,038	10,819	43,382	U
Skarpnäs 5:10	Skarpövägen 14	Nacka	2010	2008	2,301	-	2,659	1,064	-	120	6,144	7,491	31,349	
Rosersberg 2:21-22	Rosersbergsvägen 43-45	Sigtuna	1996	1990	-	-	2,121	-	-	5	2,126	5,240	12,047	
Revisorn 4	Bergkällavägen 33	Sollentuna	2011	1988	-	-	-	2,650	-	-	2,650	6,915	17,955	
Ringpärmen 3	Bergskällavägen 30	Sollentuna	2005	1986	452	-	2,539	997	-	240	4,228	7,918	23,091	
Archimedes 1	Gårdsfogdevägen 2-6	Stockholm	1996	1979	11,363	2,144	4,310	310	-	-	18,127	13,663	79,792	U
Domnarvet 18	Fagerstagatan 11-13	Stockholm	2012	1991	5,503	103	10	-	-	-	5,616	6,640	0	S
Domnarvet 36	Fagerstagatan 15	Stockholm	2012	1991	3,473	-	340	-	-	-	3,813	3,071	25,400	S
Drevern 1 & Dvärgsp. 1	Gråhundsvägen 82-84	Stockholm	1995	1970/1995	1,215	2,745	-	-	-	19	3,979	5,729	28,800	U/S
Lisenen 2	Hässelby Torg 1	Stockholm	2011	1982/1995	2,299	-	-	-	-	-	2,299	1,104	0	U/S
Torngluggen 1	Bällstavägen 159/ Tornväktargränd 1-9	Stockholm	1995	1963/1983	-	-	1,900	-	-	-	1,900	3,898	9,551	S
Tornluckan 1	Tornväktargränd 6	Stockholm	1995	1960	-	-	810	-	-	-	810	927	3,144	S
Vagnhallen 19	Jämtlandsgatan 131	Stockholm	2006	1963/1974	-	-	-	5,544	-	-	5,544	5,177	22,371	S
Skälby 2:9	Instrumentvägen 2	Upplands Väsby	2010	1984	238	-	31	2,945	-	-	3,214	7,720	19,997	S
<b>Total Region Stockholm</b>					<b>37,443</b>	<b>5,286</b>	<b>17,143</b>	<b>23,230</b>	<b>0</b>	<b>816</b>	<b>83,918</b>	<b>115,539</b>	<b>426,307</b>	

# In-depth sustainability information

In-depth reporting of Castellum's key sustainability metrics, which are reported based on EPRA guidelines (third edition), the GRI Index and additional sustainability data, background information, methods and assumptions for sustainability information.

**33%**

certified property portfolio

**1%**

reduced water consumption in the like-for-like portfolio

**1st**

The Nordic region's first WELL-certified building

During the year, Castellum began construction of the Emigranten Göteborg office building, adjacent to its venerable Amerikahuset building in Gothenburg.

# EPRA Sustainability Best Practices Recommendation, sBPR

## Sustainability indicators under EPRA

Castellum's reporting of its sustainability efforts follows the guidelines from the Global Reporting Initiative (GRI) Standards: Core option. The GRI's industry-specific supplements for the construction and property sector have been taken into account. The sustainability report is presented annually and sources are given for the data, assumptions and conversion factors used as part of the report. No material changes regarding the organization or supply chain occurred in 2018.

## EPRA Performance Measures

Castellum reports the company's key sustainability metrics based on the European Public Real Estate Association (EPRA) Sustainability Best Practices Recommendations (sBPR), third version, September 2017.

Castellum reports key sustainability metrics for all 28 of the EPRA's sBPR performance measures. Key metrics are reported for energy, greenhouse gas emissions, water, waste, and environmentally certified buildings as well as corporate governance and societal aspects.

## EPRA Overarching Recommendations

### Organizational boundary

Castellum limits its reporting to properties where we have operational control in accordance with the principles of the Greenhouse Gas protocol. Operational control was selected since it provides Castellum with the best conditions for reporting the statistics and data that Castellum can directly influence. Properties where the customer is responsible for agreements regarding energy, water deliveries and waste removal are thus excluded. Nor does Castellum own measurement data in cases where the customer is responsible for the agreement, and it is therefore difficult for us to report that type of data.

### Coverage

For properties Castellum owns and manages, we work actively to gain access to the relevant measurement data. Having access to measurement data is important for Castellum, as it creates conditions for proper, efficient technical management in our buildings. At present, Castellum has excellent access to measurement data for nearly its entire portfolio. The size of the share of properties included in the respective indicators is shown next to the respective key metrics. Note that the share of potential objects to report under absolute figures for the respective years includes objects sold during the year in question, excluding land.

Castellum does not, however, have access to measurement data for all its properties. We are primarily lacking measurements of waste owing to the fact that the waste management contractors cannot provide statistics for all properties. Measurement data is also missing for energy and water. This is due to changes in the portfolio from purchases and sales of properties as well as development properties, which makes access to the relevant data more difficult. Castellum works continually on improving access to the relevant statistics.

In total, Castellum owned 647 (671) properties at the end of 2018, excluding properties consisting only of land.

### Estimation of landlord-obtained utility consumption

No data has been estimated; all measurement data reported has been measured and assured.

### Third party assurance

In accordance with ISAE 3000, Castellum's Sustainability Report under the GRI Standards has been subject to a limited assurance engagement by Deloitte AB. The Sustainability Report includes key sustainability metrics in accordance with the EPRA's sBPR performance measures. See the assurance report on page 155.

### Boundaries – reporting on landlord and tenant consumption

Castellum reports only energy purchased by the landlord (i.e. Castellum). It does not therefore report tenants' own electricity consumption, since in the main we do not have access to those statistics. Castellum cannot directly influence tenants' electricity consumption, which makes the statistics to some extent less relevant.

### Normalization

Castellum calculates key intensity metrics through division by the total floor area of the buildings; this is the most widely accepted method in Sweden for comparing energy use and resource consumption.

Castellum uses Swedish Meteorological and Hydrological Institute (SMHI) degree days to normalize energy for heating.

### Segmental analysis (by property type, geography)

In line with the company's financial reporting, Castellum reports sustainability data divided into the following building types: offices, retail, industrial and developments. Since Castellum only owns properties in Sweden and a very small share in Denmark and Finland, reporting the statistics by geographical division is not relevant.

### Disclosure on own offices

Castellum's own offices are reported separately on page 198.

### Narrative on performance

To read more about the changes from 2017 to 2018 regarding key environmental metrics and the savings achieved, see pages 68–69. No adjustments have been made to the data reported. Decisions on community engagement are planned in the respective regions.

### Location of EPRA Sustainability Performance in companies' reports

See Castellum's EPRA index on page 200.

### Reporting period

Reporting for the respective years recognized in the EPRA table refers to calendar years (i.e. January 1 to December 31).

### Materiality

Castellum's materiality analysis is reported on page 202.

# EPRA: Sustainability performance measures — Environment

## ENERGY

EPRA Code	Units of measure	Indicator	Absolute measures (abs)		
			Castellum		
			2018	2017	
Elec-Abs Elec-LfL	MWh	<b>Electricity</b>	<b>Total landlord obtained electricity</b>	<b>93,098</b>	<b>88,482</b>
		<i>of applicable properties</i>	<i>Electricity disclosure coverage</i>	443/495	455/470
DH&C-Abs DH&C-LfL	MWh	<b>District heating &amp; cooling</b>	<b>Total landlord obtained heating and cooling</b>	<b>251,994</b>	<b>249,202</b>
		<i>of applicable properties</i>	<i>District heating &amp; cooling disclosure coverage</i>	470/522	472/487
Fuels-Abs Fuels-LfL	MWh	<b>Fuels</b>	Total landlord obtained fuels	<b>3,922</b>	<b>5,455</b>
		<i>of applicable properties</i>	<i>Fuels disclosure coverage</i>	17/17	27/27
	MWh	<b>Energy</b>	Total energy use	<b>349,014</b>	<b>343,140</b>
			Total energy use (Degree day corrected)	371,220	365,927
Energy-Int	kWh/sq. m.	<b>Energy intensity</b>	Building energy intensity	97	94

The table shows energy usage as total and like-for-like figures for Castellum AB per property type. Applicable properties refers to the number of properties within our organizational boundaries for this indicator. The degree day-corrected energy use is normalized with data from SMHI. Castellum only reports on landlord obtained energy, our own offices are included in the data above. No energy data is estimated.

## GREENHOUSE GAS EMISSIONS

EPRA Code	Units of measure	Indicator	Absolute measures (abs)		
			Castellum		
			2018	2017	
GHG-Dir-Abs GHG-Dir-LfL	Tonnes CO <sub>2</sub> e	<b>Direct</b>	<b>Scope 1</b>	<b>675</b>	<b>1,122</b>
GHG-Indir-Abs GHG-Indir-LfL	Tonnes CO <sub>2</sub> e	<b>Indirect</b>	<b>Scope 2</b>	<b>4,362</b>	<b>6,133</b>
		<b>Other indirect</b>	<b>Scope 3</b>	<b>151</b>	<b>138</b>
GHG-Int	Kg CO <sub>2</sub> e/sq. m.	<b>GHG Intensity</b>	<b>GHG Intensity</b>	1.2	1.6

The table shows greenhouse gas emissions from fuel in own vehicles in absolute (Scope 1) and from building energy usage in absolute and LfL (Scope 1 & 2) and from employee travel in absolute (Scope 3). In 2018, greenhouse gas emissions from company owned vehicles was 197 tonnes CO<sub>2</sub>e compared to 341 tonnes CO<sub>2</sub>e in 2017. GHG intensity is divided by the total floor area of Castellum's portfolio, 2018 = 4,229,339 square meters.

## WATER

EPRA Code	Units of measure	Indicator	Absolute measures (abs)		
			Castellum		
			2018	2017	
Water-Abs Water-LfL	m <sup>3</sup>	<b>Municipal water</b>	<b>969,783</b>	<b>1,008,457</b>	
Water-Int	m <sup>3</sup> /sq. m.	<b>Building water intensity</b>	<b>0.27</b>	<b>0.28</b>	
		<b>of applicable properties</b>	<b>Water disclosure coverage</b>	<b>503/554</b>	<b>517/531</b>

The table shows water usage. Applicable properties refers to the number of the properties within our organizational boundaries for this indicator.

## Like-for-like (Lfl) by property type

Offices & retail			Industrial			Castellum total		
2018	2017	% change	2018	2017	% change	2018	2017	% change
33,369	32,078	4.0%	8,756	8,491	+3.1%	<b>42,126</b>	<b>40,569</b>	<b>+3.8%</b>
162/162	162/162		81/81	81/81		243/243	243/243	
88,788	86,597	+2.5%	38,488	37,832	+1.7%	<b>127,277</b>	<b>124,430</b>	<b>+2.3%</b>
172/172	172/172		96/96	96/96		268/268	268/268	
514	451	+13.7%	964	947	+2.1%	<b>1,478</b>	<b>1,399</b>	<b>+5.6%</b>
2/2	2/2		6/6	6/6		8/8	8/8	
<b>122,672</b>	<b>119,127</b>	<b>+3.0%</b>	<b>48,210</b>	<b>47,271</b>	<b>+2.0%</b>	<b>170,882</b>	<b>166,399</b>	<b>+2.7%</b>
130,182	125,990	+3.3%	51,977	50,510	+2.9%	182,159	176,501	+3.2%
103	100	+3.0%	77	76	+2.0%	95	92	+2.7%

## Like-for-like (Lfl) by property type

Offices & retail			Industrial			Castellum total		
2018	2017	% change	2018	2017	% change	2018	2017	% change
27	306	-91%	20	21	-5%	<b>244</b>	<b>655</b>	<b>-63%</b>
1,319	1,299	+2%	625	530	18%	<b>1,944</b>	<b>1,829</b>	<b>+6%</b>
-	-	-	-	-	-	<b>151</b>	<b>138</b>	<b>+10%</b>
0.9	1.1	-16%	0.7	0.6	+17%	<b>1.0</b>	<b>1.1</b>	<b>-11%</b>

## Like-for-like (Lfl) by property type

Offices & retail			Industrial			Castellum total		
2018	2017	% change	2018	2017	% change	2018	2017	% change
372,006	373,150	-0.3%	151,915	157,163	-3.3%	<b>523,921</b>	<b>530,312</b>	<b>-1.2%</b>
0.33	0.33	-0.3%	0.23	0.24	-3.3%	<b>0.30</b>	<b>0.30</b>	<b>-1.2%</b>
171/171	171/171		108/108	108/108		<b>279/279</b>	<b>279/279</b>	

**WASTE**

EPRA Code	Units of measure	Indicator	Absolute measures (abs)	
			Castellum	
			2018	2017
Waste-Abs Waste-LfL	tonnes	<b>Hazardous waste</b>	11	19
		<b>Recycled waste</b>	1,025	833
		<b>Waste to combustion</b>	1,377	1,113
		<b>Total waste</b>	2,414	1,964
of applicable properties		<b>Waste disclosure coverage</b>	146/669	137/671

The table shows generated waste by tenants. Applicable properties refers to the number of the properties within our organizational boundaries for this indicator.

**SUSTAINABILITY CERTIFIED BUILDINGS**

EPRA Code	Indicator
Cert-tot	<b>Number of certified assets</b>
	<b>Certified area (sq. m.)</b>
	<b>Certified area, share of total portfolio (%)</b>

The table shows number of sustainability certified buildings by type of certification. Applicable properties refers to the floor area of the properties within our organizational boundaries for this indicator. Some assets are certified according to two or more certification schemes, meaning that the total number of assets certified are not a sum of the segmented numbers.

**CASTELLUM AB OFFICE(S)**

Units of measure	Indicator	Absolute performance		
		2018	2017	
MWh	<b>Electricity</b>	<b>Total consumed electricity</b>	655	755
		<b>Proportion of electricity from renewable sources</b>	100%	100%
	<b>District heating and cooling</b>	<b>Total consumed district heating and cooling</b>	987	1,070
		<b>Proportion of landlord obtained district heating and cooling from renewable sources</b>	95.8	95.2
	<b>Fuels</b>	<b>Total consumed fuels</b>	0	0
		<b>Proportion of landlord obtained fuels from renewable sources</b>	-	-
kWh/sq. m. per year	<b>Energy intensity</b>	155	143	
Number of applicable properties	<b>Energy and associated GHG disclosure coverage</b>	20/20	21/21	
%	<b>Proportion of energy and associated GHG estimated</b>	0%	0%	
tonnes CO <sub>2</sub> e	<b>Direct</b>	<b>Scope 1</b>	200	354
	<b>Indirect</b>	<b>Scope 2</b>	20	48
	<b>Other indirect</b>	<b>Scope 3</b>	151	138
tonnes CO <sub>2</sub> e/year per sq. m./year	<b>GHG intensity</b>	<b>Scope 1 &amp; 2 emissions</b>	0.03	0.03



## Like-for-like (Lfl) by property type

Offices & retail			Industrial			Castellum total		
2018	2017	% change	2018	2017	% change	2018	2017	% change
1	2	-32%	3	4	-31%	5	7	-22%
497	484	+3%	48	58	-17%	545	542	1%
657	871	-25%	107	178	-40%	764	1,049	-27%
<b>1,156</b>	<b>1,357</b>	<b>-15%</b>	<b>158</b>	<b>241</b>	<b>-34%</b>	<b>1,314</b>	<b>1,597</b>	<b>-18%</b>
58/58	58/58		32/32	32/32		91/91	91/91	

## Castellum

Miljöbyggnad		EU GreenBuilding		LEED		BREEAM		WELL		Total sustainability certified assets		
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	% change
41	27	55	78	5	6	46	29	1	-	141	129	12%
<b>401,856</b>	<b>279,807</b>	460,506	591,825	95,720	133,474	602,467	499,783	13,409	-	<b>1,407,948</b>	<b>1,269,742</b>	<b>11%</b>
<b>10%</b>	<b>6%</b>	11%	14%	2%	3%	14%	11%	0%	-	<b>33%</b>	<b>29%</b>	<b>4%</b>

## EPRA: Social performance measures

## HEALTH &amp; SAFETY

EPRA Code	Units of measure	Indicator	Boundary	Corporate performance		Performance by asset type							
				Castellum		Offices & stores		Industrial		Projects			
				2018	2017	2018	2017	2018	2017	2018	2017		
	% of total number of worked hours	<b>Injury rate</b>	<b>Direct employees</b>	0.001452%	0.000387%								
	% of total number of worked hours	<b>Lost day rate</b>	<b>Direct employees</b>	2.17%	0.80%								
	% of total number of worked hours	<b>Absentee rate</b>	<b>Direct employees</b>	3.75%	2.00%								
H&S-Emp	Total number	<b>Fatalities</b>	<b>Direct employees</b>	0	0								
H&S-Asset	% of assets	<b>Health and Safety assessments</b>		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
H&S-Comp	Total numbers	<b>Number of incidents</b>		8	0								

Coverage of H&S Asset are 100%.

# EPRA Sustainability: Index

The table below reports references to information for the respective EPRA indicators.

EPRA code	Indicator	GRI Standard disclosure	Reference
<b>Environmental Sustainability Performance Measures</b>			
Elec-Abs	Total electricity consumption	302-1	196-197
Elec-LfL	Like-for-like total electricity consumption	302-1	196-197
DH&C-Abs	Total district heating & cooling consumption	302-1	196-197
DH&C-LfL	Like-for-like total district heating & cooling consumption	302-1	196-197
Fuels-Abs	Total fuel consumption	302-1	196-197
Fuels-LfL	Like-for-like total fuel consumption	302-1	196-197
Energy-Int	Building energy intensity	CRE1	196-197
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	305-1	196-197
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	305-2	196-197
GHG-Int	Greenhouse gas emissions intensity from building energy consumption	CRE3	196-197
Water-Abs	Total water consumption	303-1	196-197
Water-LfL	Like-for-like total water consumption	303-1	196-197
Water-Int	Building water intensity	CRE2	196-197
Waste-Abs	Total weight of waste by disposal route	306-2	198-199
Waste-LfL	Like-for-like total weight of waste by disposal route	306-2	198-199
Cert-tot	Type and number of sustainably certified assets	CRE8	198-199
<b>Social performance measures</b>			
Diversity-Emp	Employee gender diversity	405-1	202
Diversity-Pay	Gender pay ratio	405-2	77
Emp-Training	Training and development	404-1	77, 203
Emp-Dev	Employee performance appraisals	404-3	77, 203
Emp-Turnover	Employee turnover and retention	401-1	77
H&S-Emp	Employee health and safety	403-2	199
H&S-Asset	Asset health and safety assessments	416-1	199
H&S-Comp	Asset health and safety compliance	416-2	199
Comty-Eng	Community engagement, impact assessments and development programmes	413-1	73
<b>Governance Performance Measures</b>			
Gov-Board	Composition of the highest governance body	102-22	107-110, 112-113
Gov-Select	Nominating and selecting the highest governance body	102-24	106-107
Gov-Col	Process for managing conflicts of interest	102-25	106

# Background data for GRI disclosures

In this section, we report on the methods, assumptions and conversion factors used to produce Castellum’s GRI disclosures. In addition, supplementary tables are presented, as well as information for the Annual Report and descriptions of omitted information.

## Stakeholder dialogue and materiality analysis

To develop and improve operations, Castellum has identified and analyzed stakeholder expectations of our operations.

Castellum conducts continual dialogue with customers, suppliers, employees, Group Management and the Board of

Directors that shows which sustainability issues the stakeholders consider to be most important for Castellum.

In addition to the stakeholder dialogue, Castellum conducts ongoing discussions on sustainability-related issues at board meetings, meetings with shareholders, and in everyday encounters with customers, employees and suppliers.

## Castellum’s most important issues from a stakeholder group perspective

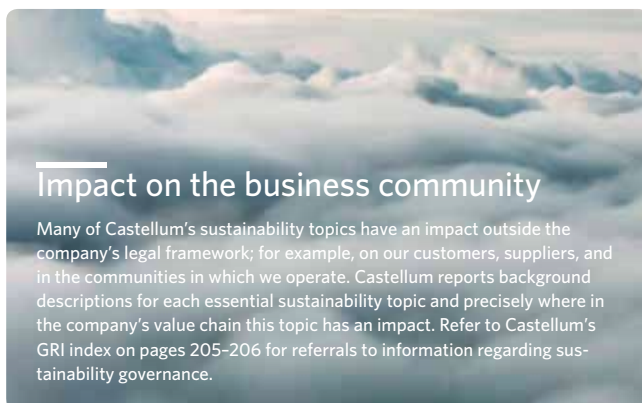
Stakeholder group	Most important issues
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>More efficient use of resources</li> <li>Environmentally and socially sustainable building materials and installations</li> <li>Environmental certification of buildings</li> </ul>
<b>BOARD OF DIRECTORS</b>	<ul style="list-style-type: none"> <li>More efficient use of resources</li> <li>Offer an attractive workplace</li> <li>Environmental certification of buildings</li> </ul>
<b>SUPPLIERS</b>	<ul style="list-style-type: none"> <li>Environmentally and socially sustainable building materials and installations</li> <li>Adapting the properties for climate change</li> <li>Increased investment in renewable energy</li> </ul>
<b>GROUP MANAGEMENT</b>	<ul style="list-style-type: none"> <li>More efficient use of resources</li> <li>Promote increased diversity and equality</li> <li>Offer an attractive workplace</li> </ul>
<b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>More efficient use of resources</li> <li>Offer an attractive workplace</li> <li>Environmentally and socially sustainable building materials and installations</li> </ul>

The table shows the most relevant issues for Castellum’s key stakeholder groups, as expressed in the specific stakeholder dialogue conducted in the autumn of 2016 and updated in 2018.

## Castellum’s major sustainability areas and how they correlate with the GRI Standards

Castellum’s sustainability topics	GRI Standards area
Adapting the properties for climate change	Emissions
Anti-corruption	Anti-corruption
Diversity and equal opportunity	Equality
Pay adequate tax	Financial performance
Efficient use of resources (energy, water and materials)	Energy, water, legal compliance
Offer an attractive workplace	Employment and working conditions, training, health and safety
Audit suppliers about working conditions, human rights and the environment	Evaluation of suppliers regarding societal and environmental impact
Sustainable financing, e.g. "green MTNs"	-
Healthy premises that increase our tenants’ well-being	-
Increased investment in renewable energy	-
Environmental certification of buildings	Product responsibility
Environmentally and socially sustainable building materials and installations	-
Collaborate with customers to achieve higher sustainability performance	-
Create attractive communities, e.g. offering apprenticeships	Local communities
Creating conditions for waste sorting	Waste
Creation of smarter workplaces through modern technology, e.g. services to share office space	-
Increase the amount of green space and ecosystem services	-

The table shows how Castellum’s sustainability topics correlate with the aspects of the GRI Standards. A number of Castellum’s sustainability topics are considered important for the company’s sustainability efforts and therefore extend outside the GRI reporting system.



### Impact on the business community

Many of Castellum’s sustainability topics have an impact outside the company’s legal framework; for example, on our customers, suppliers, and in the communities in which we operate. Castellum reports background descriptions for each essential sustainability topic and precisely where in the company’s value chain this topic has an impact. Refer to Castellum’s GRI index on pages 205–206 for referrals to information regarding sustainability governance.

### Materiality analysis

The result of the stakeholder dialogues that were conducted, in combination with the company's materiality analysis, means that Castellum is focusing on the following topics. These are also collected in Castellum's agenda for the sustainable city.

#### THE PLANET

How we will responsibly and efficiently reduce resource use and carbon emissions that cause global warming.

#### FUTURE-PROOFING

How we create a sustainable property portfolio in a changing world.

#### WELL-BEING

How we promote health, wellness and productivity.

#### CONDUCT

How we can create better communities, with increased employment and involvement.

Relevance for stakeholders	Higher	<ul style="list-style-type: none"> <li>Biodiversity and ecosystem services</li> <li>Working environment, internal and external</li> </ul>	<ul style="list-style-type: none"> <li>Efficient use of resources (energy, water and materials)</li> <li>Promote increased diversity and equality</li> <li>Increased investment in renewable energy</li> <li>Healthy premises that increase tenants' well-being</li> <li>Create smarter workplaces through digitalization, innovation and modern technology (e.g. services for sharing office space)</li> <li>Adapting the properties for climate change</li> <li>Offer an attractive workplace to our employees</li> <li>Environmentally and socially sustainable building materials and installations</li> <li>Collaborate with customers to achieve higher sustainability performance (e.g. waste sorting, charging stations, solar cells)</li> <li>Environmental certification of buildings</li> </ul>
	High	<ul style="list-style-type: none"> <li>Pay adequate tax</li> <li>Sustainable financing, (e.g. "green" MTNs)</li> </ul>	<ul style="list-style-type: none"> <li>Audit suppliers about working conditions, human rights and the environment</li> <li>Anti-corruption</li> <li>Create attractive communities, (e.g. offering apprenticeships)</li> <li>Environmental and climate risks</li> </ul>
	High	<b>Castellum's impact on sustainable development</b>	
		High	Higher

### Health & safety, GRI 403-2

Castellum had 8 injuries among employees and 10 injuries among suppliers.

Castellum's workplace injuries are handled according to established procedures. If an employee suffers an occupational injury or gets into an accident at work, or if some near-accident occurs at work, the regional managing director, the manager concerned and the HR Director — as well as the employee — will investigate the causes so that the risk of ill health and accidents can be prevented in the future. The regional managing director, or alternately the manager concerned, must report the occurrence to the Swedish Work Environment Authority without delay. The regional managing director is also responsible for reporting work-related injuries to Castellum's legal department. The documentation will be used in the systematic health and safety work so as to prevent future accidents.

### Equality, GRI 405-1

Demographic structure personnel	2018		2017		2016	
	Number of people	Proportion women	Number of people	Proportion women	Number of people	Proportion women
<b>Board of Directors</b>	<b>7</b>	<b>57%</b>	<b>7</b>	<b>57%</b>	<b>7</b>	<b>57%</b>
Under 30 years	-	-	-	-	-	-
30-50 years	1	100%	1	100%	1	100%
Over 50 years	6	50%	6	50%	6	50%
<b>Executive management</b>	<b>9</b>	<b>44%</b>	<b>9</b>	<b>56</b>	<b>9</b>	<b>44%</b>
Under 30 years	-	-	-	-	-	-
30-50 years	6	67%	5	60%	6	50%
Over 50 years	3	0%	4	50%	3	33%
<b>Employees excl. exec. mgmt</b>	<b>374</b>	<b>42%</b>	<b>384</b>	<b>38%</b>	<b>408</b>	<b>38%</b>
Under 30 years	32	29%	51	31%	59	31%
30-50 years	198	54%	215	44%	221	43%
Over 50 years	145	27%	118	31%	128	30

This table shows the demographic structure of personnel, according to age and gender, for various administrative levels. Castellum does not track the minority status of employees.

**Energy, GRI 302-1**

Energy source	Absolute energy use, 2018	Renewable share
District heating	232,144	94.9%
Electricity, geothermal	2,118	100%
Electricity - Direct, etc.	846	100%
Natural gas	239	0%
Biogas	3,372	100%
Oil	309	0%
Building electricity	90,670	100%
District cooling	19,850	97.9%
<b>Total</b>	<b>349,552,303</b>	

All energy consumption is reported in MWh; to recalculate energy consumption from MWh to gigajoules (GJ), use a conversion factor of 3.6.

**Emissions, GRI 305-1, 305-2 and 305-3**

We monitor our greenhouse gas emissions annually in accordance with the Greenhouse Gas (GHG) Protocol. The base year is set to 2007, which was when Castellum began monitoring energy and carbon emissions annually.

Biogenic carbon dioxide emissions for Scopes 1 and 3 (tonnes CO <sub>2</sub> e)	2018	2017	2016
Scope 1	664	924	1,263
Scope 3	0	0	0

CO <sub>2</sub> emissions for energy consumption (Scope 2, tonnes CO <sub>2</sub> e)	2018	2017	2016
Market-based valuation	4,362	6,133	9,066
Location-based valuation	47,818	48,560	50,272

The table on the next page reports on the activities, assumptions and conversion factors forming the basis for reporting Castellum's energy consumption and greenhouse gas emissions.

**Supplier environmental assessment, GRI 308-1**

Castellum is unable to report quantitative data for the number of supplier audits containing environmental criteria; we report only qualitatively on how we work to influence our suppliers regarding the environment. Castellum's ambition in 2019 is to implement the Group-wide model, produced in 2018, regarding monitoring how environmental requirements are to be handled. Currently there is no decision on whether this model is to be adapted based on the requirements in the GRI.

**Supplier social assessment, GRI 414-2**

Castellum is unable to report quantitative data for supplier evaluations regarding impact on society; we report only to a certain extent on the Group's negative and positive impacts in the supplier chain and how we want to influence using our

Code of Conduct. Castellum's ambition over the long term is to produce a Group-wide model for how our suppliers' impact on society is to be monitored. Currently there is no decision on whether this model is to be adapted based on the requirements in the GRI.

**Training and education, GRI 404-1**

Castellum does not break down training hours by gender and occupational category, as the company does not have access to this information at the personal level. The information may be developed in the next few years with a Group-wide HR system.

**Training and education, GRI 404-3**

Castellum does not break down employee dialogue by occupational category, as the company does not have access to this information at the individual level. The information may be developed in the next few years with a Group-wide HR system.

**Economic performance (GRI 201-1)**

	2018		2017	
	MSEK	%	MSEK	%
Income	5,577	100%	5,182	100%
Economic value retained	1,430	26%	1,063	21%
Operating costs	1,408	25%	1,419	27%
Tax	74	1%	96	2%
Dividend	1,448	26%	1,366	26%
Interest costs	835	15%	885	17%
Employees	382	7%	353	7%

Scope	Activity	Activity data	Conversion factor
Scope 1	Oil consumption in buildings where the tenant does not have separate metering or billing of actual consumption.	Internal collection of statistics relating to consumption in buildings heated by oil.	Heating oil 0.28 tonnes CO <sub>2</sub> e/MWh Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 1	Natural gas consumption in buildings where the tenant does not have separate metering or billing of actual consumption.	Internal collection of statistics relating to consumption in buildings heated by natural gas.	Natural gas: 0.203 tonnes CO <sub>2</sub> e/MWh Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 1	Business travel with company vehicles.	Travel with company vehicles is based on meter readings. Greenhouse gas emissions are based on distance covered and on combined-cycle fuel consumption for each vehicle.	Gasoline: 0.0002375 tonnes CO <sub>2</sub> e/MWh Diesel: 0.0002798 tonnes CO <sub>2</sub> e/MWh Biofuel: 0 tonnes CO <sub>2</sub> e/MWh CNG: 0.0000505 tonnes CO <sub>2</sub> e/MWh Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 1	Refrigerants.	Refrigerant emission data is collected from the mandatory refrigerant report of each respective property.	Statistics from Svenska Kyl & Värmepumpsföreningen. The data is reported in connection with the Fluorinated Greenhouse Gas regulation, EU/517/2014, and appurtenant Swedish legislation, which is declared based on applicable practices.
Scope 2	Consumption of electricity in properties where the tenant does not have separate measurement or invoicing of actual consumption.	Internal collection of statistics for properties where Castellum is responsible for electricity contracts. Electricity consumption is normalized via a "cooling factor" for the space that is cooled, based on the average temperature for the year.	Origin-labelled renewable electricity: 0g CO <sub>2</sub> e/MWh Source: The Swedish Energy Markets Inspectorate.
Scope 2	Consumption of district heating in properties where the tenant does not have separate measurement or invoicing of actual consumption.	Internal collection of statistics for properties where Castellum is responsible for district heating. District heating consumption is adjusted based on SMHI degree days and vacancy rate.	Statistics from respective district heating providers. <sup>1</sup>
Scope 3	Business travel, taxi.	The majority of the data from suppliers and manual retrieval.	0.0001467 tonnes CO <sub>2</sub> e/MWh Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 3	Business travel, air.	The majority of the data from suppliers and manual retrieval.	Nordic region: 0.000172 tonnes CO <sub>2</sub> e/MWh Europe: 0.000097 tonnes CO <sub>2</sub> e/MWh World: 0.000113 tonnes CO <sub>2</sub> e/MWh Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report
Scope 3	Business travel, train.	The majority of the data from suppliers.	0.00000017 tonnes CO <sub>2</sub> e/MWh Source: SJ
Scope 3	Business travel, private vehicles.	Internal monitoring of kilometers driven on business with private vehicles.	0.0001467 tonnes CO <sub>2</sub> e/MWh Source: GHG Protocol, GWP 2014 IPCC Fifth Assessment Report

<sup>1</sup>Since the district heating suppliers' conversion factor for the preceding year (2018) was only calculated in 2019, the conversion factor for 2017 is used for emissions linked to traditional district heating.

# GRI index

Castellum reports its sustainability activities in accordance with GRI Standards: Core option. The GRI's industry-specific supplements for the construction and property sector have been taken into account. The Sustainability Report is issued annually. The basis for the analysis is a completed stakeholder dialogue and a materiality analysis. The report describes how the Castellum Group worked with sustainability issues in 2018.

The following table specifies where the information has been reported. For specific standard indicators, reporting relies upon what is essential to business operations. All reported GRI Standards modules refer to the 2016 version. Deloitte has conducted a limited assurance engagement with the report. The latest sustainability report was published in February, 2018.

## GENERAL STANDARD DISCLOSURES

GRI reference	Page/Reference	GRI reference	Page/Reference
<b>Organizational profile</b>		<b>Stakeholder engagement</b>	
102-1	Name of the organization 132	102-40	List of stakeholder groups 201
102-2	Activities, brands, products, and services 2, 11-13	102-41	Collective bargaining agreements 77
102-3	Location of headquarters 132 (Note 1)	102-42	Identifying and selecting stakeholders 201
102-4	Location of operations 135 (Note 2)	102-43	Approach to stakeholder engagement 201
102-5	Ownership and legal form 60, 132	102-44	Key topics and concerns raised 201-202
102-6	Markets served 32-33	<b>Reporting Practice</b>	
102-7	Scale of the organization 2, 4, 76, 81	102-45	Entities included in the consolidated financial statements 146 (Note 24)
102-8	Information on employees and other workers 72, 76-77	102-46	Defining report content and topic boundaries 64, 66-67, 195
102-9	Supply chain 44, 70	102-47	List of material topics 66-67, 201
102-10	Significant changes to the organization and its supply chain 70, 195	102-48	Restatements of information 195
102-11	Precautionary principle or approach 6, 64, 66	102-49	Changes in reporting 195
102-12	External initiatives 64, 66-67	102-50	Reporting period 202
102-13	Membership of associations 44, 64-65	102-51	Date of most recent report February 1, 2018
<b>Strategy</b>		102-52	Reporting cycle 205
102-14	Statement from senior decision-maker 6-7	102-53	Contact point for questions regarding the report Back cover
<b>Ethics and integrity</b>		102-54	Claims of reporting in accordance with the GRI Standards 205
102-16	Values, principles, standards and norms of behavior 66, 72	102-55	GRI index 205-206
<b>Governance</b>		102-56	External assurance 155
102-18	Governance structure 105-110, 116-118	*Not reported in full in accordance with GRI standards	
102-22	Composition of the highest governance body and its committees 107-110, 112-113		
102-24	Nominating and selecting the highest governance body 106-107		
102-25	Conflicts of interest 106		

**GENERAL STANDARD DISCLOSURES**

GRI reference		Page/Reference
<b>GRI 201: Economic performance</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	31, 90-91, 138
201-1	Direct economic value generated and distributed	27, 203
201-3	Defined-benefit plan obligations and other retirement plans	133, 139 (Note 11)
<b>GRI 205: Anti-corruption</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	66-67, 72, 118
205-3	Confirmed incidents of corruption and actions taken*	72
<b>GRI 302: Energy</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	66-69
302-1	Energy consumption within the organization	68-69, 196-197, 203
CRE1	Building energy intensity	68-69, 196-197, 203
<b>GRI 303: Water</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	66-69
303-1	Water withdrawal by source	69, 196-197
CRE2	Building water intensity	69, 196-197
<b>GRI 305: Emissions</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	66-69
305-1	Direct (Scope 1) GHG emissions	68-69, 196-197, 203-204
305-2	Energy indirect (Scope 2) GHG emissions	68-69, 196-197, 203-204
305-3	Other indirect (Scope 3) GHG emissions	68-69, 196-197, 203-204
CRE3	Greenhouse gas emissions intensity in buildings	68-69, 196-197
<b>GRI 306: Effluents and Waste</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	66-69
306-2	Waste by type and disposal method*	69, 198-199
<b>GRI 307: Environmental Compliance</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	40, 66-69
307-1	Non-compliance with environmental laws and regulations	40
<b>GRI 308: Supplier Environmental Assessment</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	66-67, 70
308-1	New suppliers that were screened using environmental criteria*	70, 203

GRI reference		Page/Reference
<b>GRI 401: Employment</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	66-67, 75-77
401-1	New employee hires and employee turnover	77
<b>GRI 403: Occupational Health and Safety</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	66-67, 71.76
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	76, 77, 199
<b>GRI 404: Training and Education</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	66-67, 75-77
404-1	Average hours of training per year per employee*	77, 203
404-3	Percentage of employees receiving regular performance and career development reviews*	77, 203
<b>GRI 405: Diversity and Equal Opportunity</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	66-67, 75-77
405-1	Diversity of governance bodies and employees	76, 202
405-2	Ratio of basic salary and remuneration of women to men	77
<b>GRI 413: Local communities</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	66-67, 72-73
413-1	Operations with local community engagement, impact assessments, and development programs	44, 73
<b>GRI 414: Supplier Social Assessment</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	66-67, 70-72
414-2	Negative social impacts in the supply chain and actions taken*	70, 203
<b>GRI 416: Customer Health and Safety</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	40, 66-67
416-1	Assessment of the health and safety impacts of product and service categories	40
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	202
<b>CRE: Product responsibility</b>		
103-1, 103-2, 103-3	Explanation of the material topics and its boundary, the management approach and its components and Evaluation of the management approach	40, 44, 66-67, 70
CRE8	Sustainability certifications for new construction, expansion and reconstructions	27, 40, 70, 198-199

\*Not reported in full in accordance with GRI standards



# Reporting according to the Task Force on Climate-Related Financial Disclosures (TCFD)

For the first time, Castellum has adapted the company's reporting in accordance with the recommendations in the TCFD framework to describe how we work strategically with climate-related risks and opportunities. The table below describes the scope of the reporting and page references are made for the respective areas. In 2019, Castellum will work further on scenario analyses linked to climate change.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	INDICATORS & GOALS
Recommended disclosures	Recommended disclosures	Recommended disclosures	Recommended disclosures
<p><b>A.</b> The Board's monitoring of climate-related risks and opportunities</p> <p>→ pages 66, 108-109</p>	<p><b>A.</b> Climate-related risks and opportunities the organization has identified</p> <p>→ pages 63, 98</p>	<p><b>A.</b> The organization's processes for identifying climate-related risks</p> <p>→ pages 63, 93, 98</p>	<p><b>A.</b> The organization's indicators for evaluating climate-related risks and opportunities</p> <p>→ pages 66-69, 196-197</p>
<p><b>B.</b> Management's role regarding assessing and managing climate-related risks and opportunities</p> <p>→ pages 66, 108-109</p>	<p><b>B.</b> Impact from risks and opportunities on the organization's operations, strategy and financial planning</p> <p>→ pages 63, 98</p>	<p><b>B.</b> The organization's processes for managing climate-related risks</p> <p>→ page 98</p>	<p><b>B.</b> Emissions of Scope 1, 2 and 3 under the Greenhouse Gas Protocol.</p> <p>→ pages 196-197</p>
	<p><b>C.</b> Preparation of the organization's strategy in consideration of various climate-related scenarios.</p> <p>→ pages 63, 207</p>	<p><b>C.</b> Integration of the above processes in the organization's general risk management</p> <p>→ pages 93, 98</p>	<p><b>C.</b> Goals for managing climate-related risks and opportunities.</p> <p>→ pages 66-67</p>

# Definitions

## KEY SHARE-RELATED METRICS

### Data per share

In calculating income and cash flow per share the average number of shares has been used, whereas in calculating assets, shareholders' equity and net asset value per share the number of outstanding shares has been used. The historical numbers of shares have been restated for the bonus issue element in the completed new share issue.

### Dividend payout ratio

Dividend per share as a percentage of income from property management per share.

### Dividend yield

Proposed dividend as a percentage of the share price at the end of the period.

### EPRA EPS — Earnings Per Share

Income from property management adjusted for nominal tax attributable to income from property management, divided with the average number of shares. Taxable income from property management means income from property management with a deduction for tax purposes of depreciation and reconstruction.

### EPRA NAV — Long term net asset value

Shareholders' equity as recognized in the balance sheet, adjusted for interest rate derivatives, goodwill and deferred tax.

### EPRA NNAV — Actual net asset value

Shareholders' equity as recognized in the balance sheet, adjusted for actual deferred tax instead of nominal deferred tax.

### 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. The historical numbers of shares have been recalculated with reference to the bonus issue element in the completed new share issue.

### Total yield per share

Share price development with addition of the dividends during the period as if reinvested in shares on the day shares traded ex-dividend.

## KEY PROPERTY-RELATED METRICS

### Economic occupancy rate

Rental income accounted for during the period 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.

### Income from property management

Net income following add-back of acquisition and restructuring costs, revaluation of results due to stepwise acquisitions, changes in value and tax, both for the Group and for joint ventures.

### Net operating income margin

Net operating income as a percentage of rental income.

### 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 leasing and property administration.

### 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 as follows: office, public sector properties (customers directly or indirectly financed by tax), warehouse/logistics, light industry, retail and developments and land.

### Rental income

Rents debited plus supplements such as reimbursement of heating costs and real estate tax.

### Rental value

Rental income plus estimated market rent for vacant premises.

### SEK per square meter

Key property-related metrics, expressed in terms of SEK per square meter, 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 excluded entirely. 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.

## KEY FINANCIAL METRICS

### Interest coverage ratio

Income from property management after reversal of net financial items and income from property management in joint ventures as a percentage of net interest items.

### Loan to value ratio

Interest-bearing liabilities after deduction for liquid assets as a percentage of the properties' fair value with deduction for acquired properties not taken in possession, and with addition for properties disposed of, still in possession, at year end.

### Return on EPRA NAV

Income after tax with reversed changes in derivatives values and deferred tax as a percentage of initial EPRA NAV. In the interim reports the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

### Return on EPRA NNAV

Income after tax as a percentage of initial met net asset value during the year, but with actual deferred tax instead of nominal tax. In the interim reports the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

### Return on shareholders' equity

Income after tax as a percentage of average equity. In the interim reports the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

### Return on total capital

Profit before tax with reversed net financial items and changes in derivatives values during the year as a percentage of average total capital. In the interim reports the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

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# Financial calendar, owner's information and contact details

## Annual General Meeting

Castellum AB's Annual General Meeting will take place on Thursday, March 21, 2019 at 5:00 pm in RunAn, Chalmers Student Union, Chalmersplatsen 1, Gothenburg. For more information and notification of attendance visit Castellum's website, [www.castellum.com](http://www.castellum.com)

## Annual General Meeting Calendar and dividend

Notice to attend the Annual General Meeting	March 15, 2019
Annual General Meeting	March 21, 2019
The first ex-dividend date	March 22, 2019
Record day for the first dividend	March 25, 2019
Payment of the first dividend	March 28, 2019
The second ex-dividend date	September 20, 2019
Record day for the second dividend	September 23, 2019
Payment of the second dividend	September 26, 2019

## Financial reporting

Interim Report January-March 2019	April 24, 2019
Half-year report January-June 2019	July 12, 2019
Interim Report January-September 2019	October 18, 2019
Year-end report 2019	January 24, 2020
2020 Annual General Meeting	March 19, 2020

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