

CASTELLUM

**INTERIM REPORT
JANUARY - MARCH 2018**

Q1 2018

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Strong growth featuring increased property management income

- Income for the period January-March 2018 amounted to SEKm 1,352 (SEKm 1,304 previous year).
- Income from property management amounted to SEKm 665 (592), corresponding to SEK 2.43 (2.17) per share, an increase of 12%.
- Changes in value on properties amounted to SEKm 231 (940) and on derivatives to SEKm -7 (77).
- Net income after tax for the period amounted to SEKm 765 (1,426), corresponding to SEK 2.80 (5.22) per share.
- Long term net asset value amounted to SEK 151 (133) per share. An increase of 14%.
- Net lease for the period was SEKm 48 (103).
- Net investments amounted to SEKm 502 (2,360) of which SEKm 38 (2,564) were acquisitions, SEKm 696 (628) new constructions, extensions and reconstructions and SEKm 232 (832) sales.

Important events during the quarter

Construction of a warehouse and logistics building has begun in Brunna, just outside Stockholm. The investment has been calculated at SEKm 140 (including previous acquisition and groundwork costs of SEKm 41).

Sale of the Archimedes 1 building in northern Mariehäll, outside Stockholm. The property comprises 18,000 sq.m. of office and industrial space, and is situated in an area which is primarily destined for residential development. The sale price totalled SEKm 285, on a level with the latest valuation.

Castellum has won the project bidding competition to build a new headquarters building for E.ON in Malmö. According to calculations, the investment will amount to SEK 1.1 billion

The first renovation phase of the Sabbatsberg 24 property has begun. Here, the objective is to transform approx. 9,000 sq.m. into modern workplaces; scheduled for completion in Q2, 2019. The investment has been calculated at SEKm 307.

KEY RATIOS	2018 Jan-March	2017 Jan-March
Income, SEKm	1,352	1,304
Net operating income, SEKm	938	862
Income of property management, SEKm <i>(Do SEK/share)</i>	665	592
<i>Do growth</i>	2.43	2.17
Net income after tax, SEKm	+12%	+ 9%
Net income after tax, SEKm	765	1,426
Net investments, SEKm	502	2,360
Net leasing, SEKm	48	103
Loan to value ratio	48%	48%
Interest coverage ratio	393%	361%
Long term net asset value (EPRA NAV) SEK/share	151	133
Actual net asset value (EPRA NNNAV) SEK/share	135	119

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

Cover: Castellum's property Blenda, Lindholmen, Gothenburg.

Innovation on all fronts

The commercial real estate sector is currently developing very rapidly. Digitalization, co-working and sustainability began as trends, but have acquired increased significance for continued development of our industry. In all three areas, Castellum has been a trailblazer.

Our top-ranking sustainability activities are well-documented. We've also made good headway within the rapidly growing area of co-working, which is high on our list of priorities. This trend places radically changed demands upon us as real-estate owners – thereby creating new business opportunities.

As the first concrete result of intensive development activities in our Next20 digital lab, we'll be launching Beambox in upcoming days. This is a service dedicated to helping private consumers find reasonable and convenient storage solutions, without requiring a transport vehicle to access distant warehouses.

Beambox, which will operate as a separate subsidiary, is historical for the fact that it's the first time Castellum will offer a service to the general public. In addition to attaining solid profitability, a primary goal is to utilize digital control and customer interface to enable the best possible use of vacant premises and transport resources – thereby advancing sustainability activities.

As you might have noted in the new format and content of this interim report, Castellum has also taken steps to upgrade information to the stock market, and stakeholders, generally. For instance, we're presenting a more detailed tracking of rental income according to various customer and property classifications (page 11).

Growth: 12%

The first quarter of the year performed well. Property management income increased by 12%, to SEK 2.43 per share, in spite of a snowy and cold winter. At times we had more people on the roof in some cities than we had in the office and the cost for snow removal increased with SEKm 10 c compared with last year even if the portfolio was not precisely comparable.

The positive property-value development continued as well: SEKm 231, primarily as a result of increased cash-flow. This contributed to an asset-value increase of SEK 151 per share, in spite of a dividend pay-out (SEK 5.15) during the period.

Net leasing rolled on, at SEKm 48, exclusive of the E.ON project, which will contribute another SEKm 68.50 fully leased. It is also gratifying to note that an entire SEKm 21 of net leasing comes from the existing portfolio. Vacancies also decreased accordingly, to peg the leasing rate at 93%.

The government's new tax proposal, which includes limitations on the right to deduct interest costs, has been tabled. We can now ascertain that – in the proposal's current structure – the effect on Castellum will be insignificant, largely thanks to the fact that corporate taxes will also be reduced.

Investments: Focus on our own projects

As I've mentioned earlier, we're increasingly focusing investments to our own projects. One noteworthy event is the construction of E.ON's new company headquarters in Malmö, for a total SEK 1.1 billion. Castellum won that project in fierce competition, and what primarily tipped the scale is our leading position within sustainability. E.ON has signed a 12-year contract, and the company is scheduled to take occupancy in the summer of 2021.

Another notable project is the transformation of Stockholm Vattens' old and gracious headquarters at Torsgatan 26 to modern and efficient office premises. The investment will total SEKm 1,500, and will substantially strengthen Castellum's presence in the city of Stockholm. Meanwhile, we're also helping to create a new attractive and growing area of the city.

Objective: Create shareholder value

Castellum's primary objective is to create sustainable shareholder value for the long term, at moderate risk. During the latest 10 years, shareholder overall return on assets (dividend plus property-value growth) maintained an average of 12% per year.

So how do things look on the horizon? The Castellum share currently provides a yield of 4%, calculated on last year's dividend.

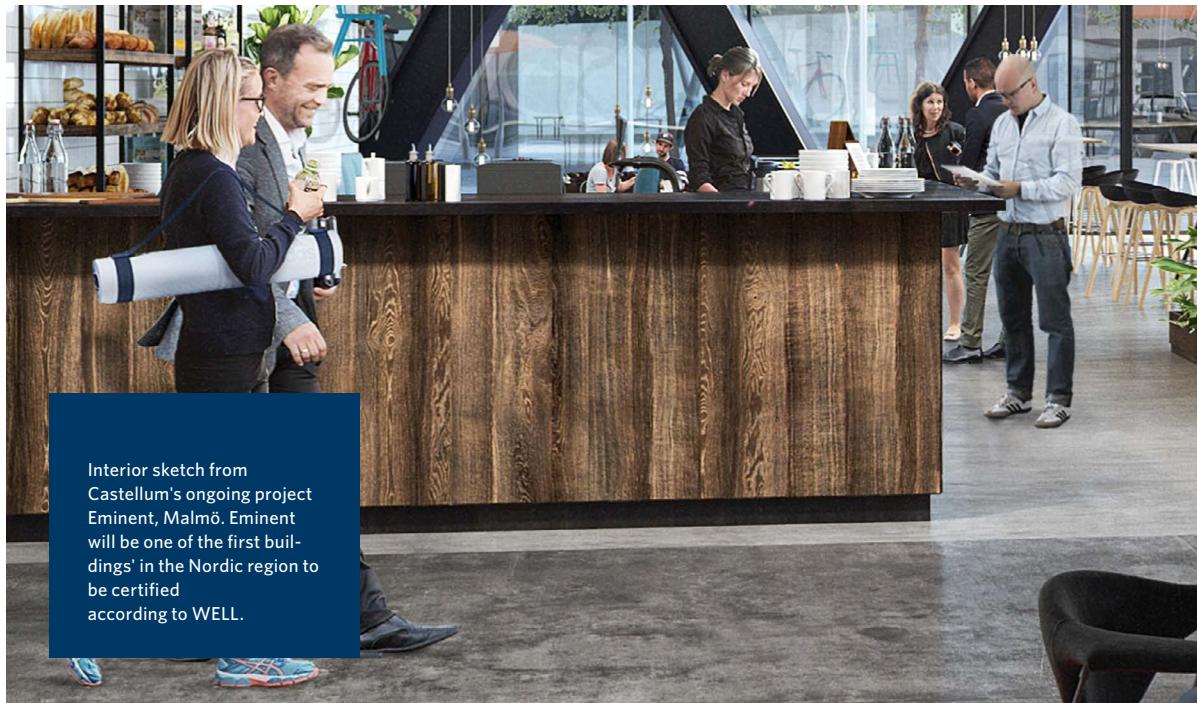
Over the past 10 years, growth in the dividend has risen an average of 7% per year. It appears that we will have the financial scope to continue this pace in the future, without increasing our loan-to-value ratio which is currently a bit below 50%. Return on assets value (shareholders' "own capital") amounts to 10-12% per year (depending on long-term value growth in the real estate portfolio), of which approx. 3.5% goes to dividends. This leaves room for 6.5% - 8.5% growth per year, without increasing loan-to-value ratio. If growth does occur within this range going forward, the overall return on assets (currently at approx. SEK 133), will thus land somewhere between 10.5% - 12.5% annually in future, including dividend.

As everyone knows, Castellum has maintained the annual objective of 10% growth, a goal we do not achieve every year. This ambition remains firm, and I am convinced that Castellum in its present form during 2018 has good prospects for achieving our property management growth objectives (to be thereby reflected in the dividend). Increasing cash flow from the properties should also mean that any risk of a reduction in property values will be limited.

Gothenburg, April 17, 2018

Henrik Saxborn
CEO, Castellum

Market comments



Swedish and Danish economy

The Swedish economy is developing well, with relatively strong GDP growth. Despite some decline in housing construction, the primary contributors include investments and favourable export prospects. A weak krona exchange rate also supports export prospects. However, the growth rate is expected to peak in 2018 and subsequently decline in 2019-2020. Lately, consumer confidence has decreased somewhat, and the contribution from private consumption is therefore expected to decrease. This slight downturn may become significant if housing prices continue to fall. Moreover, the risk of reduced global trade, if various countries' threats of trade restrictions are realized, may lead to considerable negative growth consequences in the future.

However, the Swedish labour market is still positively affected by the strong business cycle. Unemployment is at its lowest since 2007 and may fall further if the favourable economic development continues. After some inclination to rise in the second half of 2017, inflation has leveled off again and is not expected to reach, and remain at, the Riksbank's target level of +2% in 2018. Development of the krona exchange rate plays a key role for inflation in Sweden, as a weak exchange rate normally contributes to higher inflation. The krona continued to weaken during Q1 and, if this trend is strength and, if this trend is strengthened, inflation may rise slightly faster than expected.

Danish GDP growth is developing well. According to Danmarks Nationalbank's forecasts (March 2018), GDP is expected to increase by about 1.9% during 2018 and remain close to this growth rate also for 2019-2020 as well. Private

consumption, against a backdrop of rising employment, is thought to contribute positively to GDP, but more favourable export prospects and investments will also contribute. Inflation in Denmark - expressed in terms of HICP - is expected to fall back to about 0.7% in 2018 and then rise to approx. 1.5% in 2019 and 2020.

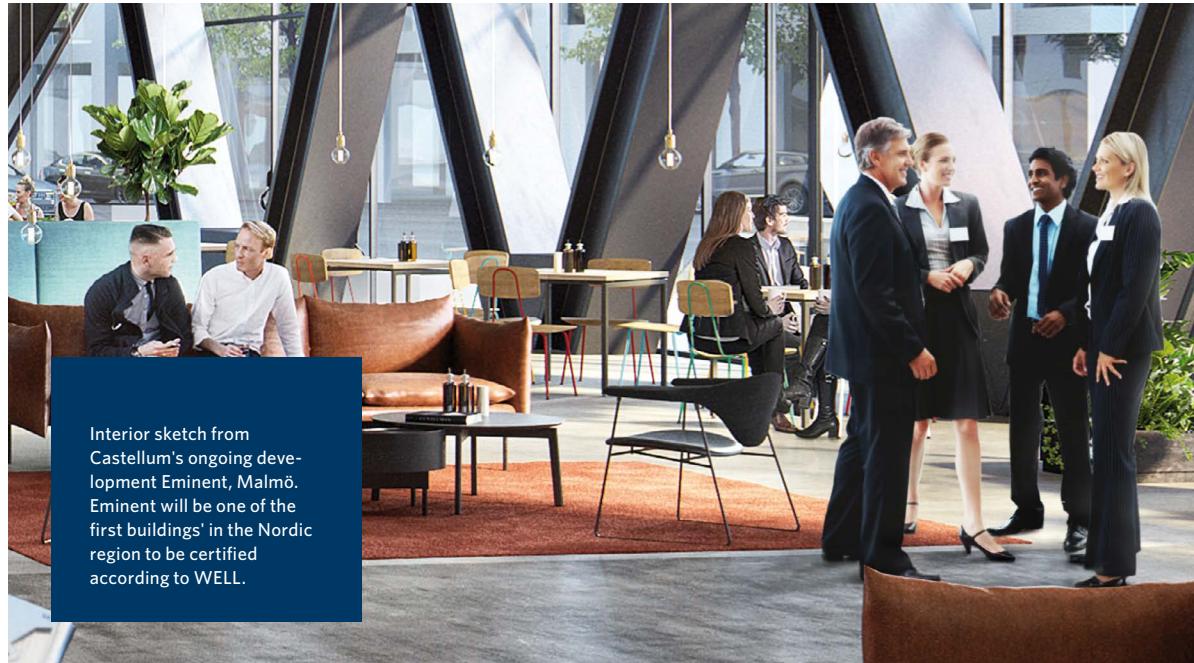
MACRO INDICATORS - SWEDEN

Unemployment	6.3%	(February 2018)
Inflation	1.9%	(March 2018 compared to March 2017)
GDP-growth	0.9%	(Q4, 2017 compared to Q3, 2017)

Source: SCB

Rental market

The rental market continues to show a stable and positive trend in most of Castellum's markets. The supply of office space is low, and within the commercial business centres (CBDs) of Gothenburg and Stockholm, record low vacancy levels and continued high demand are noted. The high rental levels and limited supply in CBDs mean that companies choose to establish themselves in submarkets close to the city centre and with good means of transportation. This, in turn, leads to a positive rental development in local suburban areas. A strong development is also noted in the warehouse and logistics segment for properties in peri-urban locations with good means of transportation and sorting yards, i.e., last-mile activities. This development is mainly driven by the growth in e-commerce.



Swedish and Danish Real estate market

Transaction volumes for the Swedish real estate market totalled approx. SEK 148 billion, which is in line with volumes for 2015, but about 26% lower than last year's highest quotation. The first quarter of the year has continued at a somewhat slower pace, with a decline from SEK 34 billion for the corresponding period last year to SEK 21 billion for the first quarter of 2018. International investors have been net purchasers during the quarter.

Modern office properties within the CBDs of Stockholm, Gothenburg and Malmö continue to be highly attractive to the investor market, resulting in a strong pricing trend for recently completed transactions. Compared to Q4, 2017, the dividend yield for office premises in Castellum's submarkets has generally been dropping slightly for core properties but otherwise remained stable due to a solid rental market, falling vacancy rates, and continued favourable interest rates for investors. Warehouse and logistics properties attract a growing number of both domestic and international investors, and demand is driven largely by the growth of e-commerce. Internationally, falling yield requirements have been the trend in recent years, for warehouse and logistics facilities in last-mile locations – a trend that is now noted in the Swedish logistics market as well.

Interest and Credit market

The Swedish Riksbank continues both its focus on inflation, in the form of the CPI goal of 2%, and its expansionary

monetary policy. Since February 2016, when the repo rate was cut to a new historic low of -0.50%, the repo rate has remained unchanged although the repo rate path has gradually been adjusted downward and increases have been postponed. The Riksbank's assessment (March 2018) is that the repo rate will begin to slowly rise during the second half of 2018. It remains to be seen whether a first increase will then be implemented, even if inflation and business cycle prospects were to dampen down beforehand.

Swedish interest rates rose slightly in the middle of Q1, but then fell back to about the same level as at the end of 2017. The interest rate differential between long- and short-term interest rates has decreased marginally, and interest rates remain historically low. Of particular significance to Castellum, the 3-month STIBOR, which was -0.5% at the end of 2017, has gradually risen to a level of approx. -0.37% at the end of the quarter. The five-year interest rate swap was traded in the range of 0.5% to 0.7%, i.e., virtually unchanged compared with the end of 2017.

The availability of bank financing as well as funding in the Swedish capital market is considered favourable. Castellum has only had limited activity in the bond market during the quarter, but the outstanding volume in the certificate market increased by SEK 2 billion. Credit margins in the bond market declined at the beginning of the year but have risen slightly at the end of the quarter.

The 3-month Cibor rate has remained stable at about -0.3% in Denmark so far this year.

Condensed Consolidated statement of Comprehensive Income

SEKm		2018 Jan-March	2017 Jan-March	Rolling 12 months April 17 - March 18	2017 Jan-Dec
Rental income		1,267	1,164	4,886	4,783
Service income		85	140	344	399
Income	note 2	1,352	1,304	5,230	5,182
Operating expenses	note 3	- 223	- 216	- 706	- 699
Maintenance	note 3	- 28	- 40	- 182	- 194
Ground rent	note 3	- 7	- 6	- 24	- 23
Property tax	note 3	- 76	- 76	- 305	- 305
Leasing and property administration	note 3	- 80	- 104	- 360	- 384
Net operating income		938	862	3,653	3,577
Central administrative expenses	note 4	- 46	- 43	- 165	- 162
Transaction and restructuring costs		-	- 4	- 1	- 5
Net interest costs	note 5	- 227	- 227	- 885	- 885
Income from property management	note 1	665	588	2,602	2,525
- of which <i>income from property management*</i>		665	592	2,603	2,530
<i>Changes in value</i>	<i>note 6</i>				
Properties		231	940	3,831	4,540
Derivatives		- 7	77	163	247
Income before tax		889	1,605	6,596	7,312
Current tax	note 7	- 2	- 68	- 30	- 96
Deferred tax	note 7	- 122	- 111	- 1,351	- 1,340
Net income for the period/year		765	1,426	5,215	5,876
Other total net income					
Items that can be reclassified into net income					
Translation difference of currencies		89	0	161	72
Change in value derivatives, currency hedge		- 89	0	- 169	- 80
Total net income for the period/year**		765	1,426	5,207	5,868
Average number of shares, thousand		273,201	273,201	273,201	273,201
Income, SEK/share		2.80	5.22	19.09	21.51

* For calculation, Financial Key ratios, page 19.

** Net income and total net income for the period/year is entirely assignable to the parent company's shareholders.

Accounting principles can be found on page 21.

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Comparisons, shown in brackets, are made with the corresponding period previous year except in parts describing assets and financing, where comparisons are made with the end of previous year.

Performance analysis, January-March 2018

NOTE 1 Income from property management

Income from property management, i.e. net income excluding transaction and restructuring costs, changes in value and tax amounted for the period January-March 2018 to SEKm 665 (592), equivalent to SEK 2.43 (2.17) per share - an increase with 12%. Income from the property management rolling four quarters amounted to SEKm 2,603 (2,281) equivalent to SEK 9.53/share (8.93) - an increase of 7%.

SEGMENT INFORMATION

SEKm	Income		Income from prop.mgmt	
	2018 Jan-March	2017 Jan-March	2018 Jan-March	2017 Jan-March
Central	367	368	189	171
West	298	279	153	146
Öresund	274	259	136	118
Stockholm-North	413	398	208	217
Total	1,352	1,304	686	652

The difference between the income from property management of SEKm 686 (652) above and the groups accounted income before tax of SEKm 889 (7,605) consists of unallocated income from property management of SEKm - 21 (-60), transaction and restructuring costs of SEKm 0 (-4), changes in property value of SEKm 231 (940) and changes in values of derivatives of SEKm - 7 (77).

NOTE 2 Income

The Group's income amounted to SEKm 1,352 (1,304) and the average occupancy rate was 92.9% (89.8%) including discounts of SEKm 22 (21). This also includes a lump sum of SEKm 9 (1) as a result of early termination of leases. The increase like-for-like of 5% can be referred to higher rental levels as well as lower vacancies.

DEVELOPMENT OF INCOME

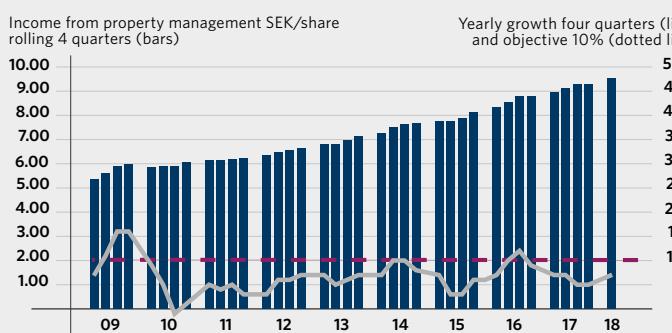
SEKm	2018 Jan-March	2017 Jan-March	Change, %	
Like-for-like holdings	848	805	5.3%	
Development properties	69	36	-	
Transactions	435	463	-	
Rental income	1,352	1,304	3.6%	

Gross leasing (i.e. the annual value of total leasing) during the period was SEKm 112 (170), of which SEKm 27 (84) were leasing of new constructions, extensions and reconstructions. Notices of termination amounted to SEKm 64 (67), of which bankruptcies were SEKm 5 (3) and SEKm 5 (0) were notices of termination with more than 18 months remaining length of contract. Net lease for the period was SEKm 48 (103). The time difference between reported net leasing and the effect in income thereof is estimated to be between 9-18 months and 12-24 months for investments in new constructions, extension or reconstruction.

NET LEASING

SEKm	Region					Total
	Central	West	Öresund	Sthlm	North	
NEW LEASES						
Existing properties	31	15	16	20	3	85
Investments	-	18	-	9	-	27
Total	31	33	16	29	3	112
NOTICES OF TERMINATIONS						
Existing properties	-14	-15	-10	-19	-1	-59
Bankruptcies	-4	0	-	-1	-	-5
Total	-18	-15	-10	-20	-1	-64
Net leasing	13	18	6	9	2	48

INCOME FROM PROPERTY MANAGEMENT PER SHARE



NET LEASING



NOTE 3 Property costs

Property costs amounted to SEKm 414 (442) corresponding to SEK 382 per sq.m. (397). Property costs have increased by 2%, which can be explained by colder weather during Q1, 2018 compared with Q1, 2017.

DEVELOPMENT OF PROPERTY COSTS

SEKm	2018	2017	Change, %
	Jan-March	Jan-March	
Like-for-like holdings	217	212	2.4%
Development properties	16	14	-
Transactions	101	112	-
Direct property costs	334	338	-1.2%
Property admin	80	104	-
Total property costs	414	442	- 6.3%

Consumption for heating during the period has been calculated to 104.5% (90%) of a normal year according to the degree day statistics.

PROPERTY COSTS

	Office	Retail	Ware-house/ flex space	Logis-tics	Public service proper-ties	Total
Operating expenses	243	192	145	153	231	205
Maintenance	41	17	19	21	8	26
Ground rent	3	7	7	8	6	5
Real estate tax	109	59	22	23	81	70
Total prop. costs	396	275	193	205	326	306
Leasing & prop. admin					76	
Total	396	275	193	205	326	382

NOTE 4 Central administrative expenses

Central administrative expenses totalled SEKm 46 (47) and has been charged with SEKm 2 for development costs for Castellum's Innovation lab Next 20 - the Group's long-term focus on digitalization. Included in the central administrative expenses are also costs related to the profit-and-share-price related incentive plan for 9 persons in Executive Management of SEKm 6 (1).

NOTE 5 Net interest

Net interest items were SEKm -227 (-227). The average interest rate level was 2.4% (2.6%). Net interest income was positively affected by approx. SEKm 22 due to the average interest rate level decrease by 0.2%-units.

NOTE 6 Changes in value

The first quarter of 2018 was characterized by a stable real estate market, although the transaction rate is somewhat lower compared with the corresponding period last year. Castellum's change in value for the first quarter amounted to SEKm 231. The value changes include SEKm -53, connected with a property sale priced at SEKm 280, after deduction for costs of SEKm 5. The fundamental property price, which accordingly amounted to SEKm 285, was therefore in line with the property valuation. However,

payment is to be made in two installments - SEKm 237, when premises were vacated during the first quarter, and approx. SEKm 50, when floor plans are validated, which is expected to occur later this year. For 2018 results, only the first disbursement has been entered and recorded. Since every property is valued individually, consideration has not been given to the portfolio premium that can be seen in the real estate market.

The market value of the derivatives changed by SEKm 56 (77) mainly due to changes in long-term market interest rates.

CHANGE IN VALUE PROPERTIES

SEKm	2018	2017
	Jan-March	Jan-March
Cash flow	106	202
Project gains/building rights	67	200
Required yield	111	230
Acquisitions	-	262
Sales	- 53	46
Total	231	940
D:o %	0.3%	1.3%

NOTE 7 Tax

The nominal corporate tax rate in Sweden is 22%. Due to the possibility to deduct depreciation and reconstructions for tax purposes, and to utilize tax loss carry forwards, the paid tax is low. Paid tax occurs since a few subsidiaries have no possibilities to group contributions for tax purpose.

Remaining tax loss carryforwards can be calculated to SEKm 2,252 (2,524). Furthermore, there are derivatives at an undervalue of SEKm 135. Fair values for the properties exceed their fiscal value by SEKm 44,882 (38,066) of which SEKm 3,974 (2,517) relates to the acquisition of properties accounted for as asset acquisitions. As deferred tax liability, a full nominal 22% tax of the net difference is reported, reduced by the deferred tax relating to asset acquisitions, i.e., SEKm 8,534 (7,196).

Castellum has no current tax disputes.

Tax proposal

During the first quarter, the government published the "New Tax Rules for the Business Sector" proposal to the Council on Legislation for consideration. The referral includes proposals for deduction limitations on interest rates, in accordance with EU directives. Broadly speaking, the referral proposes a maximum deduction of 30% on earnings before income tax, EBITDA. (For Castellum's case: the proposal means income before tax with the add-back of net interest income, changes in value of derivatives and properties, and deductions for tax deductible reconstructions.) Furthermore, 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. The intention is that decisions on the new legislation will be taken by the Swedish parliament on June 13, with an anticipated effective date of January 1, 2019.

Contin. Note 7

Today's strong cash flow from operations, combined with historically low interest rates and proposals for reduced corporate taxes, means that interest-rate limitations – in cases where the proposal becomes a reality – do not significantly affect Castellum's paid taxes.

However, the proposal for reduced corporate taxation implies that the deferred tax liability of SEKm 8,534 will be revalued at 20.6% tax, resulting in a deferred tax income of SEKm 543 to March 31, 2018. This would result as above in an estimated deferred-tax market value of SEKm 2,935 – a reduction of SEKm 187. Accordingly, the proposal to reduce corporate taxation would entail an increase in short-term net asset value of 1%.

TAX CALCULATION 31-03-2018		
SEKm	Basis current tax	Basis deferred tax
Income from property management	665	
Deductions for tax purposes		
depreciations	- 264	264
reconstructions	- 167	167
Other tax allowances	- 31	- 95
Taxable income from property mgmnt	203	336
<i>Current income tax 22%, if tax losses are not utilized</i>	<i>- 45</i>	
Properties sold	-	- 249
Changes in value on properties	-	284
Changes in value on derivatives	- 7	-
Taxable income before tax loss carry forwards	196	371
Tax loss carry forwards, opening balance	- 2,437	2,437
Tax loss carry forwards, closing balance	2,252	- 2,252
Taxable income	11	556
Tax according to the Income Statement for the period	- 2	- 122

NET DEFERRED TAX LIABILITY 31-03-2018

SEKm	Basis	Nominal tax liability	Real tax liability
Tax loss carry forwards	2,252	495	474 21%
Untaxed reserves	- 135	- 29	- 30 22%
Properties	- 44,882	- 9,874	- 3,379 8%
Total	- 42,765	- 9,408	- 2,935 7%
Properties, asset acq.	3,974	874	
In the balance sheet	- 38,791	- 8,534	

Deferred tax is in principle both interest free and amortization free and can therefore be considered as shareholder equity. The real deferred tax is lower than nominal partly due to the possibility of selling properties in a tax-efficient way, partly due to the time factor which means that the tax will be discounted.

Estimated real deferred tax liability net has been calculated to 7% 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 22%, giving a present value of deferred tax liability of 21%, and that the properties are realized in over 50 years where 33% are sold directly with a nominal tax of 22% and that 67% are sold indirectly through company disposals where the buyers tax discount is 11%. This provides a present value for deferred tax liability of 8%.



SABBATSBERG 24, STOCKHOLM

LOCATION: Torsgatan 26,

in CBD Stockholm,

5 min from the Central station

AREA: phase 1, 9,092 sq.m.

TIME PLAN: Completed

Q2, 2019

INVESTMENT: SEKm 307

CERTIFICATION: BREEAM

In Use and WELL

Castellum has started the reconstruction of Stockholm Vatten's headquarters to modern workplaces. The building is a well-known landmark in central Stockholm. The development is part of the ongoing transformation of the area around Torsgatan.

Condensed Consolidated Balance Sheet

SEKm		March 31, 2018	March 31, 2017	Dec 31, 2017
ASSETS				
Investment properties	note 8	82,031	74,043	81,078
Goodwill	note 9	1,659	1,659	1,659
Other fixed assets		110	89	107
Current receivables		732	1,706	665
Liquid assets		34	304	203
Total assets		84,566	77,801	83,712
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity		33,053	29,294	33,736
Deferred tax liability	note 7	8,534	7,196	8,405
Other provisions		3	8	5
Interest-bearing liabilities	note 10	39,062	36,204	38,226
Derivatives	note 11	1,296	1,551	1,352
Non interest-bearing liabilities		2,618	3,548	1,988
Total shareholders' equity and liabilities		84,566	77,801	83,712
Pledged assets (property mortgages)		31,551	31,786	32,397
Pledged assets (chattel mortgages)		-	-	-
Contingent liability		-	-	-

Condensed Changes in Equity

SEKm	Number of outstanding shares, thousand	Share capital	Other capital contribution	Currency translation reserve	Currency hedge reserve	Non-controlling interest	Retained earnings	Total equity
Shareholders' equity 31-12-2016	273,201	137	12,434	51	- 46	- 2	16,660	29,234
Dividend, March and Sept 2017 (5.00 SEK/share)	-	-	-	-	-	-	-1,366	-1,366
Net income Jan-March 2017	-	-	-	-	-	-	1,426	1,426
Other total net income Jan-March 2017	-	-	-	0	0	-	-	0
Shareholders' equity 31-03-2017	273,201	137	12,434	51	- 46	- 2	16,720	29,294
Net income April-Dec 2017	-	-	-	-	-	-	4,450	4,450
Other total net income April-Dec 2017	-	-	-	72	- 80	-	-	- 8
Shareholders' equity 31-12-2017	273,201	137	12,434	123	- 126	- 2	21,170	33,736
Dividend March and Sept 2018 (5.30 SEK/share)	-	-	-	-	-	-	-1,448	-1,448
Net income Jan-March 2018	-	-	-	-	-	-	765	765
Other total net income Jan-March 2018	-	-	-	89	- 89	-	-	0
Shareholders' equity 31-03-2018	273,201	137	12,434	212	- 215	- 2	20,487	33,053

Balance sheet, March 31, 2018

NOTE 8 Real estate portfolio and property value

Investment properties

The real estate portfolio is located in growth areas in Sweden and Copenhagen. The commercial portfolio consists of 47% office, 23% public service properties, 14% warehouse/logistics, 9% retail and 3% flex space. The properties are located from inner city sites to well-situated working-areas with good means of communication and services. The remaining 4% consist of projects and undeveloped land.

Castellum owns approx. 825,000 sq.m. of unutilized building rights and furthermore ongoing projects with remaining investments of approx. SEKm 2,300.

Investments

During the period, investments totalling SEKm 734 (3,192) were carried out, of which SEKm 38 (2,564) were acquisitions and SEKm 696 (628) new constructions, extensions and reconstructions. After sales of SEKm 232 (832) net investments amounted to SEKm 502 (2,360).

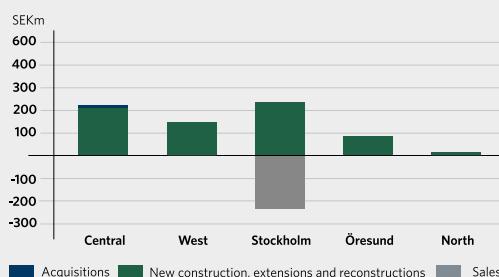
CHANGES IN THE REAL ESTATE PORTFOLIO		
	Value, SEKm	Number
Real estate portfolio on January 1, 2018	81,078	676
+ Acquisitions	38	-
+ New constructions, extensions and reconstructions	696	3
- Sales	- 285	- 1
+/- Unrealized changes in value	284	-
+/- Currency translation	220	-
Real estate portfolio on March 31, 2018	82,031	678

Property value

Internal valuations

Castellum assesses the value of the properties through internal valuations, as of previous year, corresponding to

INVESTMENTS PER REGION



level 3 in IFRS 13. The valuations are based on a 10-year cash flow based model with an individual valuation for each property of both its future earnings capacity and the required market yield. In the valuation of a property's future earnings capacity, consideration has been taken of potential changes in rental levels, occupancy rates and property costs - as well as an assumed inflation level of 1.5%.

Projects in progress have been valued using the same principle, but with deductions for remaining investments. Properties with building rights have been valued on the basis of an estimated market value per square metre, on average approx. SEK 1,480 (1,800) per sq.m.

In order to ensure and validate the quality of the internal valuations, an external valuation - representing over 50% of the portfolio - is made every year-end. The difference between the internal and external valuations has been historically small. Based on these internal valuations, property value at the end of the period were assessed to SEKm 82,031 (81,078), corresponding to SEK 18,461 per sq.m.

Average valuation yield

The average valuation yield for Castellum's real estate portfolio, excluding development projects and undeveloped land, can be calculated to 5.5% (5.7%).

AVERAGE VALUATION YIELD

(excl. project/land and building rights)	SEKm
Net operating income properties	1,020
+ Real occupancy rate, 94% at the lowest	54
+ Property cost annual rate	24
- Property admin, SEK 30/sq.m.	- 34
Normalized net operating income (3 months)	1,064
Valuation (excl. building rights of SEKm 617)	77,869
Average valuation yield	5.5%

PROPERTY RELATED KEY RATIOS

	2018 Jan-March	2017 Jan-March	2017 Jan-Dec
Rental value, SEK/sq.m.	1,363	1,332	1,341
Economic occupancy rate	92.9%	89.8%	90.9%
Property costs, SEK/sq.m.	382	397	366
Net operating income, SEK/sq.m.	884	799	853
Property value, SEK/sq.m.	18,461	17,105	18,268
Number of properties	678	676	676
Lettable area, thousand sq.m.	4,366	4,360	4,381
Average valuation yield	5.5%	5.7%	5.5%

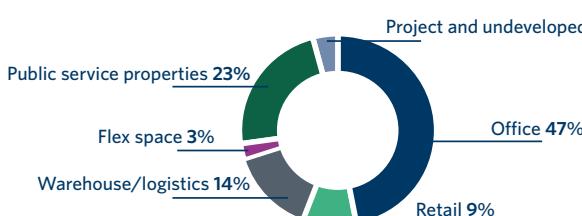
Castellum's real estate portfolio

Category	31-03-2018				January-March 2018						
	No. of properties	Area thousand sq.m.	Property value SEKm	D:o/ sq.m.	Rental value SEKm	D:o/ sq.m.	Occupancy rate	Income SEKm	Property costs SEKm	D:o/ sq.m.	Net operating income SEKm
OFFICE											
Stockholm	31	290	9,589	33,049	149	2,047	93.3%	139	30	405	109
West	67	386	9,006	23,311	146	1,516	92.5%	135	33	343	102
Central	72	486	8,107	16,691	168	1,386	95.4%	161	45	374	116
Öresund	49	409	10,108	24,740	194	1,902	87.0%	169	47	457	122
North	12	67	1,239	18,555	26	1,556	85.3%	22	7	448	15
Total Office	231	1,638	38,049	23,236	683	1,670	91.6%	626	162	396	464
RETAIL											
Stockholm	34	196	3,584	18,291	65	1,339	93.0%	61	11	217	50
West	17	78	1,067	13,692	23	1,160	96.1%	22	6	301	16
Central	21	98	1,540	15,770	31	1,285	96.5%	30	7	281	23
Öresund	11	45	839	18,414	17	1,487	92.3%	15	4	358	11
North	3	18	321	18,159	7	1,497	86.0%	6	2	548	4
Total Retail	86	435	7,351	16,908	143	1,317	93.8%	134	30	275	104
WAREHOUSE /LOGISTICS											
Stockholm	40	261	3,714	14,210	72	1,110	92.7%	67	14	212	53
West	72	526	4,608	8,763	98	742	89.1%	87	23	177	64
Central	35	215	1,664	7,740	42	775	90.2%	38	12	225	26
Öresund	29	208	1,642	7,891	40	774	88.8%	36	13	247	23
Total Warehouse/Logistics	176	1,210	11,628	9,608	252	833	90.3%	228	62	205	166
FLEX SPACE											
Stockholm	13	53	747	14,038	15	1,144	93.3%	14	3	226	11
West	19	89	816	9,228	18	796	96.2%	17	4	174	13
Central	14	54	411	7,614	11	831	95.4%	11	3	239	8
Öresund	4	42	308	7,331	8	768	79.8%	6	1	133	5
Total Flex space	50	238	2,282	9,602	52	877	92.6%	48	11	193	37
PUBLIC SERVICE PROPERTIES											
Stockholm	14	99	5,059	51,177	66	2,648	97.6%	64	11	428	53
West	17	122	2,213	18,186	38	1,262	96.7%	37	7	247	30
Central	21	243	5,326	21,903	97	1,592	97.7%	95	21	344	74
Öresund	9	92	2,984	32,273	48	2,084	98.3%	47	4	154	43
North	13	175	3,594	20,539	69	1,575	96.2%	66	17	391	49
Total Public service properties	74	731	19,176	26,227	318	1,738	97.3%	309	60	326	249
Total investment properties	617	4,252	78,486	18,461	1,448	1,363	92.9%	1,345	325	306	1,020
Leasing and property admin									80	76	-80
Total after leasing and property admin											
Development	37	114	3,058	-	23	-	-	11	9	-	2
Undeveloped land	24	-	487	-	-	-	-	-	-	-	-
Total	678	4,366	82,031	-	1,471	-	-	1,356	414	-	942

The table above relates to the properties owned by Castellum at the end of the period and reflects the income and costs of the properties as if they had been owned during the period. The discrepancy between the net operating income of SEKm 942 accounted for above and the net operating income of SEKm 938 in the income statement is explained by the deduction of the net operating income of SEKm 0 on properties sold during the year, as well as the adjustment of the net operating income of SEKm 4 on properties acquired/completed during the year, which are recalculated as if they had been owned or completed during the whole period.

More detailed description about property type on page 24, definitions. Castellum's real estate portfolio for Q4 2017 - newly categorized - can be accessed via: castellum.com.

PROPERTY VALUE BY PROPERTY TYPE



PROPERTY VALUE BY REGION



Customers

Castellum's real estate portfolio and customer segments

Castellum's portfolio is well distributed over various segments, whereby almost half consist of office buildings and a quarter comprise public service properties. The latter provide a stable and secure income base, in the form of customers as well as longer contract durations. Castellum's exposure to the retail segment currently represents 9% of income value, but this segment includes grocery stores and car dealerships. Another type of retail exposure also occurs in the storage/logistics segment, in the form of storage and distribution from the fast-growing e-commerce segment, which favours rental growth and contributes to the transformation of well-situated properties in the form of the last mile.

Lease maturity structure

Contract maturity for Castellum's portfolio appears in the table below. The relatively low proportion of contracts to reach maturity during 2018 is primarily due to the fact that most contracts have already been renegotiated.

LEASE MATURITY STRUCTURE 31-03-18

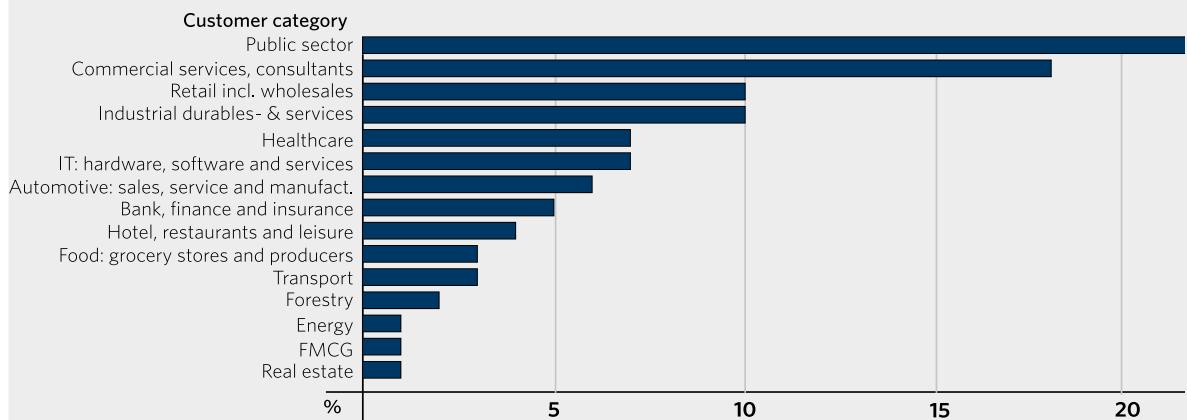
SEKm	No. of leases	Lease value SEKm	Percentage of value
Commercial, term			
2018	1,187	106	2%
2019	1,913	1,075	20%
2020	1,292	975	18%
2021	1,127	1,010	19%
2022	299	487	9%
2023+	437	1,584	30%
Total commercial	6,255	5,237	98%
Residential	457	39	1%
Parking spaces and other	6,013	61	1%
Total	12,725	5,337	100%

Risk exposure, credit risk

Castellum's lease portfolio features a good risk exposure. The Group has approx. 6,200 commercial leases and 460 residential leases, and 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 approx. 2% of the Group's total rental income, meaning that Castellum's exposure to a single-customer credit risk is very low.

LEASE SIZE				
Lease size, SEKm	No. of leases	Share	Lease value SEKm	Share
Commercial				
< 0.25	3,059	24%	248	5%
0.25-0.5	1,037	8%	376	7%
0.5-1.0	842	7%	594	11%
1.0-3.0	750	6%	1,274	24%
< 3.0	567	4%	2,745	51%
Total	6,255	49%	5,237	98%
Residential	457	4%	39	1%
Parking spaces and other	6,013	47%	61	1%
Total	12,725	100%	5,337	100%

COMMERCIAL LEASES DISTRIBUTED BY SECTOR



Castellum's project portfolio



Larger investments and sales

Larger projects

Property	Rental value			Econ.occup. April 2018	Total inv. incl. land, SEKm	Of which inv. 2018, SEKm	Remain inv. SEKm	Completed	Category
	Area sq.m.	SEKm	SEK/sq.m.						
Olaus Petri 3:244, Örebro	14,526	36	2,400	91%	465	57	268	Q2 2019	New construction office
Hyllie 4:2 (part of), Malmö	9,600	26	2,700	65%	355	31	228	Q2 2019	New construction office
Spejaren 4, Huddinge	9,300	25	2,700	40%	334	68	231	Q1 2019	New construction car retail
Sabbatsberg 24, Stockholm	9,092	45	4,950	0%	307	1	286	Q2 2019	Reconstruction office
Hisingen Logistics Park, Gothenburg	30,200	22	750	100%	242	30	65	Q2 2018	New construction logistics
Generatorn 1, Mölndal	6,800	13	1,600	100%	141	11	121	Q3 2019	New construction office/warehouse
Tibble 1:647, Brunna	8,894	12	1,300	0%	140	27	113	Q2 2019	New construction warehouse/flex space
Rosersberg 11:130, Sigtuna	12,200	11	950	66%	135	7	27	Q2 2018	New construction logistics
Spiran 12, Norrköping	7,915	18	2,300	46%	110	15	28	Q3 2018	Reconstruction office

Projects completed/partly moved in

Balltorp 1:124, Mölndal	18,000	15	850	100%	194	12	4	Q1 2018	New construction logistics
Varpen 11, Huddinge	5,555	15	2,550	100%	184	18	25	Q1 2018	New construction car retail
Söderhällby 2:1, Uppsala	5,963	8	1,300	100%	101	18	12	Q1 2018	New construction logistics
Total project > SEKm 100					2,708	295	1,408		

NOTE 9 Goodwill

In 2016, the CORHEI and Norrporten companies were acquired. In connection to the acquisitions, a goodwill situation arose, primarily related to the difference between nominal tax, and the calculated supplementary tax which was applied at time of acquisition. The goodwill action is thereby connected to deferred tax. A write-off for

goodwill is primarily justified for a major downturn in the real estate market or a situation wherein properties included in the transaction above are divested. As per March 31, 2018, there is no indication that a write-down will be necessary.



TIBBLE 1:647, BRUNNA

AREA: Brunna, Kungsängen outside Stockholm

AREA: 8,894 sq.m.

TIME PLAN: Q2, 2019

INVESTMENT: SEKm 140

CERTIFICATION: Miljöbyggnad level Silver

Castellum has during spring begun construction of a warehouse and logistics building in Brunna, outside Stockholm. The building constitutes the first element to reinforce large-scale logistics operations, and further support expansion of the Stockholm-West Logistics Area.

NOTE 10 Interest bearing liabilities and liquid assets

Castellum shall have a low financial risk, meaning a loan to value ratio not permanently exceeding 55% and an interest coverage ratio of at least 200%.

Interest bearing liabilities

At the end of the period Castellum had binding credit agreements totalling SEKm 56,635 (57,240) of which SEKm 42,955 (45,120) was long term and SEKm 13,680 (12,120) short term. During the first quarter, credit agreements of SEKm 3,500 were terminated or expired while agreements totalling SEKm 817 were renegotiated and the bank overdraft was increased by SEKm 30. In addition, a 75-million-euro loan agreement with the European Investment Bank (EIB) has been utilized during the first quarter. The loan carries a nominal value of SEKm 756, and runs for 5 years. Bonds for SEKm 500 have fallen due, while a new emission of SEKm 525 has been activated during the period. Also occurring in the first quarter: framework-amounts have been raised to SEKm 18 000 in Castellum's MTN-program, and to SEKm 10 000 in the corporate-certification program.

After deduction of cash of SEKm 34 (203), net interest bearing liabilities were SEKm 39,028 (38,023), of which SEKm 14,188 (14,162) were MTN and SEKm 9,993 (7,994) outstanding commercial papers, (nominal SEKm 14,200 respectively SEKm 10,000).

Most of Castellum's loans are revolving which means great flexibility. Bonds issued under the MTN program and the commercial papers broaden the funding base. At the end of the period the fair value of the liabilities is in principle in line with the value accounted for.

Long-term loan commitments in banks are secured by pledged mortgages in properties and/or financial covenants. Outstanding commercial papers and bonds under the MTN-program are unsecured.

Net interest bearing liabilities amounted to SEKm 39,028 (38,023) of which SEKm 14,847 (15,867) were secured by the company's properties and SEKm 24,181 (22,156) unsecured. The proportion of used secured financing was thus 18% of the property value. The financial covenants state a loan-to-value ratio not exceeding 65% and an interest

coverage ratio of at least 175%, which Castellum fulfils with comfortable margins, 48% and 393% respectively. The average duration of Castellum's credit agreements was 2.6 years (2.7). Margins and fees on long-term credit agreements had an average duration of 2.1 years (2.2).

CREDIT MATURITY STRUCTURE 31-03-2018

Credit agreements	Utilized in			
	SEKm	Bank	MTN/Cert	Total
0 - 1 year	13,680	1,031	12,243	13,274
1 - 2 years	21,397	5,421	4,475	9,896
2 - 3 years	12,144	4,421	2,023	6,444
3 - 4 years	2,272	23	2,249	2,272
4 - 5 years	5,483	2,635	2,848	5,483
> 5 years	1,659	1,316	343	1,659
Total	56,635	14,847	24,181	39,028

Interest rate maturity structure

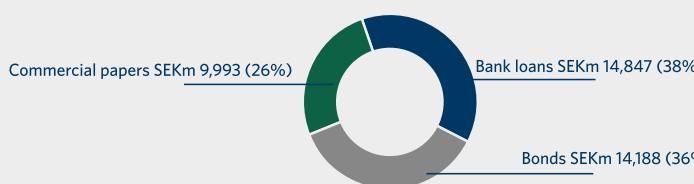
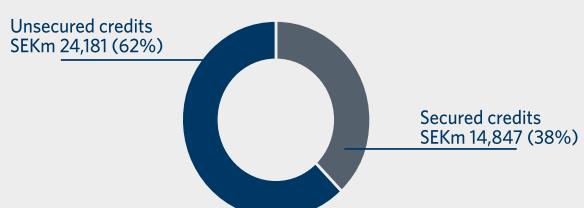
In order to secure a stable and low net interest cash flow the interest rate maturity structure is distributed over time. The average fixed interest term was 2.3 years (2.4). The average effective interest rate as per of March 31, 2018 was 2.2% (2.4%).

Castellum utilizes interest rate derivatives to achieve the desired interest rate maturity structure. Interest rate derivatives is a cost effective and flexible way to achieve the desired fixed interest term. Castellum's cost effectiveness is negatively affected at the moment due to negative Stibor interest rate. In the interest rate maturity structure, interest rate derivatives are accounted for in the earliest time segment in which they can mature.

Credit margins and fees are distributed in the table by reported underlying loans, while credit fees are reported in the segment for 0-1 year.

Currency

Castellum owns properties in Denmark with a value of SEKm 5,897 (5,671), which means that the Group is exposed to currency risk. The currency risk is primarily related to when income statement and balance sheet in foreign currencies are translated into Swedish kronor.

DISTRIBUTION OF INTEREST BEARING LIABILITIES 31-03-2018**SECURED CREDIT FACILITIES 31-03-2018**

INTEREST RATE MATURITY 31-03-2018

	Credit, SEKm	Closing average Interest rate	Derivatives				Average fixed interest rate term
			Volume fixed Interest rate, SEKm	Closed fixed Interest rate**	Volume variable interest rate SEKm***	Closing variable interest rate***	
0 - 1 year	30,632	1.0%*	1,750	1.7%	- 16,474	- 0.4%	2.5% 0.3 years
1 - 2 years	1,700	0.8%	2,250	1.6%	-	-	1.3% 1.7 years
2 - 3 years	4,350	1.7%	3,174	2.2%	-	-	1.9% 2.1 years
3 - 4 years	1,600	1.6%	2,600	1.6%	-	-	1.6% 3.5 years
4 - 5 years	548	2.2%	1,350	2.7%	-	-	2.5% 4.6 years
5 - 10 years	198	2.3%	5,350	2.9%	-	-	2.9% 7.0 years
Total	39,028	1.1%	16,474	2.2%	- 16,474	- 0.4%	2.2% 2.3 years

* Including credit-agreement fees and exchange rate differences for MTNs

** Castellum pays fixed interest rates

*** Castellum receives interest rates

NOTE 11 Interest rate and currency derivatives

Castellum utilizes interest rate derivatives to achieve the desired interest rate maturity structure. According to the accounting standard IAS 39, derivatives are subject to market valuation. If the agreed interest rate deviates from the market interest rate, notwithstanding credit margins, there is a theoretical surplus or sub value in the interest rate derivatives where the non-cash-flow affecting changes in value are reported in the income statement. At maturity, a derivative's market value is dissolved in its entirety and the change in value over time has thus not affected equity. Castellum also has derivatives in order to hedge currency fluctuation in its investment in Denmark. As for currency derivatives, a theoretical surplus/sub value occurs if the

agreed exchange rate deviates from the current exchange rate, where the effective portion of value changes is accounted for in other total income.

To calculate the market value of derivatives, market rates for each term and, where appropriate, exchange rates, as quoted on the market at the closing date are used. Interest rate swaps are valued by discounting future cash flows to present value while instruments containing options are valued at current repurchase price.

As of March 31, 2018, the market value of the interest rate derivatives portfolio amounted to SEKm - 1,255 (- 1,299) and the currency derivative portfolio to SEKm - 41 (-53). All derivatives are, as at previous year, classified in level 2 according to IFRS 13.

CASTELLUM'S FINANCIAL POLICY AND COMMITMENTS IN CREDIT AGREEMENTS

Policy	Commitment	Outcome
Loan to value ratio	Not exceeding 65%	48%
Interest coverage ratio	At least 175%	393%
Funding risk		
- average capital tied up	At least 2 years	2.6 years
- proportion maturing within 1 year	No more than 30% of outstanding loans and unutilized credit agreements	8%
- average maturing credit price	At least 1.5 years	2.1 years
- proportion capital market financing	No more than 75% of outstanding interest bearing liabilities	62%
- liquidity reserve	Secured credit agreements corresponding to SEKm 750 and 4.5 months upcoming loan maturities	Fulfilled
Interest rate risk		
- average interest duration	1.0 - 3.5 years	2.3 years
- proportion maturing within 6 months	At least 20%, no more than 55%	33%
Credit and counterparty risk		
- rating restriction	Credit institutions with high ratings, at least S&P BBB+	Fulfilled
Currency risk		
- translation exposure	Shareholders' equity is not secured	Not secured
- transaction exposure	Handled if exceeding SEKm 25	Under SEKm 25

Condensed Consolidated Cash Flow Statement

SEKm	2018 Jan-March	2017 Jan-March	Rolling 12 months April 17-March 18	2017 Jan-Dec
Net operating income	938	862	3,653	3,577
Central administrative expenses	- 46	- 43	- 165	- 162
Reversed depreciations	4	12	6	14
Net interest rate paid	- 234	- 231	- 881	- 878
Tax paid	- 40	122	- 165	- 3
Translation difference of currencies	0	0	- 8	- 8
Cash flow from operating activities before change in working capital	622	722	2,440	2,540
Change in current receivables	- 248	- 265	- 57	- 74
Change in current liabilities	- 60	664	- 947	- 223
Cash flow from operating activities	314	1,121	1,436	2,243
Investments in new constructions, extensions and reconstructions	- 696	- 628	- 2,961	- 2,893
Property acquisitions	- 38	- 2,564	- 1,069	- 3,595
Change in liabilities at acquisitions of property	11	119	- 96	12
Property sales	232	832	275	875
Change in receivables at sales of property	- 6	4,105	845	4,956
Other investments	- 16	5	- 69	- 48
Cash flow from investment activities	- 513	1,869	- 3,075	- 693
Change in long term liabilities	745	- 2,263	2,767	- 241
Change in short term liabilities	9	3	9	3
Dividend paid	- 724	- 683	- 1,407	- 1,366
Cash flow from financing activities	30	- 2,943	1,369	- 1,604
Cash flow for the period/ year	- 169	47	- 270	- 54
Liquid assets opening balance	203	257	304	257
Liquid assets closing balance	34	304	34	203

The Parent company

Condensed Income statement SEKm	2018 Jan-March	2017 Jan-March	2017 Jan-Dec	Condensed Balance sheet SEKm	March 31 2018	March 31 2017	Dec 31 2017
Income	16	7	72	Participations, group companies	19,675	19,494	19,161
Operating expenses	- 48	- 45	- 179	Receivables, group companies	30,097	33,630	30,914
Net financial items	- 15	- 22	- 5	Other assets	7,564	177	8,206
Dividend/Group contribution	-	-	3,970	Liquid assets	0	0	0
Change in derivatives	- 7	57	284	Total	57,336	53,301	58,281
Impairment of shares in subsidiaries	-	-	- 2,700	Shareholders' equity	16,304	16,433	17,794
Income before tax	- 54	- 3	1,442	Derivatives	1,296	1,292	1,352
Tax	12	1	- 83	Interest bearing liabilities	35,058	32,306	34,303
Net income for the period/year	- 42	- 2	1,359	Interest bearing liabilities, group companies	3,814	2,455	4,687
Comprehensive income for the parent company				Other liabilities	864	815	145
Net income for the period/year	- 42	- 2	1,459	Total	57,336	53,301	58,281
Items that will be reclassified into net income				Pledged assets (receivables group contributions)	26,813	26,753	27,688
Translation difference foreign operations	89	0	67	Contingent liability (guaranteed commitments for subsidiaries)	3,631	2,310	3,609
Unrealized change, currency hedge	- 89	0	- 67				
Total net income for the period/year	- 42	- 2	1,359				

Opportunities and Risks for Group and Parent company

Opportunities and risks in the cash flow

Over time, increasing market interest rates normally constitute an effect of economic growth and increasing inflation, which is expected to result in higher rental income. This is partly due to the fact that the demand for premises is thought to increase. This leads, in turn, to reduced vacancies and hence to the potential for increasing market rents. It is also partly due to the fact that the index clause in commercial contracts compensates for increased inflation.

An economic boom therefore means higher interest costs but also higher rental income, while the opposite relationship is true during a recession. The changes in rental income and interest cost do not take place at the exact same time, which is why the effect on income in the short run may occur at different points in time.

SENSITIVITY ANALYSIS - CASH FLOW

Effect on income next 12 months

	Effect on income, SEKm +/- 1% (units)	Probable scenario Boom	Recession
Rental level/index	+54/-54	+	-
Vacancies	+59/-59	+	-
Property costs	-17/+17	-	0
Interest costs	-107/-82*	0	-

* Due to inter alia 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 one-percentage-point reduction of the interest rate.

Opportunities and risks in property values

Castellum reports its properties at fair value with changes in value in the income statement. This means that the result in

particular but also the financial position may be more volatile. Property values are determined by supply and demand, where prices mainly depend on the properties' expected net operating incomes and the buyers' required yield. An increasing demand results in lower required yields and hence an upwarded adjustment in prices, while a weaker demand has the opposite effect. In the same way, a positive development in net operating income results in an upward adjustment in prices, while a negative development has the opposite effect.

In property valuations, consideration should be taken of an uncertainty range of +/- 5-10%, in order to reflect the uncertainty that exists in the assumptions and calculations made.

SENSITIVITY ANALYSIS - CHANGE IN VALUE

Properties	-20%	-10%	0%	+10%	+20%
Changes in value, SEKm	-16,406	-8,203	-	8,203	16,406
Loan to value ratio	59%	53%	48%	43%	40%

Financial risk

Ownership of properties presumes a working credit market. Castellum's greatest financial risk is to lack access to funding. The risk is reduced by a low loan-to-value ratio and long-term credit agreements.

For more detailed information about Risks and uncertainties visit Castellum's website or Castellum's Annual Report 2017, "Risk and Risk management" on pages 88-95.



OLAUS PETRI, ÖREBRO

LOCATION: by the Travel Centre in Örebro

AREA: 14,526 sq.m.

TIME PLAN: Completed Q2, 2019

INVESTMENT: SEKm 465

CERTIFICATION:

Miljöbyggnad level Gold

In 2016 in Örebro, construction began of Citypassagen, a new office property situated at the Northern route close to the travel centre. There is a high demand in the city centre for office premises in fast-expanding Örebro.

Financial Key Ratios

A number of the financial measures presented by Castellum in the interim report 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 management, as they facilitate evaluation of company 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. Hence, these financial measures should not be seen as a substitute for measures defined according to the IFRS. Unless otherwise stated, the table below presents measures, along with their reconciliation, which are not defined according to the IFRS. Definitions for these measures appear on the page 24.

	Jan-March 2018	Jan-March 2017	Rolling 12 months April 17- March 18		Jan-Dec 2017
Average number of shares, thousand (related to financial key ratios)	273,201	273,201	273,201	273,201	273,201
Outstanding number of shares, thousand (related to balance sheet ratios)	273,201	273,201	273,201	273,201	273,201

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 prime yearly objective being a 10% increase in property management income. Income from property management also forms the basis of the annual shareholder dividend: at least 50% of property-management income. Income from property management is calculated before paid tax, as well as after the theoretical tax that Castellum would have paid on income from property management, had there been no loss carry forwards.

	Jan-March 2018 SEKm SEK/share	Jan-March 2017 SEKm SEK/share	Rolling 12 months April 17- March 18 SEK/share		Jan-Dec 2017 SEKm SEK/share
Income before tax	889	3.25	1,605	5.87	6,596
Reversed:					24.14
Transaction and restructuring costs	-	-	4	0.01	1
Changes in value, properties	- 231	- 0.85	- 940	- 3.44	- 3,831
Changes in value, derivatives	7	0.03	- 77	- 0.27	- 163
Tax joint venture	-	-	-	-	-
= Income from property management	665	2.43	592	2.17	2,603
					9.53
					2,530
					9.26
EPRA Earnings (Income from property management after tax)					
Income from property management	665	2.43	592	2.17	2,603
Reversed; Current tax income from property management	- 45	- 0.16	- 69	- 0.26	- 215
EPRA Earnings / EPRA EPS	620	2.27	523	1.91	2,388
					8.74
					2,291
					8.39

Net Asset Value

Net asset value is the total equity which 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 equity according to the balance sheet, adjusted for the market value of the deferred tax liability.

	March 31, 2018 SEKm SEK/share	March 31, 2017 SEKm SEK/share	Dec 31, 2017 SEKm SEK/share	
Equity according to the balance sheet	33,053	121	29,294	107
Reversed:				
Derivatives according to balance sheet	1,296	5	1,551	6
Goodwill according to balance sheet	- 1,659	- 6	- 1,659	- 6
Deferred tax according to balance sheet	8,534	31	7,196	26
Long term net asset value (EPRA NAV)	41,224	151	36,382	133
Deduction				
Derivatives as above	- 1,296	- 5	- 1,551	- 6
Estimated real liability, deferred tax x% (2017:6%)*	- 2,935	- 11	- 2,207	- 8
Short term net asset value (EPRA NNNAV)	36,993	135	32,624	119
				37,632
				138

* Estimated real deferred tax liability net has been calculated to 7% 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 22%, 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 22% and that 67% are sold indirect through company disposals where the buyers tax discount is 11%, which gives a present value of deferred tax liability of 8%.

Cont. Financial Key Ratios

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 55% and an interest-coverage ratio of at least 200%

Interest coverage ratio	Jan-March 2018	Jan-March 2017	Rolling 12 months April 17- March 18	Jan-Dec 2017
Income from property management	665	592	2,603	2,530
Reversed;				
Net interest	227	227	885	885
Income from property management excl. net interest	892	819	3,488	3,415
Interest coverage ratio	393%	361%	394%	386%

Loan to value ratio	March 31, 2018	March 31, 2017	Dec 31, 2017
Interest-bearing liabilities	39,062	36,204	38,226
Liquid assets	- 34	- 304	- 203
Net interest-bearing liabilities net	39,028	35,900	38,023
Investment properties	82,031	74,043	81,078
Acquired properties not taken into possession	- 34	- 130	- 23
Divested properties still in Castellum's possession	21	866	15
Net investment properties	82,018	74,779	81,070
Loan to value ratio	48%	48%	47%

Investment

In order to achieve the overall objective of 10% growth, i. e. income from property management per share, annual net investments of at least 5% of the property value will be made.

Net investments	Jan-March 2018	Jan-March 2017	Rolling 12 months April 17- March 18	Jan-Dec 2017
Acquisitions	38	2,564	1,069	3,595
New constructions, extensions and reconstructions	696	628	2,961	2,893
Total investments	734	3,192	4,030	6,488
Net sales prices	- 232	- 832	- 275	- 875
Net investments	502	2,360	3,755	5,613
Proportion of the property value, %	1%	3%	5%	7%

Other Financial Key Ratios

	Jan-March 2018	Jan-March 2017	Rolling 12 months April 17- March 18	Jan-Dec 2017
Net operating income margin	69%	66%	70%	69%
Interest rate level, on average	2.4%	2.6%	2.4%	2.4%
Return on long term net asset value	8.2%	9.4%	17.6%	19.6%
Return on actual net asset value	8.8%	2.7%	18.2%	18.3%
Return on total capital	5.3%	9.1%	9.2%	10.1%
Return on equity	9.3%	20.0%	18.3%	20.6%
Property value, SEK/share	300	271	300	297
Gross leasing	112	170	542	600
Net leasing	48	103	255	310

Accounting principles

Castellum complies with the IFRS standards adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Disclosures in accordance with IAS 34 Interim Financial Reporting are provided in notes and elsewhere in the interim report.

On January 1, 2018, IFRS 15 Revenue from Contracts with Customers came into effect. Castellum's revenues are largely regulated by IAS 17 Leasing, with the exception of the imposition of certain revenues, which are regulated by IFRS 15. The former includes customary rent including index, 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 entails that Castellum's revenues should be divided into two parts - Rental income and Service revenues. Consequently, there will be no impact on revenues or income before tax. Comparative periods have been recalculated.

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 reserves. The single largest item within the scope of IFRS 9 that affects Castellum consists of derivatives that are still reported at fair value in the income statement. 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 principles and calculation methods remain unchanged compared to last year's Annual Report.

Events after the reporting period

Beambox Castellum's storage service for private consumers was launched Monday April 16, 2018.

Gothenburg April 17, 2018



Henrik Saxborn
Chief Executive Officer, Castellum AB (publ)

This Interim Report has not been examined by the company's auditors.

This information is information that Castellum is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 CET on Tuesday April 17, 2018.

The Castellum share

The Castellum share is listed on Nasdaq Stockholm Large Cap. At the end of the period the company had about 40,000 shareholders. The ten individual largest owner constellations confirmed as of March 31, 2018 are presented in the table below.

SHAREHOLDERS 31-03-2018		
Shareholders	Number of shares, thousand	Percentage of voting rights and capital
Stichting Pensioenfonds ABP	14,793	5.4%
BlackRock	13,632	5.0%
Sjätte AP-fonden	11,851	4.4%
Rutger Arnhult	11,817	4.3%
AMF Försäkring & Fonder	11,698	4.3%
PGGM Pensioenfonds	10,234	3.7%
SEB Fonder & Liv	9,664	3.5%
Lannebo Fonder	9,270	3.4%
Szombatfalvy-sphere	9,052	3.3%
Vanguard	8,397	3.1%
Board and Executive Management Castellum	269	0.1%
Other shareholders registered in Sweden	71,113	26.0%
Shareholders registered abroad	91,411	33.5%
Total registered shares	273,201	100.0%

There is no potential common stock (e.g. convertibles)

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

The Castellum share price as of March 31, 2018 was SEK 136.50 (118.80) equivalent to a market capitalization of SEK 37.3 billion (32.5), calculated on the number of outstanding shares.

Since the beginning of the year a total of 74 million (69) shares were traded, equivalent to an average of 1,170,00 shares (1,075,000) per day, corresponding on an annual basis to a turnover rate of 107% (98%). The share turnover is based on statistics from Nasdaq Stockholm, Chi-X, Turquoise and BATS Europe.

Net asset value

The net asset value is the aggregated capital that the company manages for its owners. From this capital, Castellum wants to generate return and growth at low risk.

The long term net asset value (EPRA NAV) can be calculated to SEK 151 per share (133). The share price at the end of the year was thus 90% (89%) of the long term net asset value.

Earnings

Income from property management adjusted for tax attributable to income from property management (EPRA EPS) amounted to SEK 8.74 (8.37) on rolling annual basis. This results in a share price yield of 6.4% (7.0%) corresponding to a multiple of 16 (14).

Income from property management must be adjusted by a longterm increase in the property value and effective tax paid.

Net income after tax amounted on rolling annual basis to SEK 19.09 per share (22.78), which from the share price gives a yield of 14.0% (19.2%), corresponding to a P/E of 7 (5).

Dividend yield

The recent AGM approved dividend of SEK 5.30 (5.00) corresponds to a yield of 3.9% (4.2%) based on the share price at the end of the period.

Total share yield

During the last 12-month period the total yield of the Castellum share has been 19.5% (8.3%), including a dividend.

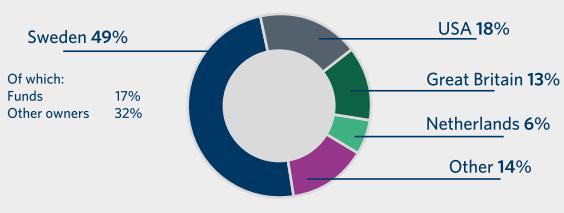
Net asset yield including long-term change in value

In companies managing real assets, such as real estate, the income from property management only reflects part – albeit a large part – of the overall result. The definition of a real asset is that its value is protected. This means that over time – and with proper maintenance – the real asset increases in value to compensate for inflation.

The net asset value – i.e., the denominator of the yield ratio income/capital – is adjusted annually in accordance with IFRS regulations for changes in value. In order to provide an accurate figure of the yield, the numerator – i.e., income – must be similarly adjusted. Therefore, the recorded net income has to be supplemented with a component of value changes as well as with effective tax to provide 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. However, by being a long-term player with stable cash flow and a balanced real estate portfolio, Castellum is able to make use of long-term value changes.

DISTRIBUTION OF SHAREHOLDERS BY COUNTRY 31-03-2018

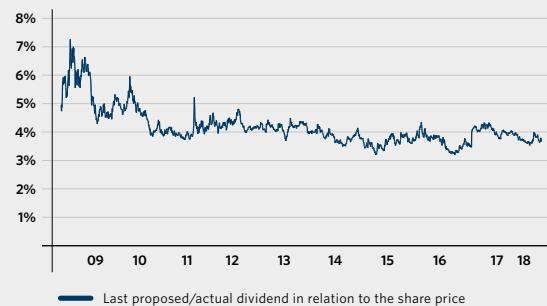


NET ASSET YIELD AND EARNINGS INCLUDING LONG-TERM CHANGE IN VALUE			
	Sensitivity analysis		
	-1%-unit	+1%-unit	
Income from prop.mgmt rolling 12 months	2,603	2,603	2,603
Change in property value (on average 10 years)	1.6%	0.6%	2.6%
D:o SEKm	1,251	469	2,033
Current tax 7%	-177	-177	-177
Earnings after tax	3,677	2,895	4,459
Earnings SEK/share	13.46	10.60	16.32
Return on actual long-term net asset value	10.2%	8.0%	12.4%
Earnings/share price	9.9%	7.8%	12.0%
P/E	10	13	8

EPRA KEY RATIOS			
	March 31, 2018	March 31, 2017	Dec 31, 2017
EPRA Earnings (Income from property mgmt after tax), SEKm	620	523	2,291
EPRA Earnings (EPS), SEK/share	2.27	1.91	8.39
EPRA NAV (long term net asset value), SEKm	41,224	36,382	41,834
EPRA NAV, SEK/share	151	133	153
EPRA NNNAV (net asset value), SEKm	36,993	32,624	37,632
EPRA NNNAV, SEK/share	135	119	138
EPRA Vacancy rate	7%	10%	9%
EPRA Yield	5.2%	5.2%	5.3%
EPRA "Topped-up" Yield	5.3%	5.3%	5.4%

GROWTH, YIELD AND FINANCIAL RISK			
	1 year	3 years average/ year	10 years average/ year
Growth			
Rental income SEK/share	- 2%	3%	5%
Income from property mgmt SEK/share	7%	7%	7%
Net income for the year after tax SEK/share	- 16%	21%	11%
Dividend SEK/share	6%	10%	7%
Long term net asset value SEK/share	14%	14%	7%
Actual net asset value SEK/share	13%	14%	7%
Real estate portfolio SEK/share	11%	12%	7%
Change in property value	5.0%	4.9%	1.6%
Yield			
Return on actual long term net asset value	17.6%	18.6%	11.9%
Return on actual net asset value	18.2%	17.7%	11.3%
Return on total capital	9.2%	9.4%	6.8%
Total yield of the share (incl. dividend)			
Castellum	19.5%	9.9%	11.9%
Nasdaq Stockholm (SIX Return)	2.3%	4.4%	10.0%
Real Estate Index Sweden (EPRA)	16.4%	8.9%	13.5%
Real Estate Index Europe (EPRA)	8.4%	1.4%	5.4%
Real Estate Index Eurozone (EPRA)	12.5%	5.4%	6.6%
Real Estate Index Great Britain (EPRA)	6.6%	0.3%	2.5%
Financial risk			
Loan to value ratio	48%	49%	50%
Interest coverage ratio	394%	366%	315%

THE SHARE'S DIVIDEND YIELD



SHARE PRICE/NET ASSET VALUE



YIELD EARNINGS PER SHARE



THE CASTELLUM SHARE'S PRICE TREND AND TURNOVER SINCE THE IPO, MAY 23, 1997 UNTIL MARCH 31, 2018



Definitions

SHARE RELATED KEY RATIOS

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 number of historical shares that have been recalculated with reference to the bonus-issue element (i.e. the value of the subscription right) in the completed new share issue.

Dividend pay out ratio

Dividend as a percentage of income from property management.

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. With 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

Reported equity according to the balance sheet, adjusted for interest rate derivatives and deferred tax.

EPRA NNNAV - Actual net asset value

Reported equity according to 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. Outstanding number of shares - the number of shares registered with a deduction for the company's own repurchased shares at a given point in time.

Total yield per share

Share price development with addition of the dividends during the period which was reinvested in shares that day shares traded ex-dividend.

PROPERTY RELATED KEY RATIOS

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 for accounted for after reversal of transaction and restructuring costs, revaluation of results due to stepwise acquisition, changes in value and tax, both for the Group and for joint venture.

Net operating income

Net operating income as a percentage of rental income.

Operating expenses

This item includes both direct property costs, such as operating expenses, maintenance, ground rent and real estate 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: Retail, office, flex space, warehouse/logistics, public service properties (customers that are directly or indirectly tax funded) and project and

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 metre

Property-related key ratios, expressed in terms of SEK per square metre, are based on properties owned at the end of the period. Properties acquired/completed during the year have been restated as if they had been owned or completed for the whole year, while properties disposed of have been excluded entirely. Development projects and undeveloped land have been excluded. In the interim accounts key ratios have been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

FINANCIAL KEY RATIOS

Interest coverage ratio

Income from property management after reversal of net financial items and income from property management in joint venture 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 the year-end.

Return on actual net asset value

Income after tax as a percentage of initial net asset value during the year, but with actual deferred tax instead of nominal tax. In the interim accounts the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

Return on long term net asset value

Income after tax with reversed changes in value of derivatives and deferred tax as a percentage of initial long term net asset value. In the interim reports the return has been recalculated on annual basis, disregarding seasonal variations normally occurring in operations.

Return on equity

Income after tax as a percentage of average equity. In the interim accounts the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

Return on total capital

Income before tax with reversed net financial items and changes in value on derivatives during the year as a percentage of average total capital. In the interim accounts the return has been recalculated on an annual basis, disregarding seasonal variations normally occurring in operations.

Financial calendar

Half-year report January - June 2018	13-July-18
Interim report January - September 2018	17-Oct-18
Year-end Report 2018	23-Jan-19
Annual General Meeting 2019	21-March-19

www.castellum.com

Visit Castellum's website to download and/or subscribe to Castellum's Pressreleases and Financial Reports. For further information please contact Henrik Saxborn, CEO, phone +46 31 60 74 50 or Ulrika Danielsson, CFO, phone +46 706 47 12 61.

About Castellum

Castellum is one of the major listed real estate companies in Sweden. The fair value of the real estate portfolio amounts to SEK 82 billion, and comprises of commercial properties for office, retail, warehouse and logistics totaling 4.4 million sq.m. The real estate portfolio is owned and managed under the Castellum brand through a decentralized organization with strong and clear local presence in 20 cities from Copenhagen in the south to Sundsvall in the north. Castellum is listed on Nasdaq Stockholm Large Cap.

Castellum's AGM 2018

At the Annual General Meeting on March 22, 2018 decisions were i.e. made on;

- a dividend of SEK 5.30 per share, distributed to the shareholders in two equal payments of SEK 2.65 per share. Record days for the dividend: Monday March 26, 2018 for the first payment and Monday September 24, 2018 for the second payment,
- re-election of present members of the Board of Directors; Mrs. Charlotte Strömberg, Mr. Per Berggren, Mrs. Anna-Karin Hatt, Mr. Christer Jacobson, Mrs. Christina Karlsson Kazeem, Mrs. Nina Linander and Mr. Johan Skoglund. Mrs. Charlotte Strömberg was re-elected as Chairman of the Board of Directors,
- the AGM decided that the level of renumeration to the members of the Board of Directors shall be SEK 3,520,000 in total,
- to elect Deloitte as auditor in the company for the period until the end of the next AGM,
- to appoint a new election committee for the AGM 2019 according to the election committees' proposal,
- a mandate for the Board to resolve on new share issues and a renewed mandate to decide on purchase and transfer of the company's own shares.



CASTELLUM

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