



INTERIM REPORT JANUARY – MARCH 2019

Q1 2019

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Strong rental growth promotes 9% increase in income from property management

Important events during the quarter

Castellum carried out an exchange transaction with Lilium, in which Castellum acquired six properties in Linköping for MSEK 1,631 and sold twenty properties in Sundsvall for MSEK 3,326. The transfers took place on March 1, 2019.

At the end of January, Castellum acquired the Nordic region's leading co-working company, United Spaces, for MSEK 200. Over the last few years, United Spaces has had annual growth of approximately 40%. The company offers co-working spaces in Stockholm, Gothenburg and Malmö, and will be opening at Arlanda airport in April 2019. Co-working, or shared offices, has already made its entry into the larger cities, and strong growth is predicted over the next few years.

In early February, Castellum was awarded a land allocation agreement covering three blocks by the City of Stockholm for offices and residences in Hagastaden, just north of the CBD. The total investment in acquisitions of development rights is estimated to total approximately MSEK 800. The planned construction start is the first quarter of 2021, with occupancy slated for 2024 at the earliest.

At the end of February, Castellum sold four retail properties in the Boländerna district of Uppsala. The total sale price was MSEK 685 less overhead costs and deferred tax of MSEK 22.

Castellum acquired two office properties in the Lilla Bommen district in central Gothenburg at an acquisition price of MSEK 864 including overhead costs.

- Income for the period January-March 2019 amounted to MSEK 1,433 (MSEK 1,352 previous year).
- Income from property management amounted to MSEK 726 (665), corresponding to SEK 2.66 (2.43) per share, an increase of 9%.
- Changes in value on properties amounted to MSEK 689 (231) and on derivatives to MSEK - 121 (- 7).
- Net income after tax for the period amounted to MSEK 1,341 (765), corresponding to SEK 4.91 (2.80) per share.
- Long term net asset value amounted to SEK 178 (154) per share. An increase of 16%.
- Net lease for the period was MSEK - 7 (48).
- Net investments amounted to MSEK -726 (502) of which MSEK 2,518 (38) were acquisitions, MSEK 777 (696) new constructions, extensions and reconstructions and MSEK 4,021 (232) sales. Property value by the end of the period amounted to SEK 89.2 billion.

KEY RATIOS	2019 Jan-March	2018 Jan-March
Income, MSEK	1,433	1,352
Net operating income, MSEK	977	938
Income of property management, MSEK	726	665
D:o SEK/share	2.66	2.43
D:o growth	+9%	+12%
Net income after tax, MSEK	1,341	765
Net investments, MSEK	- 726	502
Net leasing, MSEK	- 7	48
Loan to value ratio	45%	48%
Interest coverage ratio	465%	393%
Long term net asset value (EPRA NAV) SEK/share	178	154
Actual net asset value (EPRA NNAV) SEK/share	165	138

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: On the cover a sketch of Jubileumshuset by Dinell Johansson which is being built in conjunction with HSB's 100th Anniversary, in 2023. The building will comprise a mix of residences and offices, where Castellum and HSB Bostad will develop a place that creates synergies between residential and work space that activate the building day and night, 24/7. Hagastaden is a new development area, just north of CBD in Stockholm. The partnership was announced in the beginning of April 2019.

Projects with potential for both Castellum and its customers

Last year, Castellum posted record 17% growth in income from property management. At that time, I expressed that we could hardly maintain that pace, but my opinion was still that our portfolio shift had taken Castellum to a higher level of growth than previously. The first quarter of the year seems to have confirmed this. With a largely unchanged portfolio, income from property management increased 9% — which means that we nearly reached our goal this quarter as well, with our existing portfolio. I also pointed out that the net sales, totaling SEK 1.5 billion, of properties transferred in March would temporarily impact the rate of growth in the subsequent quarters.

With a total portfolio of SEK 90 billion, it will take a little time to complete any major shifts. But nonetheless, the trend is clear: offices, logistics and projects are increasing primarily at the expense of retail, which is now down to 7% of the portfolio. The sale of the Sundsvall portfolio during the year also yielded a temporary reduction in public sector properties, but this trend will change through major projects with the Swedish National Courts Administration. And hopefully projects will represent the significant portion of Castellum's future growth.

Property value by property type	Q1 2019	Q1 2018
Office	49%	47%
Public sector properties	21%	23%
Warehouse/Logistics	16%	14%
Retail	7%	9%
Light industry	2%	3%
Development and undeveloped land	5%	4%
Total	100%	100%

Fantastic project opportunities

Our major projects contain interesting potential. The acquisition of Söve airport provides a fantastic opportunity for expansion. By just utilizing half of the area, we can secure modern logistics projects for SEK 8 billion over the next few years, with optimal location near the Port of Gothenburg and national transportation links.

In the Hagastaden district of Stockholm, Castellum has stepped in as a partner in constructing a total of five blocks that contain both workplaces and housing. Castellum's commitment concerns offices totaling 30,000 square meters, with an investment of approximately SEK 1.3 billion. Hagastaden is on the way to becoming a lively inner-city district with a focus on the life sciences. With its proximity to Nya Karolinska and Karolinska Institutet, it creates a scientific city district with a focus on health where workplaces, research and residences meet culture and recreation. In 2025, when the project is fully complete, Hagastaden will encompass a total of approximately 50,000 new workplaces and 6,000 residences.

The acquisition of United Spaces must also rank as an important project. At Almedalen, in July of last year, Castellum announced plans to invest in the rapidly expanding coworking segment. The motive behind it was simple: we believe the segment is growing. In New York and London, coworking now represents 25% of all new leases for office space.

In Sweden, the same figure is only a few percent — but growing rapidly. Perhaps our most important ambition with the investment is to maintain contact with our end customers,

and not to be entirely dependent on intermediaries. That is why, over the last few years, we have worked out a development plan for co-working under Castellum management. So why did we acquire United Spaces? We are convinced that the experience possessed by United Spaces will provide us with a tremendously valuable gain in tempo, and that Castellum, as a financially strong center, will increase both profitability and growth opportunities for existing operations. In addition — and especially important — United Spaces experience contains a guarantee against “beginners' mistakes” in for Castellum a new and untested area. The most important potential, however, is likely in the possible synergies. Now Castellum's thousands of business customers around the country — both small and large — can be immediately offered flexible and cost-efficient office and meeting spaces in Stockholm, Gothenburg and Malmö as well as at Arlanda airport. And that's just the beginning...

If I were to summarize our project situation today, we have projects under way totaling approximately SEK 4 billion, of which the total volume remaining to invest is approx. SEK 1.6 billion. Already known but not yet ongoing larger projects we expect to start within the next two years represent a further SEK 8 billion. To this can be added a number of planned projects that will be started later, estimated to total more than SEK 12 billion (for example Söve airport and Hagastaden). All together, this means that our project volumes will most likely increase over the next few years.

A somewhat calmer rental market

As regards the rental market, I noted in our last report that we could see a few signs of weakness. These found expression in Q1 as weaker net leasing: MSEK -7 (48). But here, we have a few major leases to E.ON and the Swedish National Courts Administration that will impact this figure by MSEK +146, hopefully already this year. I still believe in an underlying strength in the market, which can be seen in our increased occupancy rate — 93.3% (92.9) — and in the growth in rent in our like-for-like portfolio of a historically strong 4.8% (5.3). In addition, we have the same volume of outstanding quotations as we did a year ago.

Financially, the signs are pointing in the right direction. The loan-to-value ratio is stable at a low 45% (48); despite the distribution of an interim dividend of SEK 3.05, the net asset value has increased to SEK 178 (154). We feel that the credit market is functioning well, and that Castellum's entry into the Eurobond market has further increased our financial flexibility. The average interest rate on loans during the quarter totaled 2.1%, and we see no signs of rapid changes upward.

I am convinced that in 2019 we will continue to create shareholder value, even though it naturally will be difficult to outperform last year's total yield of 22.3%. We will achieve growth in income from property management (and thereby the dividend) this year as well. Its scope will be impacted by the repositioning, and any new acquisitions.

Gothenburg, April 24 2019

Henrik Saxborn
CEO, Castellum

Market comments



LAND ALLOCATION AGREEMENT HAGASTADEN, STOCKHOLM

Castellum announced in March that the City of Stockholm proposed land allocation agreement to Castellum regarding three blocks of offices and residences in Hagastaden. The district is located just north of CBD close to The New Karolinska Solna University hospital and The Karolinska Institute. Total investment for the acquisition of building rights has been calculated to approx. MSEK 800. Construction is scheduled to begin in Q1 2021, with occupancy in 2024, at the earliest. The proposed allocation to Castellum refers to the Sorbonne block for offices, as well as the Harvard and Greifswald blocks for residences. Altogether, the building rights cover new construction of approx. 23,000 sq.m. BTA (total floor area; gross), and approx. 19,000 sq.m. LOA (main usable area) for office premises, including retail stores on the bottom floor throughout the Sorbonne block. Residences in the new Greifswald and Harvard blocks comprise approx. 15,000 sq.m BTA, which corresponds to approx. 150 residences, with retail stores or other public amenities occupying the bottom floor. Read more on [Castellum.com](https://castellum.com).

Swedish, Danish and Finnish economy

The Swedish economy developed relatively positively in 2018, with GDP growth at preliminary 2.2%, although for 2019 the growth rate is expected to fall back to approx. 1.3% and increase in 2020 to approximately 2% (Riksbanken, Feb 2019). 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 labour market has been positively impacted, and unemployment is at its lowest level since 2008. The level of unemployment is expected to stabilize in 2019 and increase somewhat during 2020-2021, 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 Swedish krona 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 during 2018, and has during early 2019 remained weak at a level last noted in early 2009.

Danish GDP growth is expected to remain relatively stable around 1.7% annually over the next few years, after it increased by 1.2% in 2018 according to Danmarks Nationalbank (March 2019). It is mainly private consumption in light of rising employment that is expected to boost GDP, but favourable export prospects and investments will also contribute. Inflation in Denmark — expressed in terms of HICP — is expected to be around 1.2% in 2019 to then rise to approximately 1.5% in 2020.

MACRO INDICATORS - SWEDEN

Unemployment	6.2%	(February 2019)
Inflation	1.8%	(March 2019 compared to March 2018)
GDP-growth	1.2%	(Q4 2018 compared to Q3 2018)

Source: SCB

In Finland, the expected GDP growth rate is around 1.5% in 2019 and 2020, which is weaker than 2018, when it was expected to be 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 (CPI) is expected to increase marginally from around 1.2% in 2018 to around 1.5% in 2019-2020.

Rental market

In Castellum's submarkets in Sweden, the rental market for office space remained sound to positive in Q1, driven primarily

by a favourable economy, robust demand and a limited supply of office premises. In the first quarter of 2019, the average rent in the CBDs of Stockholm, Gothenburg and Malmö respectively was 5%, 4% and 2% up on the first quarter of 2018. Record low vacancy rates were noted in the CBDs of Stockholm and Gothenburg, which also resulted in strong demand for premises outside the CBDs and rising rents in the overwhelming majority of the submarkets. In regional cities, the growth in office rents in the first quarter of 2019 was generally stable or somewhat increased. Increased demand was noted in the rental market for office space intended for co-working, above all in Stockholm, but increased interest was also noted in Gothenburg and Malmö.

The rental market for office space in CBD, *Copenhagen* trended positively in Q1, 2019, after increased rents of approximately 5% during 2018. 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.

The rental market for offices in CBD *Helsinki* has continued to trend positively in Q1, 2019 after a growth in office rents of approximately 6% 2018 driven by such factors as a recovery in the economy, decreased vacancy rates and relatively limited new production. High-quality premises in good locations, as well as renovated premises, are enjoying strong demand.

The rental market in Sweden for *warehouses/logistics* spaces is positive, with rising rents in prime logistics locations. Strong demand has been noted for warehouse and logistics properties in semi-central locations with good means of transportation and sorting yards last-mile activities, and is primarily being driven by growth in e-commerce (PostNord/HUI prognosis is 14% growth in 2019). In Stockholm, and in and around other large cities in Sweden as well, there is a shortage of land that can be developed for warehouses and logistics, and many semi-central locations have already been, or will be, converted to residential areas, which will result in relatively large rent increases for available warehouse premises at these locations.

Real estate market

The volume for transactions over MSEK 40 in the transaction market in Sweden is estimated at around SEK 31 billion over 69 transactions (Q1 2018: approximately SEK 22 billion over 93 transactions; Q1 2017: approximately SEK 34 billion over 118 transactions). The proportion of foreign investors decreased somewhat to approximately 27% (Q1 2018: 39%). All together, it can be stated that there was a strong start to the 2019 transaction market, with fewer transactions but greater volume year-on-year.

Office properties in the CBDs of Stockholm, Gothenburg and Malmö remain in great demand in the investor market, which leads to very low required investment yields in the transactions being conducted. Properties with secure cash flows such as public sector properties, and compound

property portfolios that generate healthy cash flows, are attractive to investors. In Castellum's submarkets outside the metropolitan areas, the required yield for office properties was stable in the first quarter of 2019.

Warehouse and logistics properties attract a growing number of both domestic and international investors, driven largely by the growth of e-commerce. The required investment yield is falling, since demand in the investor market is high and rising while the offering is relatively low, which drives prices up. The required yield in Castellum's logistics strongholds were thus further adjusted down in the first quarter of 2019.

In *Denmark*, the transaction volume in the Danish property market totaled DKK 9.4 billion in the first quarter of 2019 (Q1 2018: approximately DKK 15.9 billion). Year-on-year, the proportion of international investors decreased to 36% from 46%. Required yield levels in Copenhagen remained stable in the first quarter of 2019.

In *Finland*, the transaction volume in the Finnish property market totaled approximately EUR 1.3 billion in the first quarter of 2019 (Q1 2018: EUR 2.1 billion). International investors made up around 35% of that volume, compared with 69% in the first quarter of 2018. Competition for attractive properties has increased, and many investors who previously were interested only in properties with secure cash flows are now also beginning to show interest for assets that can be developed with a little greater risk. The increased competition leads to a continued fall in required investment yields in CBDs and neighboring submarkets.

Interest and Credit market

In December 2018, Sweden's Riksbank raised interest rates from -0.5% to -0.25%, the first increase in seven years. The Riksbank repo-rate path (Feb 2019) indicates that the next increase will take place in the autumn of 2019. Swedish long-term interest rates fell in the first quarter this year, while STIBOR 3 months rose by approximately 0.15%, becoming positive once again for the first time in four years at the end of March. All in all, the yield curve became shallower in the first quarter of the year. At the end of the quarter, the five-year swap rate — of particular importance to Castellum — stood at just under 0.4%, which is a decrease of approximately 0.15% compared with the end of 2018.

The availability of financing in the Swedish capital market improved during the first quarter of the year after a significant downturn in the fourth quarter of 2018. In March, Castellum obtained a new base prospectus for the Swedish MTN program, which included an increased framework amount of SEK 20 billion approved by Finansinspektionen. In the second half of March, Castellum issued a total of MSEK 1,250 with tenors of two and five years. The volume of certificates outstanding was further reduced somewhat during the first quarter, totaling approximately SEK 4.6 billion at the end of March.

The credit margins, which rose drastically in the fourth quarter of 2018, recovered markedly in the first quarter of 2019.

In Denmark, management of the CIBOR 3 months interest rate in Q1 2019 was relatively stable, around -0.3%, which also applied to Finland/Euribor 3 months.

Condensed Consolidated statement of Comprehensive Income

MSEK		2019 Jan-March	2018 Jan-March	Rolling 12 months April 18 - March 19	2018 Jan-Dec
Rental income		1,309	1,267	5,227	5,185
Service income		111	85	418	392
Income coworking		13	-	13	-
Income	note 2	1,433	1,352	5,658	5,577
Operating expenses	note 3	- 225	- 223	- 755	- 753
Maintenance	note 3	- 40	- 28	- 179	- 167
Ground rent		-	- 7	- 16	- 23
Property tax	note 3	- 77	- 76	- 316	- 315
Coworking expenses	note 3	- 12	-	- 12	-
Leasing and property administration	note 3	- 102	- 80	- 396	- 374
Net operating income		977	938	3,984	3,945
Central administrative expenses	note 3	- 48	- 46	- 160	- 158
<i>Net financial items</i>	note 4				
Net interest costs		- 199	- 227	- 807	- 835
Leasing cost/Ground rent		- 4	-	- 4	-
Income from property management*	note 1	726	665	3,013	2,952
Goodwill, depreciation		- 179	-	- 179	-
<i>Changes in value</i>	note 5				
Properties		689	231	5,674	5,216
Derivatives		- 121	- 7	38	152
Income before tax		1,115	889	8,546	8,320
Current tax	note 6	- 33	- 2	- 105	- 74
Deferred tax	note 6	259	- 122	- 412	- 793
Net income for the period/year		1,341	765	8,029	7,453
Other total net income					
Items that can be reclassified into net income					
Translation difference of currencies		43	89	105	151
Change in value derivatives, currency hedge		- 9	- 89	- 53	- 143
Total net income for the period/year**		1,375	765	8,071	7,461
Average number of shares, thousand		273,201	273,201	273,201	273,201
Income, SEK/share		4.91	2.80	29.39	27.28

* 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 2019

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 2019 to MSEK 726 (665), equivalent to SEK 2.66 (2.43) per share – an increase with 9%. Income from the property management rolling four quarters amounted to MSEK 3,013 (2,603) equivalent to SEK 11.03/share (9.53) – an increase of 16%.

SEGMENT INFORMATION

MSEK	Income		Income from prop.mgmt	
	2019 Jan-March	2018 Jan-March	2019 Jan-March	2018 Jan-March
Central	356	367	183	189
West	320	298	175	153
Öresund	284	274	150	136
Stockholm-North	447	413	250	208
Finland	13	-	-2	-
Coworking	13	-	1	-
Total	1,433	1,352	757	686

The difference between the income from property management of MSEK 757 (686) above and the groups accounted income before tax of MSEK 1,115 (889) consists of unallocated income from property management of MSEK - 31 (- 21), write-down goodwill of MSEK -179 (0), changes in property value of MSEK 689 (231) and changes in values of derivatives of MSEK - 121 (- 7).

NOTE 2 Income

The Group's income amounted to MSEK 1,433 (1,352) and the average occupancy rate was 93.3% (92.9%) including discounts of MSEK 21 (22). This also includes a lump sum of MSEK 0 (9) as a result of early termination of leases. Moreover, Castellum acquired the coworking company United Spaces in 2019, which brought income of MSEK 13 in the first quarter.

DEVELOPMENT OF INCOME

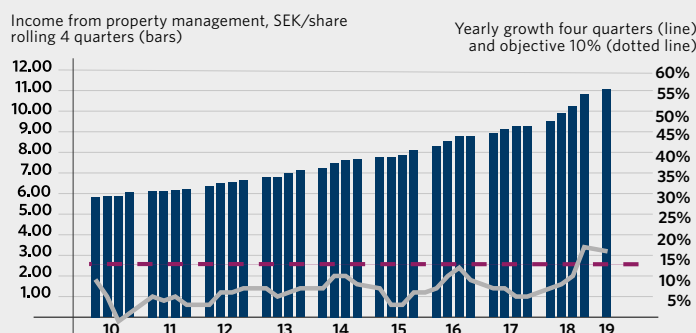
MSEK	2019 Jan-March	2018 Jan-March	Change, %
Like-for-like holdings	1,209	1,154	4.8%
Development properties	93	67	-
Transactions	118	131	-
Coworking	13	-	-
Income	1,433	1,352	6.0%

The increase like-for-like of 4.8% can be referred to higher rental levels as well as lower vacancies. Gross leasing (i.e. the annual value of total leasing) during the period was MSEK 87 (112), of which MSEK 6 (27) were leasing of new constructions, extensions and reconstructions. Notices of termination amounted to MSEK 94 (64), of which bankruptcies were MSEK 3 (5) and MSEK 3 (5) were notices of termination with more than 18 months remaining length of contract. Net lease for the period was MSEK - 7 (48). 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.

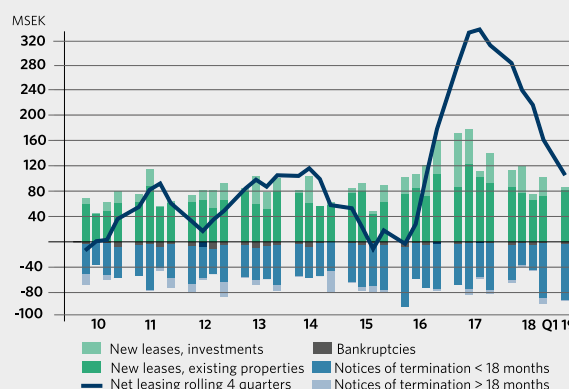
NET LEASING

MSEK	Central	West	Region			Total
			Öresund	Sthlm	North	
NEW LEASES						
Existing properties	19	13	19	29	1	81
Investments	1	-	4	1	-	6
Total	20	13	23	30	1	87
NOTICES OF TERMINATIONS						
Existing properties	- 16	- 10	- 33	- 32	0	- 91
Bankruptcies	0	- 1	0	- 2	-	- 3
Total	- 16	- 11	- 33	- 34	0	- 94
Net leasing	4	2	- 10	- 4	1	- 7
D:o Q1 2018	13	18	6	9	2	48

INCOME FROM PROPERTY MANAGEMENT PER SHARE



NET LEASING



NOTE 3 Costs

Direct property costs totaled MSEK 342 (334), corresponding to SEK 318/sq. m. (306). Property costs for the like-for-like portfolio increased 2.5%, due primarily to higher maintenance costs in the first quarter compared with 2018. In addition, expenses for coworking totaled MSEK 12.

An assessment for taxes on real property has taken place in Sweden, which could result in higher assessed values with higher property tax as a result. Castellum will account for changes in its property tax only when the final statement is received, which is expected in the second quarter. A large part of the property tax will be charged onward to the customer, however, with higher rental income as a result. The effect on earnings will thus be extremely limited.

Property admin amounted to MSEK 102 (80), corresponding to SEK 101 per sq.m. (76). Included in the central administrative expenses are also costs related to the profit-and-share-price related incentive plan for 6 (9) persons in Executive Management of MSEK 3 (6).

DEVELOPMENT OF PROPERTY COSTS			
MSEK	2019 Jan-March	2018 Jan-March	Change,%
Like-for-like holdings	283	276	2.5%
Development properties	23	18	-
Transaction	36	40	-
Direct property costs	342	334	2.4%
Coworking	12	-	-
Property admin	102	80	-
Central admin	48	46	-
Total costs	504	460	9.5%

Consumption for heating during the period has been calculated to 83.1% (104.5%) of a normal year according to the degree day statistics.

PROPERTY COSTS						
	Office	Public sector properties	Ware- house/ Logistics	Light industry	Retail	Total
Operating expenses	253	233	136	157	207	207
Maintenance	47	29	33	26	37	38
Real estate tax	111	91	22	20	61	73
Total prop. costs	411	353	191	203	305	318
Leasing & prop. admin						101
Total	411	353	191	203	305	419
<i>D:o Q1, 2018</i>	<i>396</i>	<i>275</i>	<i>193</i>	<i>205</i>	<i>326</i>	<i>382</i>

NOTE 4 Net interest

Net interest items were MSEK - 199 (-227). The average interest rate level was 2.1% (2.4%). Net interest income was positively affected by approx. MSEK 28 due to the average interest rate level decrease by 0.3%-units. Ground rent amounted to MSEK 4.

NOTE 5 Changes in value

The property market remained strong through the first three months of 2019 with stable prices as a result. Castellum's change in value for the first quarter amounted to MSEK 689, corresponding to 0.8%. The changes in value included a loss of MSEK -283, attributable to the sale of 23 properties for MSEK 4,021 less overhead costs and deferred tax totaling MSEK 162. The fundamental property price, which accordingly amounted to MSEK 4,183, which was MSEK 123 below the property valuation. The sales meant that Castellum left Sundsvall and divested a portfolio of retail properties in Uppsala. 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 MSEK - 61 (56) mainly due to changes in long-term market interest rates.

CHANGE IN VALUE PROPERTIES		
MSEK	2019 Jan-March	2018 Jan-March
Cash flow	85	106
Project gains/building rights	86	67
Required yield	667	111
Acquisitions	134	-
Sales	- 283	- 53
Total	689	231
<i>D:o %</i>	<i>0.8%</i>	<i>0.3%</i>

NOTE 6 Tax

Recognized tax totaled MSEK 226 (- 124), of which MSEK - 33 (-2) is tax paid. Current tax is calculated based on a nominal tax rate of 21.4%, while deferred tax is based on the lower tax rate, 20.6% that applies from 2021. Due to the possibility to deduct depreciation and reconstructions for tax purposes, and to utilize tax loss carry forwards, the tax paid is low. Tax paid arises as a result of there being existing tax loss carry forwards in the former Norrporten Group, and can thus not be utilized in Castellum as a whole.

Remaining tax loss carryforwards can be calculated to MSEK 1,212 (2,252). Furthermore, there are derivatives at and undervalue of MSEK 149 (135).

Fair values for the properties exceed their fiscal value by MSEK 51,144 (44,882) of which MSEK 6,683 (3,974) relates to the acquisition of properties accounted for as asset acquisitions. As deferred tax liability, a full nominal 20.6% tax of the net difference is reported, reduced by the deferred tax relating to asset acquisitions, i.e., MSEK 8,936 (8,534).

Castellum has no current tax disputes.

Contin. Note 6

TAX CALCULATION 03-31-2019

MSEK	Basis current tax	Basis deferred tax
Income from property management	726	
Non-deductible interest	27	
Deductions for tax purposes		
depreciations	- 291	291
reconstructions	- 102	102
Other tax allowances	31	- 130
Taxable income from property mgmnt	391	263
Current income tax 21.4%, if tax losses are not utilized	84	
Properties sold	-	- 2,733
Changes in value on properties	-	972
Changes in value on derivatives	-	-
Taxable income before tax loss carry forwards	391	- 1,498
Tax loss carry forwards, opening balance	- 1 081	1,081
Adjustment of previous year	- 370	370
Tax loss carry forwards, closing balance	1,212	- 1,212
Taxable income	152	- 1,259
Tax according to the Income Statement for the period	- 33	259

NET DEFERRED TAX LIABILITY 03-31-2019

MSEK	Basis	Nominal tax liability	Real tax liability
Tax loss carry forwards	1 212	259	248
Untaxed reserves	- 149	- 32	- 32
Properties	- 51,144	- 10,540	- 3,023
Total	- 50,081	- 10,313	- 2,807
Properties, asset acq.	6,683	1,377	
In the balance sheet	- 43,398	- 8,936	

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 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 20%, 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 7%. This provides a present value for deferred tax liability of 6%.



COWORKING

In January 2019 Castellum acquired the coworking company United Spaces. Coworking and shared office-space concepts have already made advances in larger cities, and vigorous growth is predicted for coming years. In central London and New York's Manhattan, coworking now accounts for 25-30 percent of the newly signed lease agreements on the office-space market.

"Coworking is about so much more than attractive workspaces. It is resource-efficient for the planet as well as for our wallets, but it's also about building fellowship and a unifying flow among people, spontaneous meetings and creativity. I'm convinced that this is a disruptive business model which will change the entire office-space market and replace today's stationary office solutions."

Henrik Saxborn, CEO Castellum

Condensed Consolidated Balance Sheet

MSEK		March 31, 2019	March 31, 2018	Dec 31, 2018
ASSETS				
Investment properties	note 7	89,231	82,031	89,168
Goodwill	note 8	1,703	1,659	1,659
Leases, value in use	note 9	919	-	-
Other fixed assets		167	110	146
Current receivables		1,663	732	924
Liquid assets		150	34	243
Total assets		93,833	84,566	92,140
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity		39,457	33,053	39,749
Deferred tax liability	note 6	8,936	8,534	9,203
Other provisions		6	3	6
Interest-bearing liabilities	note 10	40,566	39,062	40,358
Derivatives	note 11	777	1,296	716
Lease agreement	note 9	919	-	-
Non interest-bearing liabilities		3,172	2,618	2,108
Total shareholders' equity and liabilities		93,833	84,566	92,140
Pledged assets (property mortgages)		21,826	31,551	21,803
Pledged assets (chattel mortgages)		-	-	-
Contingent liability		-	-	-

Condensed Changes in Equity

MSEK	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 12-31-2017	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 03-31-2018	273,201	137	12,434	212	- 215	- 2	20,487	33,053
Net income April-Dec 2018	-	-	-	-	-	-	6,688	6,688
Other total net income April-Dec 2018	-	-	-	62	- 54	-	-	8
Shareholders' equity 12-31-2018	273,201	137	12,434	274	- 269	- 2	27,175	39,749
Dividend March and Sept 2019 (6.10 SEK/share)	-	-	-	-	-	-	- 1,667	- 1,667
Net income Jan-March 2019	-	-	-	-	-	-	1,341	1,341
Other total net income Jan-March 2019	-	-	-	43	- 9	-	34	34
Shareholders' equity 03-31-2019	273,201	137	12,434	317	- 278	- 2	26,883	39,457

Balance sheet, March 31, 2019

NOTE 7 Real estate portfolio and property value

Investment properties

The real estate portfolio is located in growth areas in Sweden, Copenhagen and Helsinki. The commercial portfolio consists of 49% office, 21% public sector properties, 16% warehouse/logistics, 7% retail and 2% light industry. The properties are located from inner city sites to well-situated working-areas with good means of communication and services. The remaining 5% consist of projects and undeveloped land.

Castellum owns approx. 728,000 sq.m. of unutilized building rights and furthermore ongoing projects with remaining investments of approx. MSEK 1,600.

Investments

During the period, investments totalling MSEK 3,295 (734) were carried out, of which MSEK 2,518 (38) were acquisitions and MSEK 777 (696) new constructions, extensions and reconstructions. After sales of MSEK 4,021 (232) net investments amounted to MSEK - 726 (502).

CHANGES IN THE REAL ESTATE PORTFOLIO

	Value, MSEK	Number
Real estate portfolio on January 1, 2019	89,168	647
+ Acquisitions	2,518	9
+ New constructions, extensions and reconstructions	777	- 2
- Sales	- 4,304	- 23
+/- Unrealized changes in value	972	-
+/- Currency translation	100	-
Real estate portfolio on March 31, 2019	89,231	631

Property value

Internal valuations

Castellum assesses the value of the properties through internal valuations, as of previous year, corresponding to 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 1,500 (1,480) 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 MSEK 89,231 (89,168), corresponding to SEK 21,084 per sq.m (20,417).

Average valuation yield

The average valuation yield for Castellum's real estate portfolio, excluding development projects and undeveloped land, can be calculated to 5.1% (5.3%).

AVERAGE VALUATION YIELD

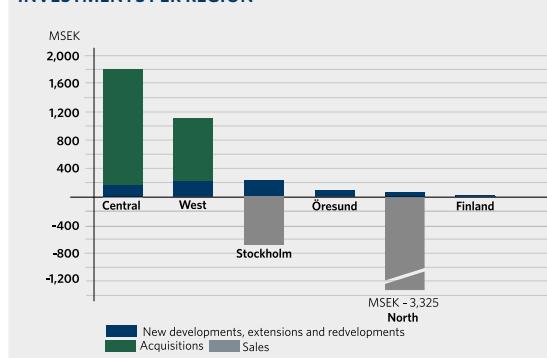
(excl. project/land and building rights)	MSEK
Net operating income properties	1,051
+ Real occupancy rate, 94% at the lowest	46
- Property admin, SEK 30/sq.m.	- 32
Normalized net operating income (3 months)	1,065
Valuation (excl. building rights of MSEK 527)	84,342
Average valuation yield	5.1%

Valuation yield per category	March 31, 2019	Dec 31, 2018
Office	4.9%	5.1%
Public sector properties	4.8%	5.0%
Warehouse/logistics	5.5%	5.8%
Retail	5.7%	5.9%
Light industry	6.4%	6.9%
Total	5.1%	5.3%

PROPERTY RELATED KEY RATIOS

	2019 Jan- March	2018 Jan- March	2018 Jan- Dec
Rental value, SEK/sq.m.	1,462	1,363	1,407
Economic occupancy rate	93.3%	92.9%	93.2%
Property costs, SEK/sq.m.	419	382	378
Net operating income, SEK/sq.m.	944	884	933
Property value, SEK/sq.m.	21,084	18,461	20,417
Number of properties	631	678	647
Lettable area, thousand sq.m.	4,166	4,366	4,283
Average valuation yield	5.1%	5.5%	5.3%

INVESTMENTS PER REGION



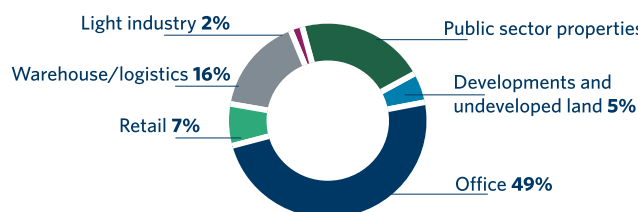
Castellum's real estate portfolio

Category	03-31-2019				January-March 2019						
	No. of properties	Area thousand sq.m.	Property value MSEK	D:o/ sq.m.	Rental value MSEK	D:o/ sq.m.	Occupancy rate	Income MSEK	Property costs MSEK	D:o/ sq.m.	Net operating income MSEK
OFFICE											
Stockholm	28	282	10,504	37,296	156	2,211	93.9%	146	30	431	116
West	64	361	10,159	28,169	156	1,729	95.0%	148	31	346	117
Central	85	623	12,005	19,266	229	1,471	91.7%	210	62	397	148
Öresund	42	388	10,346	26,685	194	2,000	89.3%	173	45	462	128
North	2	5	93	18,353	2	1,519	97.1%	2	1	583	1
Finland	1	14	859	59,519	13	3,678	100.0%	13	3	892	10
Total Office	222	1,673	43,966	26,286	750	1,793	92.4%	692	172	411	520
PUBLIC SECTOR PROPERTIES											
Stockholm	12	90	5,332	59,715	66	2,961	96.6%	64	12	526	52
West	15	110	2,122	19,285	37	1,329	93.1%	34	6	212	28
Central	24	238	5,886	24,702	99	1,667	97.6%	97	23	381	74
Öresund	8	91	3,228	35,545	49	2,157	98.1%	48	7	292	41
North	10	99	1,897	19,106	36	1,460	97.1%	35	8	342	27
Total Public sector properties	69	628	18,465	29,417	287	1,830	96.8%	278	56	353	222
WAREHOUSE /LOGISTICS											
Stockholm	36	256	4,726	18,453	77	1,207	92.3%	71	13	206	58
West	68	586	6,468	11,031	119	808	90.0%	107	25	170	82
Central	30	153	1,213	7,929	30	790	92.7%	28	7	185	21
Öresund	28	192	1,743	9,092	42	878	90.3%	38	12	241	26
Total Warehouse/Logistics	162	1,187	14,150	11,919	268	903	91.0%	244	57	191	187
RETAIL											
Stockholm	28	141	2,920	20,684	53	1,518	96.5%	52	11	307	41
West	14	53	851	15,974	17	1,266	95.0%	16	4	326	12
Central	18	94	1,599	16,927	33	1,394	97.0%	32	6	254	26
Öresund	11	46	828	18,184	17	1,489	84.7%	14	4	379	10
Total Retail	71	334	6,198	18,533	120	1,439	94.8%	114	25	305	89
LIGHT INDUSTRY											
Stockholm	10	43	683	15,714	13	1,198	93.3%	12	3	301	9
West	16	66	669	10,138	14	835	95.7%	13	2	136	11
Central	13	52	418	8,079	11	845	97.5%	11	4	261	7
Öresund	4	42	320	7,607	8	750	91.1%	7	1	138	6
Total Light industry	43	203	2,090	10,281	46	898	94.6%	43	10	203	33
Total investment properties	567	4,025	84,869	21,084	1,471	1,462	93.3%	1,371	320	318	1,051
Leasing and property admin									102	101	-102
Total after leasing and property admin									422	419	949
Development	39	141	3,689	-	25	-	-	15	9	-	6
Undeveloped land	25	-	673	-	-	-	-	-	-	-	-
Total	631	4,166	89,231	-	1,496	-	-	1,386	431	-	955

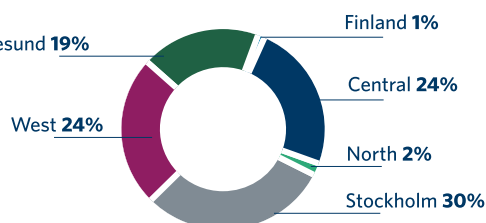
The table above relates to the properties owned by Castellum at the end of the period and reflects the income and costs of the properties as if they had been owned during the period. The discrepancy between the net operating income of MSEK 955 accounted for above and the net operating income of MSEK 977 in the income statement is explained by the deduction of the net operating income of MSEK 48 on properties sold during the year, as well as the adjustment of the net operating income of MSEK 26 on properties acquired/completed during the period, 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.

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 7% 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 2019 is primarily due to the fact that most contracts have already been renegotiated.

LEASE MATURITY STRUCTURE 03-31-19

MSEK	No. of leases	Lease value MSEK	Percentage of value
Commercial, term			
2019	1,105	143	3%
2020	1,826	1,137	22%
2021	1,140	869	16%
2022	1,116	1,018	19%
2023	240	469	9%
2024+	410	1,491	28%
Total commercial	5,837	5,127	97%
Residential	442	40	1%
Parking spaces and other	5,876	87	2%
Total	12,155	5,254	100%

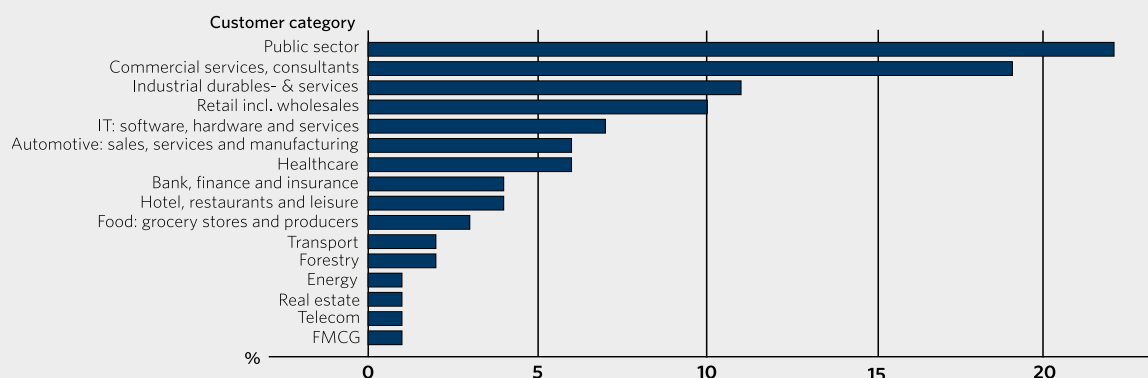
Risk exposure, credit risk

Castellum's lease portfolio features a good risk exposure. The Group has approx. 5,800 commercial leases and 442 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.

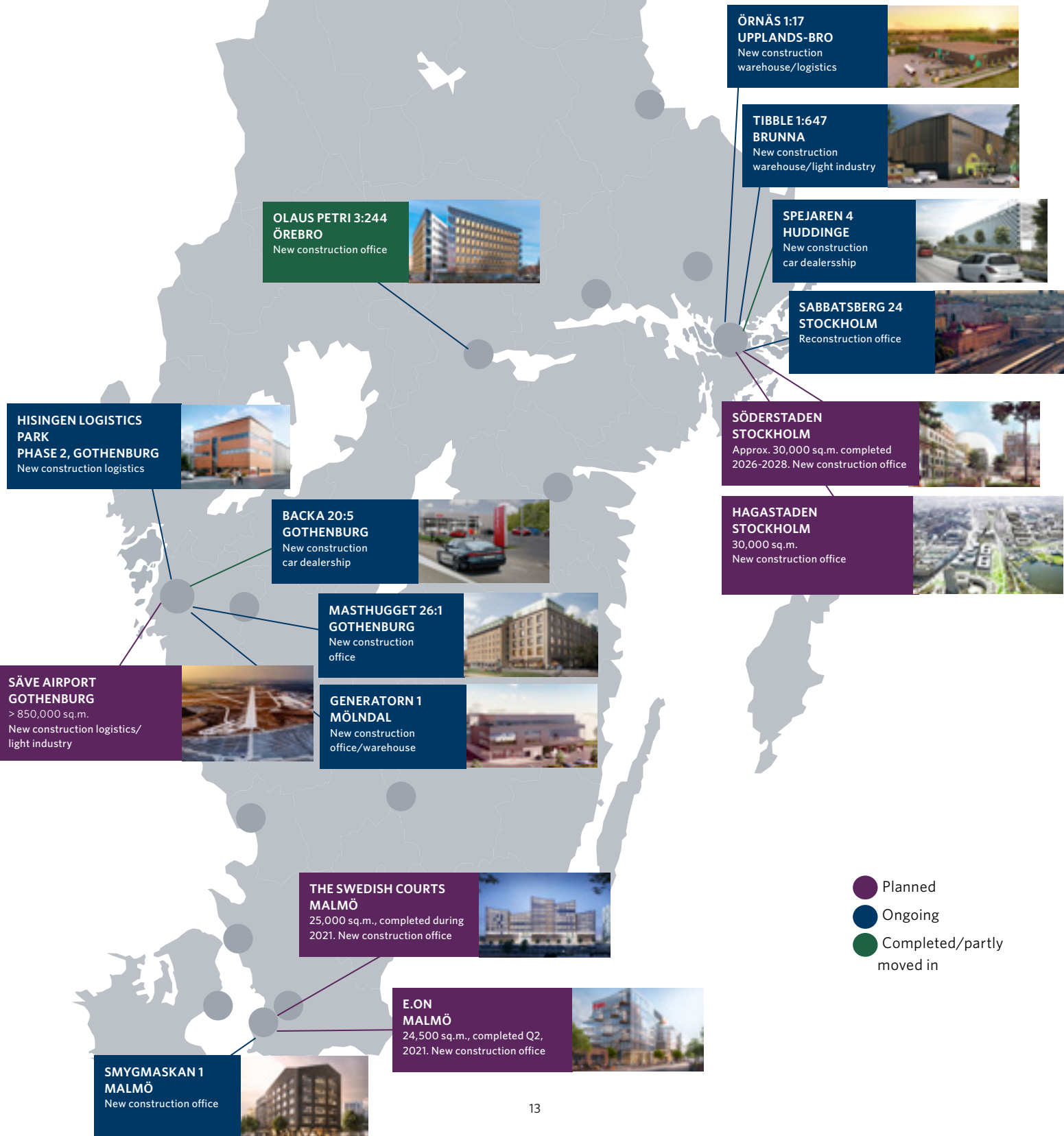
LEASE SIZE

Lease size, MSEK	No. of leases	Share	Lease value MSEK	Share
Commercial				
< 0.25	2,780	23%	219	4%
0.25-0.5	965	8%	353	7%
0.5-1.0	818	7%	578	11%
1.0-3.0	757	6%	1,294	24%
< 3.0	517	4%	2,683	51%
Total	5,837	48%	5,127	97%
Residential	442	4%	40	1%
Parking spaces and other	5,874	48%	87	2%
Total	12,153	100%	5,254	100%

COMMERCIAL LEASES DISTRIBUTED BY SECTOR



Castellum's development portfolio



Larger investments and sales

Larger developments

Property	Area, sq.m.	Rental value		Econ. occup. April 2019	Total inv. incl. land MSEK	of which inv. 2019, MSEK	Remain inv. MSEK	Completed	Category
		MSEK	SEK/sq.m.						
Sabbatsberg 24, Stockholm	9,092	45	4,950	28%	418	59	243	Q2 2020	Reconstruction office
Spejaren 4, Huddinge	9,300	25	2,700	60%	349	44	69	Q2 2019	New construction car dealership
Smygmaskan 1, Malmö	9,600	26	2,700	95%	347	51	84	Q2 2019	New construction office
Hisingen Logistics Park phase 2, Gothenburg	34,484	24	700	100%	294	25	269	Q2 2020	New construction logistics
Masthugget 26:1, Gothenburg	4,185	13	3,200	0%	229	22	169	Q1 2020	New construction office
Örnäs 1:17, Upplands-Bro	15,719	15	1,000	0%	204	22	111	Q4 2019	New construction warehouse/logistics
Generatorn 1, Mölndal	6,800	13	1,600	100%	141	22	19	Q3 2019	New construction office/warehouse
Tibble 1:647, Brunna	8,894	12	1,300	0%	140	15	29	Q2 2019	New construction warehouse/light industry
Backa 20:5, Gothenburg	4,852	9	1,750	100%	103	21	30	Q2 2019	New construction car dealership

Developments completed/partly moved in

Olaus Petri 3:244, Örebro	15,023	37	2,450	100%	495	45	63	Q1 2019	New construction office
Total developments > MSEK 100					2,720	326	1,086		

Larger acquisitions

Property	Area, sq.m.	Rental value		Econ. occup. April 2019	Acquisition MSEK	Access	Category
		MSEK	SEK/sq.m.				
6 properties in Linköping	66,949	109	1,650	98%	1,631	March 2019	Office
Gullbergsvass 1:12 and 1:2, Gothenburg	16,604	42	2,550	98%	864	March 2019	Office

Largers sales

Property	Area, sq.m.	Rental value		Underlying property price MSEK	Deferred tax and transaction costs, MSEK	Net sales price, MSEK	Vacancy	Category
		MSEK	SEK/sq.m.					
20 properties in Sundsvall	154,491	258	1,650	3,464	-138	3,326	March 2019	Office, Public sector properties and retail
Boländerna 28:4, 28:4, 35:1 and 35:2, Uppsala	49,795	69	1,396	707	-22	685	April 2019	Retail

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. 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. In the first quarter of the year, the entire portfolio in Sundsvall was divested, which results in an impairment of MSEK 179. In parallel United Spaces, a coworking company, was acquired during the same period, resulting in increased goodwill of MSEK 223. Goodwill for the year thus changed by MSEK 44.

NOT 9 Leasingavtal

IFRS 16 Leases entered force on January 1, 2019, meaning that Castellum must value its leases and recognize the right-of-use as an asset with a corresponding liability. At the balance sheet date, the value of Castellum's leases was approximately MSEK 919, divided into site leasehold agreements of SEK 483 million and rental agreements in United Spaces, the coworking company acquired during the year, of MSEK 436. There were no retroactive applications.

NOTE 10 Interest bearing liabilities and liquid assets

Castellum must maintain a low level of financial risk, meaning a medium- to long-term LTV ratio of less than 50% and an interest coverage ratio of not less than 200%.

Interest bearing liabilities

At the end of the period, Castellum held credit agreements totalling MSEK 56,273 (56,358) of which MSEK 44,291 (45,962) were long-term and MSEK 11,982 (10,396) were short-term. Of the utilized borrowing facilities at the end of the period, MSEK 29,091 (30,862) was long-term and MSEK 11,325 (9,253) short-term.

After deduction of cash of MSEK 150 (243), net interest-bearing liabilities were MSEK 40,416 (40,115), of which MSEK 22,232 (21,599) were MTNs outstanding and MSEK 4,613 (5,360) commercial paper outstanding (nominal MSEK 22,261 and MSEK 4,616 respectively).

In early 2019, bank credit facilities of approximately MSEK 2,400 were extended, and the framework amount of Castellum's MTN program was raised to MSEK 20,000. Castellum was also active in the Swedish bond market, albeit to a limited extent, and bonds with a nominal value of MSEK 500 matured while new issues amounted to MSEK 1,050 as part of Castellum's Swedish MTN program. Additional bonds of MSEK 550 were issued after the end of the accounting period.

Most of Castellum's borrowings are revolving bank credit facilities, which means great flexibility. Bonds issued under the MTN program and commercial paper broaden the funding base, and comprise the majority of the utilized borrowing facilities. At the end of the period, the fair value of liabilities essentially corresponded with the carrying amounts. Long-term loan commitments in banks are normally secured by pledged property deeds. Issued commercial paper and bonds are unsecured. Undertakings to meet specific financial ratios are included as covenants under certain financing agreements including the EMTN program. Of net interest-bearing liabilities totalling MSEK 40,416 (40,115), MSEK 12,815 (12,400) was secured against property deeds and MSEK 27,601 (27,715) was unsecured, which means that approximately 32% (31%) of loans outstanding were secured. The proportion of secured financing used, with the addition of commercial paper outstanding backed by secured bank credit commitments, was thus 20% (20%) of the properties' value. Castellum's share of unsecured assets at the end of the period was 53% (53%). Secured borrowing in relation to total assets was 14% (13%). The financial

covenants stipulate an LTV ratio not exceeding 65%, 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 fulfils with comfortable margins: 45%, 465% and 14% respectively. The average duration of Castellum's credit agreements was 3.2 years (3.4). Margins and fees on long-term credit agreements had an average duration of 2.8 years (3.0).

Castellum has an official credit rating from the credit rating institute Moody's. The rating, which is an Investment Grade rating, is Baa3 with a positive outlook. The rating is expected to result in further improvements to financial flexibility for Castellum by supporting both Castellum's relative funding cost and access to loan capital over time.

CREDIT MATURITY STRUCTURE 03-31-2019

Credit agreements	MSEK	Utilized in		
		Bank	MTN/Cert	Total
0 - 1 year	11,982	2,239	9,086	11,325
1 - 2 years	10,643	2,020	2,923	4,943
2 - 3 years	4,549	851	3,698	4,549
3 - 4 years	14,931	7,137	2,844	9,981
4 - 5 years	11,665	20	7,095	7,115
> 5 years	2,503	1,304	1,199	2,503
Total	56,273	13,571	26,845	40,416

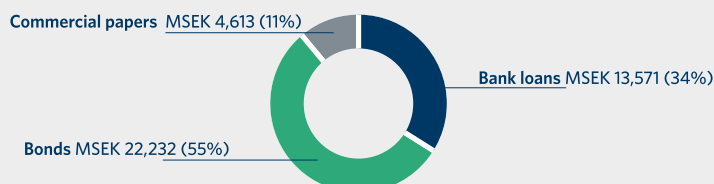
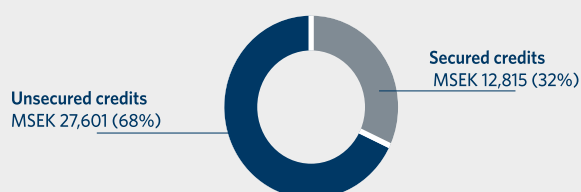
Interest rate maturity structure

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 2.9 years (3.1). The average effective interest rate as per of March 31, 2019 was 2.0% (2.0%). Castellum utilizes interest rate derivatives to achieve the desired interest rate maturity structure. Interest rate derivatives is a cost efficient and flexible way to achieve the desired fixed interest term.

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 and Finland with a value of MSEK 7,044 (6,895), 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 03-31-2019**SECURED CREDIT FACILITIES 03-31-2019**

INTEREST RATE MATURITY 03-31-2019

	Credit, MSEK	Closing average interest rate	Derivatives				Closing interest rate	Average fixed interest rate term
			Volume fixed interest rate, MSEK	Closed fixed interest rate**	Volume variable interest rate MSEK***	Closing variable interest rate***		
0 - 1 year	27,623	1.2%*	1,400	0.5%	- 16,305	0.0%	2.7%	0.3 years
1 - 2 years	3,149	1.8%	2,771	1.4%	-	-	1.6%	1.6 years
2 - 3 years	2,849	1.3%	2,050	0.8%	-	-	1.1%	2.5 years
3 - 4 years	549	2.2%	1,950	0.8%	-	-	1.1%	3.3 years
4 - 5 years	5,946	2.4%	234	2.1%	-	-	2.4%	4.5 years
5 - 10 years	300	2.3%	7,900	1.9%	-	-	1.9%	7.0 years
Total	40,416	1.5%	16,305	1.4%	- 16,305	0.0%	2.0%	2.9 years

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

** Castellum pays fixed interest rates

*** Castellum receives interest rates

NOTE 10 Interest rate and currency derivatives

Castellum utilizes interest rate derivatives to achieve the desired interest rate maturity structure. In accordance with the IFRS 9 accounting standard, derivatives are subject to market valuation. If the agreed interest rate deviates from the market interest rate, notwithstanding credit margins, a theoretical surplus or deficit value arises in the interest rate derivatives, where changes in value not affecting the cash flow are recognized in profit or loss. 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 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 bor-

rowing in the international capital market. 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, 2019, the market value of the interest rate derivatives portfolio amounted to MSEK - 808 (- 689) and the currency derivative portfolio to MSEK 31 (- 27). 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 50%	Not exceeding 65%	45%
Interest coverage ratio	At least 200%	At least 150%	465%
The share of secured borrowing/total assets		Not exceeding 45%	14%
Funding risk			
- average capital tied up	At least 2 years		3.2 years
- proportion maturing within 1 year	No more than 30% of outstanding loans and unutilized credit agreements		14%
- average maturing credit price	At least 1.5 years		2.8 years
- liquidity reserve	Secured credit agreements corresponding to MSEK 750 and 4.5 months upcoming loan maturities		Achieved
Interest rate risk			
- average interest duration	1.5 - 3.5 years		2.9 years
- proportion maturing within 6 months	No more than 50%		26%
Credit and counterparty risk			
- rating restriction	Credit institutions with high ratings, at least S&P BBB+		Achieved
Currency risk			
- translation exposure	Shareholders' equity is not hedged		Not hedged
- transaction exposure	Handled if exceeding MSEK 25		Less than MSEK 25

Condensed Consolidated Cash Flow Statement

MSEK	2019 Jan-March	2018 Jan-March	Rolling 12 months April 18-March 19	2018 Jan-Dec
Net operating income	977	938	3,984	3,945
Central administrative expenses	- 48	- 46	- 160	- 158
Reversed depreciations	9	4	24	19
Net interest rate paid	- 157	- 234	- 752	- 829
Tax paid	- 132	- 40	- 167	- 75
Translation difference of currencies	34	0	42	8
Cash flow from operating activities before change in working capital	683	622	2,971	2,910
Change in current receivables	- 250	- 248	- 227	- 225
Change in current liabilities	281	- 60	448	107
Cash flow from operating activities	714	314	3,192	2,792
Investments in new constructions, extensions and reconstructions	- 777	- 696	- 2,918	- 2,837
Property acquisitions	- 2,518	- 38	- 4,935	- 2,455
Change in liabilities at acquisitions of property	6	11	3	8
Property sales	4,021	232	6,424	2,635
Change in receivables at sales of property	- 497	- 6	- 640	- 149
Other investments	- 252	- 16	- 321	- 85
Cash flow from investment activities	- 17	- 513	- 2,387	- 2,883
Change in long term liabilities	36	745	1,316	2,025
Change in short term liabilities	8	9	10	11
Swap termination	-	-	- 457	- 457
Dividend paid	- 834	- 724	- 1,558	- 1,448
Cash flow from financing activities	- 790	30	- 689	131
Cash flow for the period/ year	- 53	- 169	117	40
Liquid assets opening balance	243	203	34	203
Liquid assets closing balance	150	34	150	243

The Parent company

Condensed Income statement

MSEK	2019 Jan-March	2018 Jan-March	2018 Jan-Dec
Income	20	16	80
Operating expenses	- 58	- 48	- 193
Net financial items	9	- 15	29
Dividend/Group contribution	-	-	1,545
Change in derivatives	- 146	- 7	108
Impairment of shares in subsidiaries	-	-	- 23
Income before tax	- 175	- 54	1,545
Tax	7	12	- 67
Net income for the period/year	- 168	- 42	1,478
Comprehensive income for the parent company			
Net income for the period/year	- 168	- 42	1,478
Items that will be reclassified into net income			
Translation difference foreign operations	40	89	93
Unrealized change, currency hedge	- 24	- 89	- 99
Total net income for the period/year	- 152	- 42	1,472

Condensed Balance sheet

MSEK	March 31 2019	March 31 2018	Dec 31 2018
Participations, group companies	19,888	19,675	19,678
Receivables, group companies	29,051	30,097	29,062
Other assets	9,420	7,564	10,470
Liquid assets	34	0	1
Total	58,393	57,336	59,211
Shareholders' equity	15,999	16,304	17,818
Derivatives	777	1,296	716
Interest bearing liabilities	36,548	35,058	36,738
Interest bearing liabilities, group companies	4,014	3,814	3,711
Other liabilities	1,055	864	228
Total	58,393	57,336	59,211
Pledged assets (receivables group contributions)	17,401	26,813	17,387
Contingent liability (guaranteed commitments for subsidiaries)	3,622	3,631	3,616

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, MSEK +/- 1% (units)	Probable scenario Boom	Recession
Rental level/index	+55/-55	+	-
Vacancies	+60/-60	+	-
Property costs	-17/+17	-	0
Interest costs*	-77/43	0	-

* The asymmetry is due to the fact that at present, Castellum deems the opportunities for fully including negative market rates to be limited.

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 upward 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, MSEK	-17,846	-8,923	-	8,923	17,846
Loan to value ratio	56%	50%	45%	41%	38%

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 2018, "Risk and Risk management" on pages 92-100.



CASTELLUM HAS SOLD ENTIRE PORTFOLIO IN SUNDSVALL AND ACQUIRED PROPERTIES IN LINKÖPING

Castellum has completed an exchange transaction with Fastighetsaktiebolaget Lilium, wherein Castellum acquired six properties in Linköping for MSEK 1,631, and sell twenty properties in Sundsvall for MSEK 3,326. Vacancy/Occupancy dates occurred on March 1, 2019. The properties are located in the vicinity of Castellum's existing office buildings in Linköping and the city is an attractive regional city where Castellum would like to grow and develop the product offer. The exchange transaction also makes Castellum one of the two largest players in the city and also include building-rights possibilities in CBD.

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 2019	Jan-March 2018	Rolling 12 months April 18- March 19	Jan-Dec 2018
Average number of shares, thousand (related to financial key ratios)	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

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 2019 MSEK SEK/share		Jan-March 2018 MSEK SEK/share		Rolling 12 months April 18- March 19 MSEK SEK/share		Jan-Dec 2018 MSEK SEK/share	
Income before tax	1,115	4.08	889	3.25	8,546	31.28	8,320	30.45
Reversed:								
Transaction and restructuring costs	179	0.66	-	-	179	0.66	-	-
Changes in value, properties	- 689	- 2.52	- 231	- 0.85	- 5,674	- 20.77	- 5,216	19.09
Changes in value, derivatives	121	0.44	7	0.03	- 38	- 0.14	- 152	- 0.55
= Income from property management	726	2.66	665	2.43	3,013	11.03	2,952	10.81
EPRA Earnings (Income from property management after tax)								
Income from property management	726	2.66	665	2.43	3,013	11.03	2,952	10.81
Reversed; Current tax income from property management	- 84	-0.31	- 45	- 0.16	- 355	- 1.30	- 316	- 1.16
EPRA Earnings / EPRA EPS	642	2.35	620	2.27	2,658	9.73	2,636	9.65

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, 2019 MSEK SEK/share		March 31, 2018 MSEK SEK/share		Dec 31, 2018 MSEK SEK/share	
Equity according to the balance sheet	39,457	144	33,053	121	39,749	145
Reversed:						
Declared, undistributed dividend	833	3	724	3	-	-
Derivatives according to balance sheet	777	3	1,296	5	716	3
Goodwill according to balance sheet	- 1,480	- 5	- 1,659	- 6	- 1,659	- 6
Deferred tax according to balance sheet	8,936	33	8,534	31	9,203	34
Long term net asset value (EPRA NAV)	48,523	178	41,948	154	48,009	176
Deduction						
Derivatives as above	- 777	- 3	- 1,296	- 5	- 716	- 3
Estimated real liability, deferred tax 6%*	- 2,807	- 10	- 2,935	- 11	- 2,975	- 11
Short term net asset value (EPRA NNAV)	44,939	165	37,717	138	44,318	162

* Estimated real deferred tax liability net has been calculated to 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 20%, 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 indirect through company disposals where the buyers tax discount is 7%, which gives a present value of deferred tax liability of 6%.

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 50% and an interest-coverage ratio of at least 200%

Interest coverage ratio	Jan-March 2019	Jan-March 2018	Rolling 12 months April 18 - March 19	Jan-Dec 2018
Income from property management	726	665	3,013	2,952
Reversed;				
Net interest	199	227	807	835
Income from property management excl. net interest	925	892	3,820	3,787
Interest coverage ratio	465%	393%	473%	454%

Loan to value ratio	March 31, 2019	March 31, 2018		Dec 31, 2018
Interest-bearing liabilities	40,566	39,062		40,358
Liquid assets	- 150	- 34		- 243
Net interest-bearing liabilities net	40,416	39,028		40,115
Investment properties	89,231	82,031		89,168
Acquired properties not taken into possession	- 37	- 34		- 31
Divested properties still in Castellum's possession	661	21		164
Net investment properties	89,855	82,018		89,301
Loan to value ratio	45%	48%		45%

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 2019	Jan-March 2018	Rolling 12 months April 18 - March 19	Jan-Dec 2018
Acquisitions	2,518	38	4,935	2,455
New constructions, extensions and reconstructions	777	696	2,918	2,837
Total investments	3,295	734	7,853	5,292
Net sales prices	- 4,021	- 232	- 6,424	- 2,635
Net investments	- 726	502	1,429	2,657
Proportion of the property value, %	- 1%	1%	25%	3%

Other Financial Key Ratios

	Jan-March 2019	Jan-March 2018	Rolling 12 months April 18 - March 19	Jan-Dec 2018
Net operating income margin	69%	69%	71%	71%
Interest rate level, on average	2.1%	2.4%	2.1%	2.2%
Return on long term net asset value	9.5%	8.2%	17.3%	18.5%
Return on actual net asset value	11.2%	8.8%	21.0%	22.0%
Return on total capital	7.0%	5.3%	11.0%	10.6%
Return on equity	13.5%	9.3%	24.9%	22.6%
Property value, SEK/share	327	300	327	326
Gross leasing	87	112	383	408
Net leasing	- 7	48	106	161

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.

IFRS 16 Leases entered force on January 1, 2019, and Castellum has applied the recommendation as of that date. There were thus no retroactive applications. The transition to IFRS 16 had no material impact on the Group's earnings and financial position, or on its cash flow statement. In its capacity as lessee, Castellum has conducted a detailed review and analysis of the Group's leases, during which site leasehold agreements were identified as the single most material alongside rental agreements in United Spaces, the coworking company acquired during the year. Apart from these two items, only a smaller number of leases have been identified, such as for vehicles, office equipment and the like. As a consequence of the transition to IFRS 16, the cost for

site leasehold fees as a whole was reported as a financial expense — a difference compared to previous policies, in which this was reported as an operating cost charged to net operating income. Moreover, the rental cost for United Spaces is allocated between impairments and financial expenses. Site leasehold agreements and leases at United Spaces have been valued and the right-of-use has been recognized as an asset together with a corresponding liability. At March 31, 2019, the combined value of these two items was MSEK 919. In addition, a review was conducted of how the Group's policies applied in its capacity as lessor are impacted by IFRS 16, in which connection Castellum verified that IFRS 16 entails no material effect on the Group's reported rental incomes.

Otherwise, accounting policies and calculation methods remain unchanged compared to last year's Annual Report.

Events after the reporting period

In the beginning of April 2019 it was announced that Castellum is stepping in as a project partner with the HSB Bostad cooperative housing association for two city blocks of Hagastaden, where Castellum will erect, own and manage all of the commercial spaces. An estimate for the relevant area is 10,000 sq. m. The assessed total investment at the current stage is approx. MSEK 550, of which the building rights are calculated to account for approx. MSEK 200. Construction start is planned for 2022, with occupancy 2024, at the earliest. Read more about the partnership on www.castellum.com.

Gothenburg April 24, 2019



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 Wednesday April 24, 2019.

The Castellum share

The Castellum share is listed on Nasdaq Stockholm Large Cap. At the end of the period the company had about 48,600 shareholders. The ten individual largest owner constellations confirmed as of March 31, 2019 are presented in the table below.

SHAREHOLDERS 03-31-2019

Shareholders	Number of shares, thousand	Percentage of voting rights and capital
APG Asset Management	15,124	5.5%
Rutger Arnhult	14,613	5.3%
PGGM Pensioenfond	14,119	5.2%
BlackRock	13,774	5.0%
SEB Fonder & Liv	12,258	4.5%
Vanguard	9,133	3.3%
Szombatfalvysphere	8,749	3.2%
AMF Försäkring & Fonder	8,322	3.0%
Lannebo Fonder	7,963	2.9%
Norges Bank	5,123	1.9%
Board and Executive Management Castellum	172	0.1%
Other shareholders registered in Sweden	67,603	24.8%
Shareholders registered abroad	96,248	35.3%
Total registered shares	273,201	100.0%

There is no potential common stock (eg. convertibles)

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

The Castellum share price as of March 31, 2019 was SEK 180.35 (136.50) equivalent to a market capitalization of SEK 49.3 billion (37.3), calculated on the number of outstanding shares.

Since the beginning of the year a total of 80 million (74) shares were traded, equivalent to an average of 1,271,000 shares (1,170,000) per day, corresponding on an annual basis to a turnover rate of 116% (107%). The share turnover is based on statistics from Nasdaq Stockholm, Cboe CXE EU, Turquoise and Cboe BXE EU.

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 178 per share (154). The share price at the end of the year was thus 99% (88%) 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 9.73 (8.74) on rolling annual basis. This results in a share price yield of 5.4% (6.4%) corresponding to a multiple of 19 (16).

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

Net income after tax amounted on rolling annual basis to SEK 29.39 per share (19.09), which from the share price gives a yield of 16.3% (14.0%), corresponding to a P/E of 6 (7).

Dividend yield

The recent AGM approved dividend of SEK 6.10 (5.30) corresponds to a yield of 3.3% (3.9%) based on the share price at the end of the period. Of the dividend, SEK 3.05 has been issued in March and the remainder will be paid out in September.

Total share yield

During the last 12-month period the total yield of the Castellum share has been 36.6% (19.5%), including a dividend.

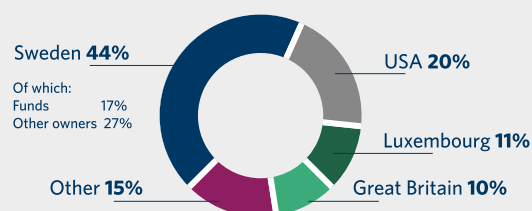
Net asset yield including long-term change in value

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 03-31-2019



NET ASSET YIELD AND EARNINGS INCLUDING LONG-TERM CHANGE IN VALUE

	Sensitivity analysis		
	-1%-unit		+1%-unit
Income from prop.mgmt rolling 12 months	3,013	3,013	3,013
Change in property value (on average 10 years)	2.7%	1.7%	3.7%
D:o MSEK	2,256	1,420	3,092
Current tax 9%	- 270	- 270	- 270
Earnings after tax	4,999	4,163	5,835
Earnings SEK/share	18.30	15.24	21.36
Return on actual long-term net asset value	9.2%	7.2%	11.2%
Earnings/share price	10.1%	8.5%	11.8%
P/E	10	12	8

EPRA KEY RATIOS

	March 31, 2019	March 31, 2018	Dec 31, 2018
EPRA Earnings (Income from property mgmt after tax), MSEK	642	620	2,636
EPRA Earnings (EPS), SEK/share	2.35	2.27	9.65
EPRA NAV (long term net asset value), MSEK	48,523	41,948	48,009
EPRA NAV, SEK/share	178	154	176
EPRA NNNNAV (net asset value), MSEK	44,939	37,717	44,318
EPRA NNNNAV, SEK/share	165	138	162
EPRA Vacancy rate	7%	7%	7%
EPRA Yield	4.9%	5.2%	5.1%
EPRA "Topped-up" Yield	5.0%	5.3%	5.2%

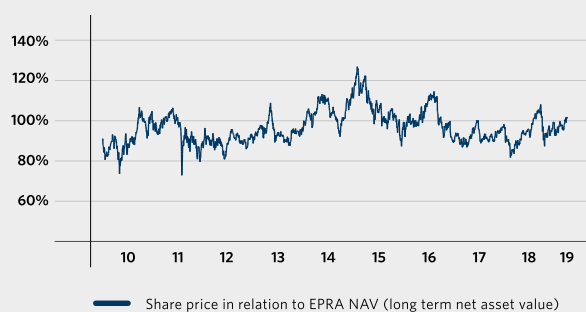
GROWTH, YIELD AND FINANCIAL RISK

	1 year	3 years average/year	10 years average/year
Growth			
Rental income SEK/share	8%	4%	4%
Income from property mgmt SEK/share	16%	9%	8%
Net income for the year after tax SEK/share	54%	35%	e.t.
Dividend SEK/share	15%	13%	8%
Long term net asset value SEK/share	16%	15%	10%
Actual net asset value SEK/share	20%	16%	10%
Real estate portfolio SEK/share	9%	7%	8%
Change in property value	6.8%	5.8%	2.7%
Yield			
Return on actual long term net asset value	17.8%	21.3%	13.4%
Return on actual net asset value	21.6%	21.2%	14.9%
Return on total capital	11.0%	10.2%	7.5%
Total yield of the share (incl. dividend)			
Castellum	36.6%	20.8%	20.0%
Nasdaq Stockholm (SIX Return)	8.7%	10.4%	15.4%
Real Estate Index Sweden (EPRA)	37.7%	18.3%	23.2%
Real Estate Index Europe (EPRA)	8.3%	5.3%	15.3%
Real Estate Index Eurozone (EPRA)	7.0%	7.1%	14.7%
Real Estate Index Great Britain (EPRA)	0.6%	2.4%	13.2%
Financial risk			
Loan to value ratio	45%	48%	50%
Interest coverage ratio	473%	402%	337%

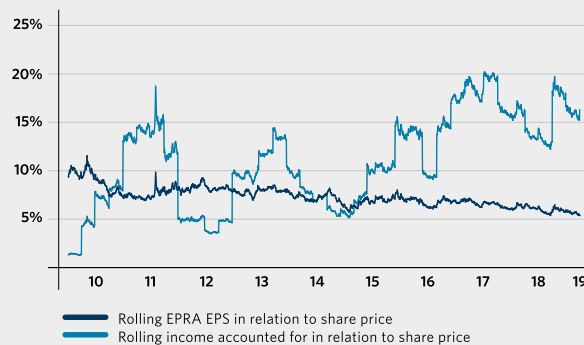
THE SHARE'S DIVIDEND YIELD



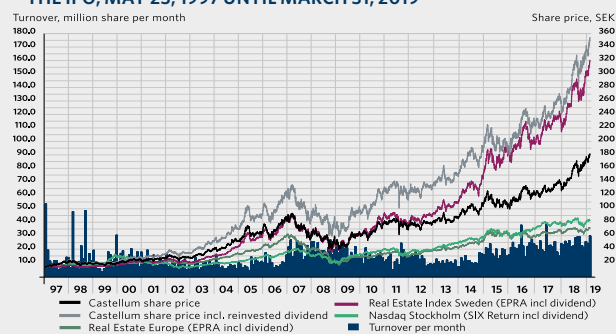
SHARE PRICE/NET ASSET VALUE



YIELD EARNINGS PER SHARE



THE CASTELLUM SHARE'S PRICE TREND AND TURNOVER SINCE THE IPO, MAY 23, 1997 UNTIL MARCH 31, 2019



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: office, public sector properties (customers that are directly or indirectly tax funded), warehouse/logistics, light industry, retail and developments and undeveloped 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 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 2019	12-July-19
Interim report January - September 2019	18-Oct-19
Year-end Report 2019	24-Jan-20
Annual General Meeting 2020	19-March-20

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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 largest listed real estate companies in Sweden. Property values amount to SEK 89.2 billion and holdings comprise office, warehousing/logistics and public sector properties, covering a total leasable area of 4.2 million square metres. 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 in Sweden and also in Copenhagen and Helsinki.

In 2018, Castellum received two awards for sustainability efforts; designated Number One in the world byGRESB for the offices-and-logistics sector, as well as the Level Gold award for sustainability reporting from the EPRA (European Public Real Estate Association). In addition, Castellum is the only Nordic real-estate and construction company elected to the Dow Jones Sustainability Index (DJSI), joining a select group of companies in the world who perform best on sustainability issues.

The Castellum share is listed on Nasdaq Stockholm Large Cap.

Castellum's AGM 2019

At the Annual General Meeting on March 21, 2019 decisions were i.e. made on;

- a dividend of SEK 6.10 per share, distributed to the shareholders in two equal payments of SEK 3.05 per share. Record days for the dividend: Monday March 25, 2019 for the first payment and Monday September 23, 2019 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,
- that the level of remuneration to the members of the Board of Directors shall be SEK 3,895,000 in total,
- to elect Deloitte as auditor in the company for the period until the end of the AGM 2020,
- to appoint a new election committee for the AGM 2020 according to the Election Committees' proposal,
- adopted the Board of Directors' proposal regarding the guidelines for remuneration to the executive management and adopted the proposal on renewal of the incentive program for the members of the executive management, concerning the period 2020-2023,
- a mandate for the Board to resolve on new share issues and a mandate to decide on acquisition and transfer of the company's own shares.



CASTELLUM

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