



2018

YEAR-END REPORT



CASTELLUM

2018

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17% growth in income from property management and proposed increased dividend for the 21st consecutive year.

Important events during the quarter

At the end of October, Castellum divested 38 properties at several locations in Sweden. The sale was made with the primary aim of quality-repositioning and concentrating and reducing the share of smaller properties in the portfolio, primarily in the industrial and retail segments. The sale price totaled MSEK 1,700.

In November, Castellum established a Euro Medium Term Notes (EMTN) program for borrowing in the European capital market. This resulted in Castellum raising its first international bond of MEUR 500 in mid-November.

In mid-December, Castellum presented its new organization structure for preparing for continued growth, which included establishing new divisions — logistics, investment and portfolio strategy, and office premises — and giving these functions representation in Group Management.

In December, Castellum began new construction of phase 2 in the Hisingen Logistics Park, which on completion in the second quarter of 2020 will be one of the Nordic region's largest logistics facilities. The investment is estimated at around MSEK 300, including land acquisition.

Castellum purchased Söve airport in late December. The investment will total at least SEK 1 billion. Castellum regards the acquisition as a unique opportunity to drive the growing logistics market in Gothenburg. With this acquisition, Castellum ensures an expansion of logistics in Sweden's strongest logistics market.

- Income for 2018 amounted to MSEK 5,577 (MSEK 5,182 previous year).
- Income from property management amounted to MSEK 2,952 (2,530), corresponding to SEK 10.81 (9.26) per share, an increase of 17%.
- Changes in value on properties amounted to MSEK 5,216 (4,540) and on derivatives to MSEK 152 (247).
- Net income after tax for the period amounted to MSEK 7,453 (5,876), corresponding to SEK 27.28 (21.51) per share.
- Long term net asset value (EPRA NAV) amounted to SEK 176 (153) per share, an increase of 15%.
- Net investments amounted to MSEK 2,657 (5,613) of which MSEK 2,455 (3,595) pertained acquisitions, MSEK 2,837 (2,893) new developments, extensions and redevelopment. and MSEK 2,635 (875) to sales. Property value amounted to SEK 89.2 billion by the end of the year.
- Net leasing for the year was MSEK 161 (310).
- The Board proposes an increase of the dividend for the 21st consecutive year of SEK 6.10 (5.30) per share, equivalent to an increase of 15%, distributed in two equal payments of SEK 3.05.

KEY METRICS	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Income, MSEK	1,436	1,316	5,577	5,182
Net operating income, MSEK	980	846	3,945	3,577
Income from property management, MSEK	733	574	2,952	2,530
D:o SEK/share	2.68	2.10	10.81	9.26
D:o growth	+28%	+0%	+17%	+5%
Net income after tax, MSEK	2,402	2,452	7,453	5,876
Net investments, MSEK	- 352	1,053	2,657	5,613
Dividend, SEK/share (proposed)	-	-	6.10	5.30
D:o growth	-	-	15%	6%
Net leasing, MSEK	4	59	161	310
Loan to value ratio	45%	47%	45%	47%
Interest coverage ratio	463%	356%	454%	386%
EPRA NAV SEK/share	176	153	176	153
EPRA NNNNAV SEK/share	162	138	162	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 and back: Hisingen Logistics Park phase 2, read more on page 4.

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

Here, at the end of the year, it may be appropriate to follow up on the plans we drew up at the beginning of the year.

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

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

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

Early in the year, we emphasized that we were working intensively on developing a proprietary concept for the rapidly growing co-working segment of the market. We have come a long way, and early in the year we intend to announce how we will be going further in developing a concept that is attractive to customers both old and new.

On our way!

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

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

The table below shows the comparison, looking back over the trends of the past five years:

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

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

So — where are we headed?

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

As mentioned above, our extensive property transactions during the last quarter 2018 and the first quarter 2019 will impact our growth in both the short and the long term. Over the short term, for 2019, we expect that the significant net divestments will lead to a slight dampening of growth in income from property management, while expectations of higher growth over the long term are rising — which is our goal. I am convinced that the long-term work described above has raised Castellum's potential for growth to a new level, even if this does not mean that we will reach our ambitious goal of a 10% increase in income from property management every year.

Gothenburg January 23, 2019

Henrik Saxborn

CEO

Business focus 2018 and sustainability

Customer-oriented business

Through local organizations close to the customer, Castellum makes business decisions right where operations take place, thereby offering customers shorter decision-making processes and prompt responses — facilitating everyday life. We know that business is conducted between people and in dialogue with customers, we create customized solutions that increase well-being, efficiency, profitability and job satisfaction. That's how we get cities, vast development areas and tenants to flourish – and always, by focusing on the people.

Castellum shall offer existing and potential customers the best and most appropriate premises possible, and we are to position ourselves as innovative and sustainable players. A clear customer focus is obtained through long-term relationships and service that consistently exceeds customer expectations.

Every year, a Satisfied Customer Index Survey is carried out. In the latest survey, conducted in the autumn of 2018, Castellum continued to enjoy consistently high ratings with a weighted index of 77 on a scale of 100. The industry benchmark index for offices amounts to 73 on the same scale.

High leasing activity

During the year, Castellum experienced high leasing activity, resulting in the signing of 780 new leases for a total annual value of MSEK 408.

Responsible business

Castellum's sustainability efforts are all about conducting operations in a responsible manner and creating long-term solutions from economic, ecological and social perspectives. Sus-

tainability efforts have long been a natural part of business operations at Castellum. Over the years, the company's ambitious goals have contributed to sustainability gains for both tenants and the environment. Well-integrated sustainability efforts contribute to increased social value as well as to better management and monitoring of the company's properties.

Castellum's agenda for the sustainable city consists of a number of ongoing goals on an annual basis and a number of milestones to be reached by 2030.

Today, Castellum owns more environmentally certified buildings among the listed real estate company in Sweden and 47% of Castellum's buildings are more energy efficient than the Swedish benchmark for premises. 33% of the real estate portfolio, 647 properties, is certified according to Green Building, Miljöbyggnad, BREEAM or LEED, and certification is underway for another 6% of the portfolio.

In 2018, Castellum continued to be awarded several international awards for sustainability activities. Castellum was awarded "Global Sector Leader" by GRESB (Global Real Estate Sustainability Benchmark), which means that Castellum is ranked number one in the world in the real estate industry within the sector of office and logistics premises. The company was also awarded gold for best sustainability reporting by EPRA (European Public Real Estate Association). Castellum was also included in the prestigious Dow Jones Sustainability Index (DJSI), which includes the world's top performing companies in sustainability.

CASTELLUM'S SUSTAINABILITY AGENDA: THE SUSTAINABLE CITY TARGETS AND OUTCOME 2018

Focus area	Target	Outcome
The planet	1% water conservation per year in the like-for-like portfolio.	1% water conservation compared with like-for-like portfolio.
	15% in energy savings per sq.m. to 2025 compared with the index 2015 and energy savings per sq.m. of >1.5% yearly in the like-for-like portfolio.	15% energy savings compared with 2015 and a 3% increase compared with like-for-like.
	100% fossil-independent vehicles by 2020.	62% fossil-independent vehicles.
	Net-zero carbon dioxide emissions and 100% non-fossil energy by 2030.	85% lower carbon dioxide emissions since 2007. 95% non-fossil energy.
Future-proofing	50% of the real-estate portfolio in sq.m. will be environmentally certified in 2025.	33 % is environmentally certified and certification is underway for another 6%. Castellum owns most environmentally certified buildings among the Swedish listed real estate companies.
	All new constructions and larger reconstructions shall be environmentally certified. Miljöbyggnad level Gold is applicable for new- or reconstruction of office and retail premises. A lower certification level may only be used if there are special reasons why Gold cannot be achieved.	Achieved.
	Eco-system services will be evaluated for new constructions and major developments and at least as many eco-system services - or more - will be recreated on site.	Achieved.
Well-being	Equality among all occupational categories by 2025.	Executive management team: 44% women, 56% men Regional management teams: 40% women, 60% men Property management/customer relations: 32% women, 68% men Business- and project development: 24% women, 76% men Support functions: 65% women, 35% men
	<2% short-term sick leave.	1.6% short-term sick leave
	<3% long-term sick leave.	2.2% long-term sick leave
Social responsibility	By 2025, 20% of Castellum's employees are to have international backgrounds to more closely reflect the composition of society.	6% of Castellum's employees has international background.
	At least 4% of the Castellum workforce are to be apprentices; incentives offered to major-development entrepreneurs who create work opportunities for young people.	A total of 85 young people had internship or holiday work. 23 of those were apprentices equivalent to approx. 6% of Castellum's work force, of which 14 were created through developments.
	100% of the employees to undergo training in the Code of Conduct.	All employees has been trained in the Code of Conduct via an e-learning.

Market comments

HISINGEN LOGISTICS PARK, PHASE 2, GOTHENBURG
 LOCATION: Hisingen, Gothenburg
 AREA: 34,484 sq.m.
 COMPLETED: Q2, 2020
 INVESTMENT: MSEK 294
 CERTIFICATION: Miljöbyggnad level silver

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



Swedish, Danish and Finnish economy

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

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

The Swedish 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 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 early in 2018, and remained weak at a level last noted in early 2009.

MACRO INDICATORS - SWEDEN

Unemployment	6.2%	(Nov 2018)
Inflation	2.2%	(Dec 2018 compared to Dec 2017)
GDP-growth	-0.2%	(Q3 2018 compared to Q2 2018)

Source: SCB

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

In Finland, the expected GDP growth rate is around 1.5% in 2019 and 2020, which is weaker than the forecast for 2018 of approximately 2.5% according to the Finnish Ministry of Finance (Sept 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% to around 1.5% in 2019-2020.

Rental market

In Castellum's submarkets in Sweden, the rental market for office space remained positive in 2018, driven primarily by a favorable economy, robust demand and a limited supply of office premises. In 2018, the average rent in the CBDs of Stockholm, Gothenburg and Malmö increased 13%, 4% and 2% respectively. 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 all submarkets. In regional cities, office rents generally rose somewhat, especially in cities with new production such as Uppsala and Örebro.

The rental market for office space in Copenhagen trended positively in 2018, with an increase in rents in the CBDs of approximately 5%. This is due to economic growth, falling vacancy rates and increased construction costs that have

driven up rent levels in newly produced premises. The high level of access to land and development rights in and around the city, however, is a limiting factor for rent potential.

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

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 totaling approximately 15% in 2018 compared with 2017.

Real estate market

The transaction volume in the Swedish market for *office properties* in 2018 was expected to total SEK 153 billion (2017: SEK 151 billion; 2016: SEK 201 billion). Several major transactions took place in 2018 that entailed a higher average volume per transaction year-on-year. International investors accounted for a higher share of volume in 2018 (27%) year-on-year (23%). The transaction volume remained centered on the Stockholm region, which represented 42% of the total volume in Sweden. Gothenburg and Malmö together represented 22% of the volume. Prices of nearly SEK 130,000 per square meter were noted in several larger office transactions during 2018, which constitute new top prices for the Swedish office market.

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

Warehouse and logistics properties attract a growing number of both domestic and international investors, driven largely by the growth of e-commerce. While demand is high in the investor market, the selection is relatively low, which drives prices up. The required yield in Castellum's logistics strongholds were thus adjusted down in 2018.

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

The transaction volume in the Finnish property market totaled just over EUR 9.3 billion in 2018, which was the

second largest transaction volume ever. International investors made up around 70% of that volume. A total volume of EUR 10 billion was achieved for full-year 2017, though approximately half of that volume related to two large transactions. The required yield in the Helsinki CBD and well-positioned office sub-markets such as Ruoholahati continued to decline in 2018. The required yield in the Helsinki CBD has fallen approximately 1.5 percentage points since 2014, and is now nearly on a level with other Nordic capitals.

Interest and Credit market

In December, Sweden's Riksbank raised interest rates from -0.5% to -0.25%, the first increase in seven years. At the same time, however, Riksbank adjusted the repo rate track downward somewhat, indicating that the next increase would not be relevant until the autumn of 2019. It remains to be seen whether a further increase will then be implemented or postponed to a future date if inflation and business cycle prospects were to decline beforehand. The 2019 outlook for both the global and the Swedish economies is genuinely uncertain.

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

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

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

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

Condensed consolidated statement of comprehensive income

MSEK		2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Rental income		1,323	1,289	5,185	4,783
Service income		113	27	392	399
Income	note 2	1,436	1,316	5,577	5,182
Operating expenses	note 3	- 213	- 194	- 753	- 699
Maintenance	note 3	- 51	- 77	- 167	- 194
Ground rents	note 3	- 5	- 5	- 23	- 23
Property tax	note 3	- 84	- 78	- 315	- 305
Leasing and property administration	note 3	- 103	- 116	- 374	- 384
Net operating income		980	846	3,945	3,577
Central administrative expenses	note 4	- 45	- 48	- 158	- 162
Acquisition and restructuring costs		-	-	-	- 5
Net interest expenses	note 5	- 202	- 224	- 835	- 885
Income from property management	note 1	733	574	2,952	2,525
- of which income from property management*		733	574	2,952	2,530
Changes in value	note 6				
Properties		2,066	2,471	5,216	4,540
Derivatives		- 50	43	152	247
Income before tax		2,749	3,088	8,320	7,312
Current tax	note 7	- 72	18	- 74	- 96
Deferred tax	note 7	- 275	- 654	- 793	- 1,340
Income for the period/year		2,402	2,452	7,453	5,876
Other total net income					
Items that can be reclassified to net income					
Translation difference of currencies		- 27	60	151	72
Change in value derivatives, currency hedge		3	- 119	- 143	- 80
Total net income for the period year**		2,378	2,393	7,461	5,868
Average number of shares, thousand		273,201	273,201	273,201	273,201
Income, SEK/share		8.79	8.98	27.28	21.51

* For calculation, Key financial metrics, page 28.

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

Accounting policies can be found on page 24.

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Comparisons, shown in parentheses 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 Jan-Dec 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 for the year amounted to MSEK 2,952 (2,530), equivalent to SEK 10.81 (9.26) per share - an increase of 17%. During the year, changes in value on properties amounted to MSEK 5,216 (4,540) and on derivatives to MSEK 152 (247). Net income after tax for the year was MSEK 7,453 (5,876), equivalent to SEK 27.28 (21.51) per share - an increase of 27%.

SEGMENT INFORMATION

MSEK	Income		Income from prop.mgmt	
	2018 Jan-Dec	2017 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec
Central	1,408	1,508	712	730
West	1,227	1,152	665	626
Öresund	1,122	1,053	602	537
Stockholm-North	1,795	1,469	1,012	768
Finland	25	-	10	-
Total	5,577	5,182	3,001	2,661

The difference between the income from property management of MSEK 3,001 (2,048) above and the groups accounted income before tax of MSEK 8,320 (7,312) consists of unallocated income from property management of MSEK - 49 (- 92), transaction and restructuring costs of MSEK - (- 5), changes in property value of MSEK 5,216 (2,069) and changes in values of derivatives of MSEK 152 (204).

NOTE 2 Income

The Group's income amounted to MSEK 5,577 (5,182) and the average occupancy rate was 93.2% (90.9%) including discounts of MSEK 87 (97). This also includes a lump sum of MSEK 14 (6) 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

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

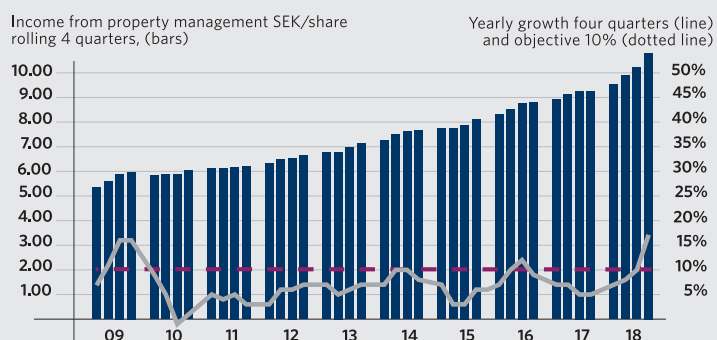
Gross leasing (i.e. the annual value of total leasing) during the period was MSEK 408 (600), of which MSEK 109 (198) were leasing of new constructions, extensions and reconstructions. Notices of termination amounted to MSEK 247 (290), of which bankruptcies were MSEK 11 (7) and MSEK 19 (18) were notices of termination with more than 18 months remaining length of contract. Net lease for the period was MSEK 161 (310). 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 does not include the year's leasing of MSEK 146 in total regarding new construction for both E.ON and the Swedish National Courts Administration in Malmö, since Castellum is awaiting the final detailed development plan.

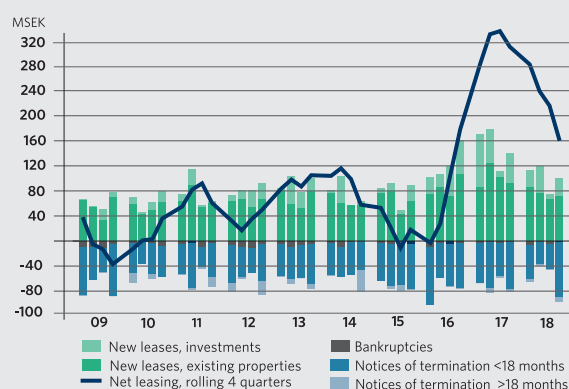
NET LEASING

MSEK	Central	West	Region		North	Total
			Öresund	Sthlm		
NEW LEASES						
Existing properties	105	61	56	62	15	299
Investments	25	49	0	35	0	109
Total	130	110	56	97	15	408
NOTICES OF TERMINATION						
Existing properties	- 63	- 50	- 37	- 78	- 8	- 236
Bankruptcies	- 8	- 2	0	- 1	0	- 11
Total	- 71	- 52	- 37	- 79	- 8	- 247
Net leasing	59	58	19	18	7	161

INCOME FROM PROPERTY MANAGEMENT PER SHARE



NET LEASING



NOTE 3 Property costs

Property costs amounted to MSEK 1,632 (1,605) corresponding to SEK 378 per sq.m. (366). Property costs increased 3%, which can be explained by higher costs for heating and cooling due to the warm summer.

DEVELOPMENT OF PROPERTY COSTS

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

PROPERTY COSTS

	Office	Public sector prop.	Ware- house/ Logistics	Light industry	Retail	Total
Operating expenses	220	187	110	116	170	173
Maintenance	53	35	22	26	32	38
Ground rent	2	4	7	6	4	4
Real estate tax	111	88	23	23	63	73
Total prop. costs	386	314	162	171	269	288
Leasing & prop. admin						90
Total	386	314	162	171	269	378

NOTE 4 Central administrative expenses

Central administrative expenses totalled MSEK 158 (162) and has been charged with MSEK 16 (12) for development costs for Castellum's Innovation lab Next 20. Central administrative expenses also include costs related to the profit-and-share-price related incentive plan for 9 members of Executive Management of MSEK 18 (12).

NOTE 5 Net interest

Net interest items were MSEK - 835 (- 885). The average interest rate level was 2.2% (2.4%). Net interest income was positively affected by approx. MSEK 86 due to the 0.2 percentage point decrease in the average interest rate.

NOTE 6 Changes in value

The property market in 2018 was marked by demand that remained healthy, with a high level of activity and stable or rising prices. This, together with a strong rental market, resulted in a change in Castellum's value during the period totaling MSEK 5,216, equivalent to 6%. The value changes included negative MSEK 110, attributable to a property sale of 52 properties MSEK 2,534 less deferred tax and overhead totaling MSEK 121. Accordingly, the underlying property price was MSEK 2,655 — MSEK 90 less than the valuation. The reported sale price did not take into account future additional purchase prices of up to approximately

MSEK 200 attributable to three properties sold as housing projects. The additional purchase prices will be reported in pace with the detailed development plan being adopted and/or the housing projects being carried out. Since every property is valued individually, consideration has not been given to the portfolio premium that can be seen in the property market.

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

CHANGE IN VALUE PROPERTIES

MSEK	2018 Jan-Dec	2017 Jan-Dec
Cash flow	2,093	1,541
Project gains/building rights	751	1,103
Required yield	2,439	1,290
Acquisitions	43	579
Sales	- 110	27
Total	5,216	4,540
D:o %	6%	6%

NOTE 7 Tax

Recognized tax totaled MSEK 864, of which MSEK 74 is tax paid. Tax expenses for the year include deferred tax income of MSEK 618 as a result of lower future corporate income tax. Current tax is calculated based on a nominal tax rate of 22%, while deferred tax is based on the lower tax rates that apply from 2019 and 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 since a few subsidiaries are unable to make Group contributions for fiscal purposes.

Remaining tax loss carryforwards can be calculated to MSEK 1,081 (2,437). Furthermore, there are derivatives at an undervalue of MSEK 144. Fair values for the properties exceed their fiscal value by MSEK 50,553 (44,271) of which MSEK 4,976 (3,763) 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 9,203 (8,405).

Castellum has no current tax disputes.

Tax proposal

During the first quarter, the government published the "New Tax Rules for the Business Sector" draft bill referred to the Council on Legislation for scrutiny. The bill includes proposals for interest expense deduction limitations pursuant to EU directives, and was adopted on June 13, 2018 and will enter force on January 1, 2019. Broadly speaking, the legislation entails a maximum net interest expense deduction of 30% on EBITDA (in Castellum's case, the proposal means profit before tax with the add-back of net interest, changes in value of derivatives and properties, and deductions for tax deductible redevelopments). Moreover, the

Contin. note 7

government proposes a lowered corporate tax, introduced in two steps: 21.4% as of 2019, which will be lowered to 20.6% as of 2021.

Today's strong cash flow from operations, combined with historically low interest rates and reduced corporate taxes, mean that interest-rate limitations – in their present format – do not significantly affect Castellum's paid taxes.

TAX CALCULATION 2018

MSEK	Basis current tax	Basis deferred tax
Income from property management	2,952	
Deductions for tax purposes		
depreciations	- 1,031	1,031
redevelopment	- 582	582
Other tax allowances	94	- 79
Taxable income from property mgmt	1,433	1,534
Current income tax 22%, if tax losses are not utilized	316	
Properties sold	101	- 1,803
Changes in value on properties	-	5,326
Changes in value on derivatives	152	-
Taxable income before tax loss carry forwards	1,686	5,057
Tax loss carry forwards, opening balance	- 2,437	2,437
Tax loss carry forwards, closing balance	1,081	- 1,081
Taxable income	330	6,413
Tax for the period, 22%	- 74	- 1,411
Revaluation of deferred tax	-	618

Tax according to the Income Statement for the period



SÄVE AIRPORT, GOTHENBURG

LOCATION: Hisingen, Gothenburg

AREA: 3 million sq.m.

ACCESS: December 2018

INVESTMENT: at least MSEK 1,000

Castellum purchased Säve airport in late December 2018 and regards the acquisition as a unique opportunity to drive the growing logistics market in Gothenburg. With this acquisition, Castellum ensures an expansion of logistics in Sweden's strongest logistics market. The total land area, approximately 3 million square meters, is an area deemed suitable for logistics and heavier industry. This will facilitate construction of large logistics and production facilities, something unique for Greater Gothenburg.

NET DEFERRED TAX LIABILITY 12-31-2018

MSEK	Basis	Nominal tax liability	Real tax liability
Tax loss carry forwards	1,081	231	221
Untaxed reserves	- 144	- 31	- 31
Properties	- 50,553	- 10,428	- 3,165
Total	- 49,616	- 10,228	- 2,975
Properties, asset acq.	4,976	1,025	
In the balance sheet	- 44,640	- 9,203	

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 estimated at 6% based on a discount rate of 3%. Moreover assumptions have been made that tax loss carry forwards are realized in 2 years with a nominal tax of 21.4%, giving a present value for the deferred tax liability of 21%, and that the properties are realized in over 50 years where 33% are sold directly with a nominal tax of 20.6% and that 67% are sold indirectly through company disposals where the buyers tax discount is 8%. This provides a present value for deferred tax liability of 6%.

Condensed consolidated balance sheet

MSEK		Dec 31, 2018	Dec 31, 2017
ASSETS			
Investment properties	note 8	89,168	81,078
Goodwill	note 9	1,659	1,659
Other fixed assets		146	107
Current receivables		924	665
Liquid assets		243	203
Total assets		92,140	83,712
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity		39,749	33,736
Deferred tax liabilities	note 7	9,203	8,405
Other provisions		6	5
Interest-bearing liabilities	note 10	40,358	38,226
Derivatives	note 11	716	1,352
Non interest-bearing liabilities		2,108	1,988
Total shareholders' equity and liabilities		92,140	83,712
Pledged assets (property mortgages)		21,803	32,397
Pledged assets (chattel mortgages)		-	-
Contingent liabilities		-	-

Condensed changes in equity

MSEK	Number of shares, outstanding, thousand	Share capital	Other capital contributions	Currency translation reserve	Currency hedge reserve	Non-controlling interest	Retained earnings	Total equity
Shareholders' equity 12-31-2016	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 2017	-	-	-	-	-	-	5,876	5,876
Other total net income 2017	-	-	-	72	- 80	-	0	- 8
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 2018	-	-	-	-	-	-	7,453	7,453
Other total net income 2018	-	-	-	151	- 143	-	-	8
Shareholders' equity 12-31-2018	273,201	137	12,434	274	- 269	- 2	27,175	39,749

Balance sheet December 31, 2018

NOTE 8 Property portfolio and property value

Investment properties

The property portfolio is located in growth areas in Sweden, Copenhagen and Helsinki. The commercial portfolio consists of 47% office, 23% public sector properties, 15% warehouse/logistics, 8% retail and 2% light industry. Property locations range from inner city sites to well-situated working-areas with good public transportation and services. The remaining 5% consist of developments and undeveloped land.

Castellum owns approx. 786,000 sq.m. of unutilized building rights and furthermore ongoing developments with remaining investments of approx. SEK 1.6 billion.

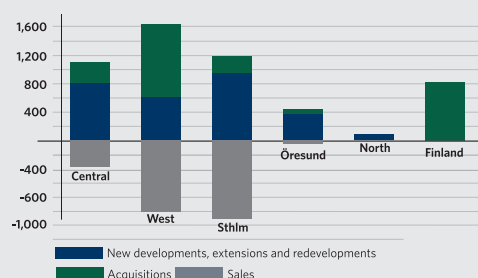
Investments

During the period, investments totalling MSEK 5,292 (6,488) were carried out, of which MSEK 2,455 (3,595) were acquisitions and MSEK 2,837 (2,893) new developments, extensions and redevelopments. After sales and cash settlement of MSEK 2,635 (875) net investments amounted to MSEK 2,657 (5,613).

CHANGES IN THE PROPERTY PORTFOLIO

	Value, MSEK	Number
Property portfolio on January 1, 2018	81,078	676
+ Acquisitions	2,455	16
+ New developments, extensions and redevelopments	2,837	7
- Sales	- 2,745	- 52
+/- Unrealized changes in value	5,326	-
+/- Currency translation	217	-
Property portfolio on Dec 31, 2018	89,168	647

INVESTMENTS PER REGION



Property value

Internal valuations

Castellum assesses the value of the properties through internal valuations, as in previous years, corresponding to level 3 in IFRS 13. The valuations are based on a 10-year cash flow based model with individual valuation for each property in terms of both its future earnings capacity and the required market yield. In assessing 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 (1,700) per sq.m.

Based on these internal valuations, property value at the end of the period was assessed at MSEK 89,168 (81,078), corresponding to SEK 20,417 per sq.m (18,268).

Average valuation yield

The average valuation yield for Castellum's real estate portfolio, excluding development projects and undeveloped land, can be calculated at 5.3% (5.5%).

AVERAGE VALUATION YIELD

(excl. developments/land and building rights)	MSEK
Net operating income properties	4,249
+ Estimated index-linking 2019, 2%	130
+ Real occupancy rate, 94% at the lowest	190
- Property admin, SEK 30/sq.m.	- 131
Normalized net operating income	4,437
Valuation (excl. building rights of MSEK 672)	84,106
Average valuation yield	5.3%

Valuation yield per category

Office	5.1%
Public sector properties	5.0%
Warehouse/logistics	5.8%
Retail	5.9%
Light industry	6.9%
Total	5.3%

Uncertainty range

A property's market value can only be confirmed when sold. The value range of +/- 5-10%, often used in property valuations in a normal market, should therefore be seen as an indication of the uncertainty that exists in assumptions and calculations. In a market with lower liquidity, the range may be wider. For Castellum, an uncertainty range of +/- 5% means a range in value of the property portfolio of MSEK 84,710 - 93,626 corresponding to +/- MSEK 4,458.

External valuation

In order to validate the valuation, 174 properties – representing 56% of the value of the portfolio – were valued externally by Forum Fastighetsekonomi in Sweden and CBRE in Denmark. The properties were selected on the basis of the largest properties in terms of value, but they also reflected the composition of the portfolio as a whole in terms of category and geographical location. The external valuations of the selected properties amounted to MSEK 48,345, within an uncertainty range of +/- 5-10% on property level, depending on each property's category and location. Castellum's valuation of the same properties totalled 49,677, i.e., a net deviation of MSEK 1,322, corresponding to -2.7%. The gross deviations were MSEK +995 and MSEK -2,314, respectively, with an average deviation of 7%.

It can be noted that Castellum's deviation from the external valuers accommodated well within the uncertainty range of +/-5-10%.

KEY PROPERTY RELATED METRICS

	2018 Jan-Dec	2017 Jan-Dec
Rental value, SEK/sq.m.	1,407	1,341
Economic occupancy rate	93.2%	90.9%
Property costs, SEK/sq.m.	378	366
Net operating income, SEK/sq.m.	933	853
Property value, SEK/sq.m.	20,417	18,268
Number of properties	647	676
Leasable area, thousand sq.m.	4,283	4,381
Average valuation yield	5.3%	5.5%



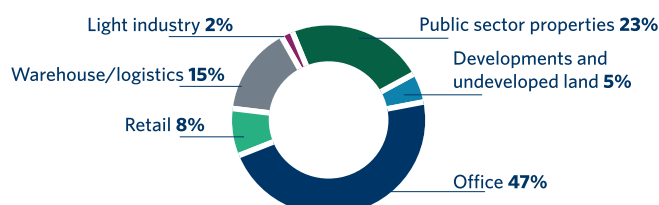
Castellum's property portfolio

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

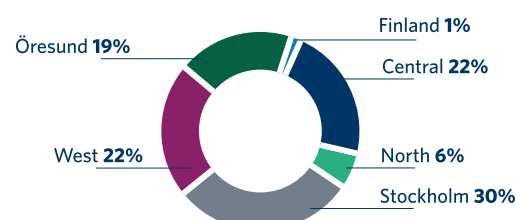
The table above relates to the properties owned by Castellum at the end of the year and reflects the income and costs of the properties as if they had been owned during the year. The discrepancy between the net operating income of MSEK 3,896 accounted for above and the net operating income of MSEK 3,945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

More detailed description about property type on page 28, definitions. Castellum's property portfolio with new categories can be accessed from Q4, 2017 via: castellum.com.

PROPERTY VALUE BY PROPERTY TYPE



PROPERTY VALUE BY REGION



Customers

Castellum's property portfolio and customer segments

Castellum's property portfolio is well distributed over various segments, whereby almost half consist of office buildings and a quarter comprises public sector 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 8% of income value, but this segment includes grocery stores and car dealerships. The latter are in locations that are becoming more attractive from a logistics perspective. Another type of retail exposure also occurs in the warehouse/logistics segment, in the form of storage and distribution from the rapidly-growing e-commerce segment, which favours rental growth and contributes to the transformation of well-located properties for the last mile.

Lease maturity structure

The lease maturity structure in Castellum's portfolios is indicated below. The relatively small portion of maturities in 2019 is due to the majority of maturing leases already having been renegotiated in 2018 due to notice periods. The average remaining lease duration in the portfolio is 3.9 years.

LEASE MATURITY STRUCTURE 12-31-18

	No. of leases	Lease value MSEK	Percentage of value
Commercial, term			
2019	1,730	437	8%
2020	1,567	1,138	21%
2021	1,151	951	17%
2022	853	852	16%
2023	227	533	10%
2024+	366	1,394	26%
Total commercial	5,894	5,305	98%
Residential	461	41	1%
Parking spaces and other	6,345	86	1%
Total	12,700	5,432	100%

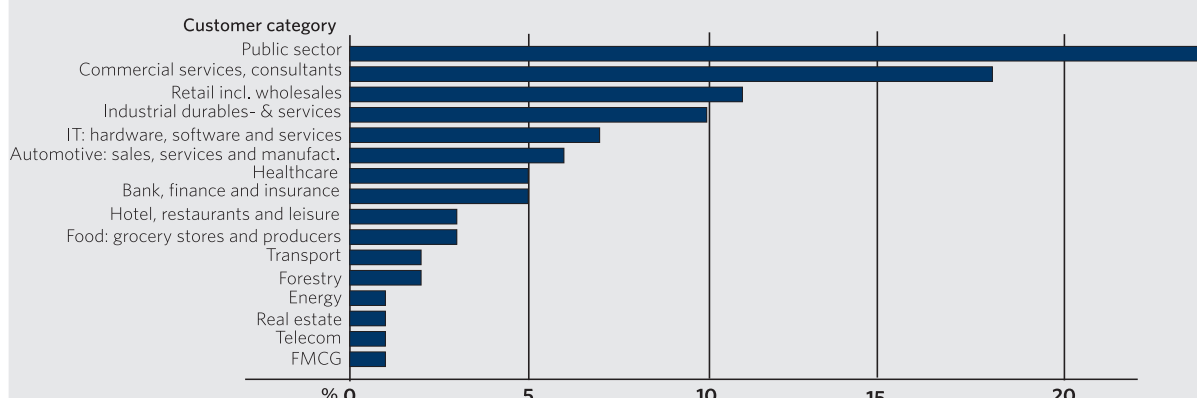
Risk exposure, credit risk

Castellum's lease portfolio features a good risk exposure. The Group has approx. 5,900 commercial leases and 461 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.

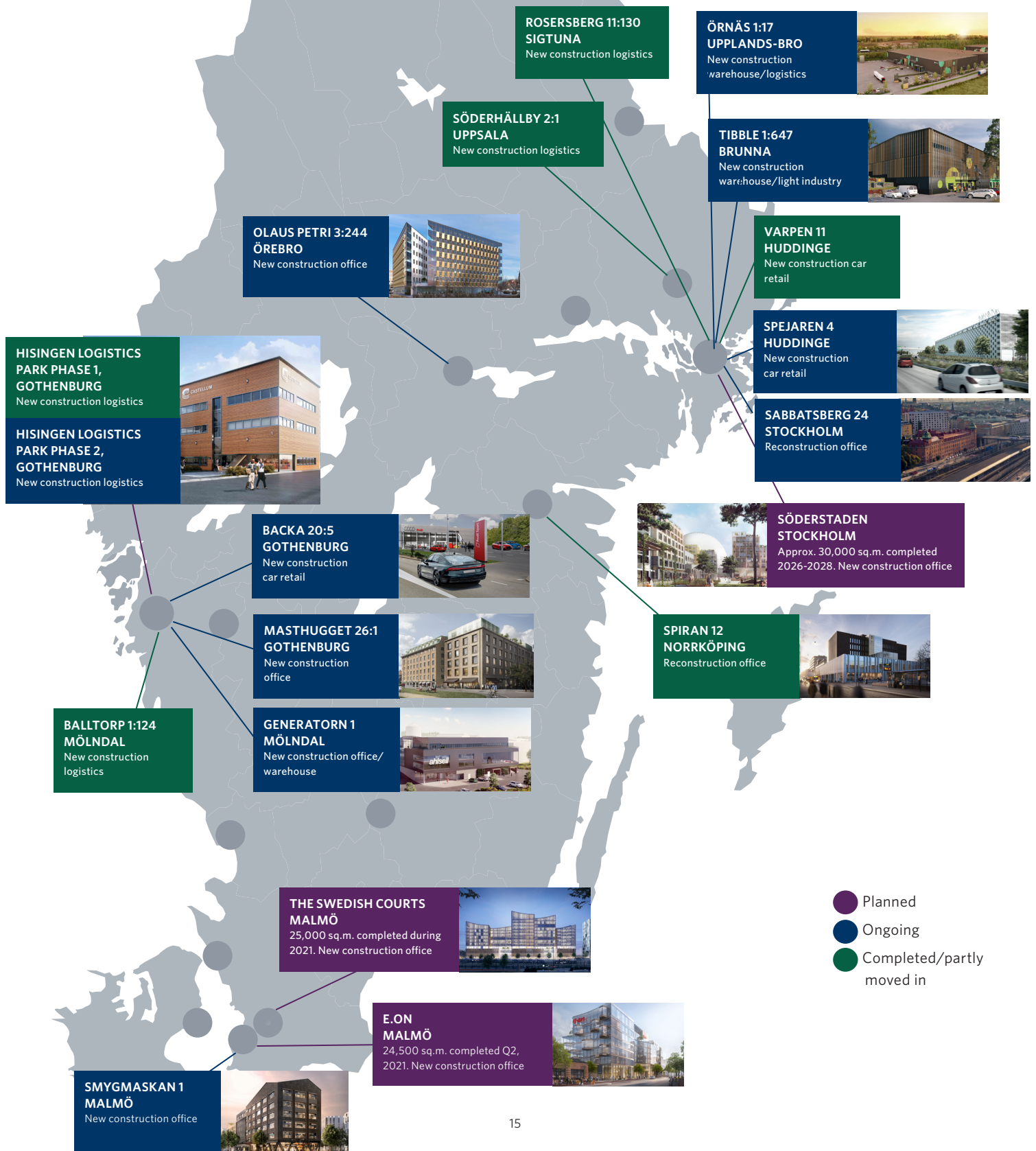
LEASE SIZE

Lease size, MSEK	No. of leases	Share	Lease value MSEK	Share
Commercial				
< 0.25	2,796	22%	222	4%
0.25-0.5	993	8%	363	7%
0.5-1.0	800	6%	565	11%
1.0-3.0	775	6%	1,311	24%
> 3.0	530	4%	2,844	52%
Total	5,894	46%	5,305	98%
Residential	461	4%	41	1%
Parking spaces and other	6,345	50%	86	1%
Total	12,700	100%	5,432	100%

COMMERCIAL LEASES DISTRIBUTED BY SECTOR



Castellum's development portfolio



Larger investments and sales

Larger developments

Property	Area sq.m.	Rental value		Econ. occup. Jan 2019	Total inv. incl. land, MSEK	Of which inv. 2018, MSEK	Remain inv. MSEK	Completed	Category
		MSEK	SEK/sq.m.						
Olaus Petri 3:244, Örebro	14,526	35	2,400	100%	465	248	77	Q2 2019	New construction office
Sabbatsberg 24, Stockholm	9,092	45	4,950	28%	418	100	302	Q2 2020	Reconstruction office
Smygmaskan 1, Malmö	9,600	26	2,700	92%	349	123	135	Q2 2019	New construction office
Spejaren 4, Huddinge	9,300	25	2,700	53%	349	201	113	Q1 2019	New construction car retail
Hisingen Logistics Park phase 2, Gothenburg	34,484	24	700	100%	294	2	292	Q2 2020	New construction logistics
Masthugget 26:1, Gothenburg	4,185	13	3,200	0%	230	36	192	Q1 2020	New construction office
Örnäs 1:17, Upplands-Bro	15,719	15	1,000	0%	204	70	134	Q4 2019	New construction ware- house/logistics
Generatorn 1, Mölndal	6,800	13	1,600	100%	141	91	41	Q3 2019	New construction office/ warehouse
Tibble 1:647, Brunna	8,894	12	1,300	0%	140	95	45	Q2 2019	New construction ware- house/light industry
Backa 20:5, Gothenburg	4,852	9	1,750	100%	103	52	51	Q1 2019	New construction car retail

Developments completed/partly moved in

Hisingen Logisticspark phase 1, Gothenburg	30,200	22	750	100%	244	71	25	Q2 2018	New construction logistics
Balltorp 1:124, Mölndal	18,000	15	850	100%	197	17	0	Q1 2018	New construction logistics
Varpen 11, Huddinge	5,555	15	2,550	100%	179	39	0	Q1 2018	New construction car retail
Rosersberg 11:130, Sigtuna	12,200	13	1,100	100%	135	31	2	Q3 2018	New construction logistics
Spiran 12, Norrköping	7,915	18	2,300	46%	110	35	8	Q3 2018	Reconstruction office
Söderhällby 2:1, Uppsala	5,963	8	1,300	100%	101	32	0	Q1 2018	New construction logistics
Total developments > MSEK 100					3,659	1,243	1,417		

Larger acquisitions during 2018

Property	Area, sq.m	Rental value		Econ. occup. Jan 2019	Acquisition SEKm	Access	Category
		MSEK	SEK/sq.m				
Åseby 1:2, 1:5, 3:10, 7:2, 9:1 och Nolvik 9:1, Gothenburg	54,153	50	921	79%	1,030	Dec 2018	Warehouse, hangar, office, hotel and undeveloped land
Salmissaarenaukio 1, Helsinki	14,433	52	3,550	100%	81 million EUR	June 2018	Office
Bägaren 3, 5 and 6, Norrköping, Dolken 5, Linköping and Klio 10, Västerås	20,474	25	1,250	97%	251	Sept 2018	Office
Dragarbrunn 19:1, Uppsala	2,964	10	3,350	97%	127	April 2018	Retail

Larger sales during 2018

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

NOTE 9 Goodwill

In 2016, the CORHEI and Norrporten companies were acquired in connection with the acquisitions goodwill 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 December 31, 2018, there was no indication that a write-down will be necessary.

NOTE 10 Interest bearing liabilities and liquid assets

Castellum must maintain a low level of financial risk. In April 2018, a decision was made to adjust the LTV policy, meaning a medium- to long-term LTV ratio of less than 50% (previously 55%). The interest coverage ratio remained at not less than 200%.

Interest bearing liabilities

At the end of the year, Castellum held credit agreements totalling MSEK 56,358 (57,240) of which MSEK 45,962 (45,120) were long-term and MSEK 10,396 (12,120) were short-term. Of the utilized borrowing facilities at the end of the year, MSEK 30,862 (26,904) was long-term and MSEK 9,253 (11,119) short-term. In 2018, the volume of secured bank credit facilities was reduced by terminating a credit agreement for MSEK 6,500. Bank credit facilities of approximately MSEK 15,400 have been renegotiated and extended, which has resulted in more favorable financing terms. In addition, a MEUR 75 loan agreement with the European Investment Bank (EIB) was utilized. The loan carries a nominal value of MSEK 756, with a tenor of five years. At the beginning of 2018, the framework amount in Castellum's MTN program was raised to MSEK 18,000 and in the commercial paper program to MSEK 10,000. Castellum was active in the Swedish bond market as well during Q4, though to a limited extent. The volume of certificates outstanding was further reduced somewhat from previous record levels current at the beginning of 2018.

During the year, bonds at a nominal value of MSEK 2,250 matured while new bonds for MSEK 4,575 were issued as part of Castellum's Swedish MTN program. The first international bond issue was carried out in November under Castellum's EMTN program, which was launched in the beginning of November. The issue was for a nominal amount of MEUR 500, with a tenor of five years. The majority of the issue amount was re-swapped to SEK.

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

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 year, 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 40,115 (38,023), MSEK 12,400 (15,867) was secured against property deeds and MSEK 27,715 (22,156) was unsecured, which means that approximately 31% (42) 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% of the properties' value. Castellum's share of unsecured assets at the end of the year was 53%.

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%, 454% and 13% respectively. The average duration of Castellum's credit agreements was 3.4 years (2.7). Margins and fees on long-term credit agreements had an average duration of 3.0 years (2.2).

At the end of April, Castellum announced an official credit rating from 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.

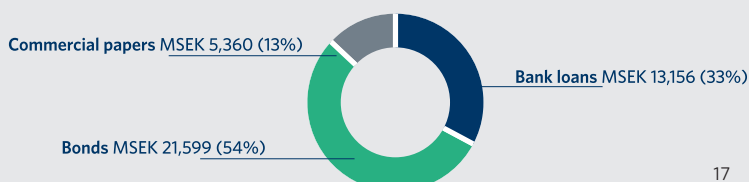
CREDIT MATURITY STRUCTURE 12-31-2018

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

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 3.1 years (2.4). The average effective interest rate as per of Dec 31, 2018 was 2.0% (2.4%). 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.

DISTRIBUTION OF INTEREST BEARING LIABILITIES 12-31-2018**SECURED CREDIT FACILITIES 12-31-2018**

Currency

Castellum owns properties in Denmark and Finland with a value of MSEK 6,895 (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.

INTEREST RATE MATURITY 12-31-2018

	Credit, MSEK	Closing average interest rate	Volume fixed interest rate, MSEK	Derivatives Closed fixed interest rate**	Volume variable interest rate MSEK***	Closing variable interest rate***	Closing interest rate	Average fixed interest rate term
0 - 1 year	26,954	1.0%*	1,400	0.9%	- 16,685	- 0.3%	2.9%	0.2 years
1 - 2 years	1,600	1.4%	2,501	1.2%	-	-	1.3%	1.4 years
2 - 3 years	4,250	1.5%	2,500	0.9%	-	-	1.3%	2.4 years
3 - 4 years	1,150	2.1%	2,150	0.9%	-	-	1.3%	3.5 years
4 - 5 years	5,863	2.5%	234	2.2%	-	-	2.5%	4.8 years
5 - 10 years	298	2.3%	7,900	1.9%	-	-	1.9%	7.2 years
Total	40,115	1.3%	16,685	1.5%	- 16,685	- 0.3%	2.0%	3.1 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. In the fourth quarter, Castellum restructured certain derivatives, in the form of interest rate swaps equivalent to a sub-value of nearly MSEK 500, for the purpose of improving the conditions for a stable future net interest expense. 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 borrowing 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 Dec 31, 2018, the market value of the interest rate derivatives portfolio amounted to MSEK - 689 (- 1,299) and the currency derivative portfolio to MSEK - 27 (- 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 50%	Not exceeding 65%	45%
Interest coverage ratio	At least 200%	At least 150%	454%
The share of secured borrowing/total assets		Not exceeding 45%	13%
Funding risk			
- average capital tied up	At least 2 years		3.4 years
- proportion maturing within 1 year	No more than 30% of outstanding loans and unutilized credit agreements		10%
- average maturing credit price	At least 1.5 years		3.0 years
- liquidity reserve	Secured credit agreements corresponding to MSEK 750 and 4.5 months upcoming loan maturities		Achieved
Interest rate risk			
- average interest duration	1.5 - 3.5 years		3.1 years
- proportion maturing within 6 months	No more than 50%		25%
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 secured		Not secured
- transaction exposure	Handled if exceeding MSEK 25		Less than MSEK 25

Condensed consolidated cash flow statement

MSEK	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net operating income	980	846	3,945	3,577
Central administrative expenses	- 45	- 48	- 158	- 162
Reversed depreciation	5	7	19	14
Net interest rate paid	- 193	- 221	- 829	- 878
Tax paid	- 137	- 47	- 75	- 3
Translation differences of currencies	- 17	- 41	8	- 8
Cash flow from operating activities before change in working capital	593	496	2,910	2,540
Change in current receivables	- 42	169	- 225	- 74
Change in current liabilities	259	198	107	- 223
Cash flow from operating activities	810	863	2,792	2,243
Investments in new developments, extensions and redevelopments	- 673	- 913	- 2,837	- 2,893
Property acquisitions	- 1,122	- 143	- 2,455	- 3,595
Change in liabilities on acquisitions of property	- 9	- 332	8	12
Property sales	2,188	3	2,635	875
Change in receivables on sales of property	- 164	410	- 149	4,956
Other investments	- 39	- 21	- 85	- 48
Cash flow from investment activities	181	- 996	- 2,883	- 693
Change in long term liabilities	- 344	79	2,025	- 241
Change in short term liabilities	2	- 1	11	3
Swap termination	- 457	-	- 457	-
Dividend paid	-	-	- 1,448	- 1,366
Cash flow from financing activities	- 799	78	131	- 1,604
Cash flow for the period/ year	192	- 55	40	- 54
Liquid assets opening balance	51	258	203	257
Liquid assets closing balance	243	203	243	203

The Parent company

Condensed Income statement

MSEK	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Income	30	49	80	72
Operating expenses	- 60	- 54	- 193	- 179
Net financial items	12	- 15	29	- 5
Dividend/group contribution	1,545	3,970	1,545	3,970
Change in derivatives	- 48	27	108	284
Impairment of shares in subsidiaries	- 23	- 2,700	- 23	- 2,700
Income before tax	1,456	1,277	1,545	1,442
Tax	- 27	- 47	- 67	- 83
Net income for the period/year	1,429	1,230	1,478	1,359
Comprehensive income for the parent company				
Net income for the the period/year	1,429	1,230	1,478	1,359
Items that will be reclassified into net income				
Translation difference foreign operations	- 7	66	93	67
Unrealized change, currency hedge	1	- 66	- 99	- 67
Total net income for the period/year	1,423	1,230	1,472	1,359

Condensed Balance sheet

MSEK	Dec 31 2018	Dec 31 2017
Participations, Group companies	19,678	19,161
Receivables, Group companies	29,062	30,914
Other assets	10,470	8,206
Liquid assets	1	0
Total	59,211	58,281
Shareholders' equity	17,818	17,794
Derivatives	716	1,352
Interest bearing liabilities	36,738	34,303
Interest bearing liabilities, Group companies	3,711	4,687
Other liabilities	228	145
Total	59,211	58,281
Pledged assets (receivables Group contributions)	17,387	27,688
Contingent liability (guaranteed commitments for subsidiaries)	3,616	3,609

Opportunities and risks for the 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 term 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	+59/-59	+	-
Property costs	-16/+16	-	0
Interest costs	-82/+22	0	-

Opportunities and risks in property values

Castellum reports its properties at fair value together 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. 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 trend in net operating income results in an upward adjustment in prices, while a negative trend has the opposite effect.

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

SENSITIVITY ANALYSIS - CHANGE IN VALUE

	-20%	-10%	0%	+10%	+20%
Properties					
Changes in value, MSEK	-17,834	-8,917	-	8,917	17,834
Loan to value ratio	56%	50%	45%	41%	37%

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.

Events after the end of the period

Castellum has completed an exchange transaction January 18, 2019 with Fastighetsaktiebolaget Lilium, wherein Castellum acquired six properties in Linköping, and sold twenty properties in Sundsvall. Vacancy/Occupancy dates occur March 1, 2019. The six properties in Linköping comprise 67,000 sq.m. of office space and the acquisition price amounted to MSEK 1,638. The transaction also means that Castellum is withdrawing from Sundsvall and the sales price for the twenty properties in Sundsvall amounted to MSEK 3,321. Castellum has identified Linköping as an attractive regional city where we'd like to grow and develop our product offers. This transaction makes Castellum one of the two largest players in town, and moreover, the deal provides building-rights possibilities in the city.

Castellum released on January 22, 2019 that Carola Lavén has been recruited to the role as new Investments Director and Vice-president of Castellum AB. Carola Lavén arrives from her previous role as Head of NCC Property Development. She will be part of the Executive Management Group and take on her role by August 1, 2019, at the latest.

For additional information about the events above please visit www.castellum.se/en/news-media/press-releases.

No other significant events occurred after the end of the period.

Quarterly summary

	2018 Jan-March	2018 Apr-June	2018 July-Sept	2018 Oct-Dec	2018	2017 Jan-March	2017 Apr-June	2017 July-Sept	2017 Oct-Dec	2017
Income Statement, MSEK										
Income	1,352	1,388	1,401	1,436	5,577	1,304	1,259	1,303	1,316	5,182
Property costs	- 414	- 386	- 376	- 456	-1,632	- 442	- 344	- 349	- 470	-1,605
Net operating income	938	1,002	1,025	980	3,945	862	915	954	846	3,577
Central administrative expenses	- 46	- 38	- 29	- 45	- 158	- 43	- 40	- 31	- 48	- 162
Net interest costs	- 227	- 209	- 197	- 202	- 835	- 227	- 219	- 215	- 224	- 885
Income from property mgmt	665	755	799	733	2,952	592	656	708	574	2,530
Transaction and restructuring costs	-	-	-	-	-	- 4	- 1	-	-	- 5
Write-down goodwill	-	-	-	-	-	-	-	-	-	-
Changes in value. properties	231	596	2,323	2,066	5,216	940	884	245	2,471	4,540
Changes in value. derivatives	- 7	32	177	- 50	152	77	75	52	43	247
Revaluation of results due to stepwise acquisition	-	-	-	-	-	-	-	-	-	-
Current tax	- 2	- 1	1	- 72	- 74	- 68	- 14	- 32	18	- 96
Deferred tax	- 122	278	- 674	- 275	- 793	- 111	- 379	- 196	- 654	-1,340
Net income for the period/year	765	1,660	2,626	2,402	7,453	1,426	1,221	777	2,452	5,876
Other total net income	0	134	- 102	- 24	8	0	39	12	- 59	- 8
Total net income for the period/year	765	1,794	2,524	2,378	7,461	1,426	1,260	789	2,393	5,868
Balance Sheet, MSEK										
Investment properties	82,031	84,298	87,473	89,168	89,168	74,043	76,490	77,382	81,078	81,078
Joint venture	-	-	-	-	-	-	-	-	-	-
Goodwill	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659
Other fixed assets	842	867	862	1,070	1,070	1,795	1,163	1,353	772	772
Liquid assets	34	84	51	243	243	304	323	258	203	203
Total assets	84,566	86,908	90,045	92,140	92,140	77,801	79,635	80,652	83,712	83,712
Shareholders' equity	33,053	34,847	37,371	39,749	39,749	29,294	30,554	31,343	33,736	33,736
Deferred tax liability	8,534	8,257	8,934	9,203	9,203	7,196	7,555	7,751	8,405	8,405
Other provisions	3	3	3	6	6	8	7	5	5	5
Derivatives	1,296	1,323	1,126	716	716	1,551	1,431	1,365	1,352	1,352
Long term interest-bearing liabilities	39,062	39,992	40,697	40,358	40,358	36,204	37,213	38,147	38,226	38,226
Non-interest-bearing liabilities	2,618	2,486	1,914	2,108	2,108	3,548	2,875	2,041	1,988	1,988
Total shareholders' equity and liabilities	84,566	86,908	90,045	92,140	92,140	77,801	79,635	80,652	83,712	83,712
Financial key ratios										
Net operating income margin	69%	72%	73%	68%	71%	66%	73%	73%	64%	69%
Interest rate, average	2.4%	2.3%	2.1%	2.0%	2.2%	2.6%	2.4%	2.4%	2.4%	2.4%
Interest coverage ratio	393%	461%	506%	463%	454%	361%	400%	429%	356%	386%
Return on actual net asset value	8.8%	20.6%	29.9%	24.0%	22.0%	2.7%	16.4%	10.2%	32.1%	18.3%
Return on total capital	5.3%	7.3%	15.2%	13.3%	10.6%	9.1%	9.0%	5.8%	16.0%	10.1%
Return on equity	9.3%	20.0%	30.2%	25.7%	22.6%	20.0%	16.7%	10.2%	31.3%	20.6%
Investments in properties, MSEK	734	1,722	1,000	1,836	5,292	3,192	1,513	727	1,056	6,488
Sales, MSEK	232	155	60	2,188	2,635	832	24	16	3	875
Loan to value ratio	48%	47%	46%	45%	45%	48%	48%	49%	47%	47%
Data per share (since there are no potential common stock there is no effect of dilution)										
Average number of shares, thousand	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201
Income from property management, SEK	2.43	2.76	2.92	2.68	10.81	2.17	2.40	2.59	2.10	9.26
Income from property management after tax (EPRA EPS), SEK	2.27	2.53	2.61	2.24	9.65	1.91	2.15	2.21	2.10	8.39
Earnings after tax, SEK	2.80	6.08	9.61	8.79	27.28	5.22	4.47	2.84	8.98	21.51
Outstanding number of shares, thousand	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201	273,201
Property value, SEK	300	309	320	326	326	271	280	283	297	297
Long term net asset value (EPRA NAV), SEK	151	157	168	176	176	133	139	142	153	153
Actual net asset value (EPRA NNAV), SEK	135	142	153	162	162	119	124	127	138	138
Dividend, SEK (2018 proposed)	-	-	-	-	6.10	-	-	-	-	5.30
Dividend ratio	-	-	-	-	56%	-	-	-	-	57%
Property related key ratios										
Rental value, SEK/sq.m.	1,363	1,386	1,392	1,429	1,407	1,332	1,338	1,341	1,356	1,341
Economic occupancy rate	92.9%	93.2%	93.0%	93.3%	93.2%	89.9%	90.0%	91.6%	91.4%	90.9%
Property costs, SEK/sq.m.	382	354	344	419	378	397	320	327	423	364
Property value, SEK/sq.m.	18,461	18,762	19,333	20,417	20,417	17,105	17,395	17,569	18,268	18,268

Multi-Year summary

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Income Statement, MSEK										
Income	5,577	5,182	4,533	3,299	3,318	3,249	3,073	2,919	2,759	2,694
Property costs	-1,632	-1,605	-1,497	-1,074	-1,096	-1,105	-1,042	-1,003	-960	-942
Net operating income	3,945	3,577	3,036	2,225	2,222	2,144	2,031	1,916	1,799	1,752
Central administrative expenses	-158	-162	-143	-113	-108	-96	-93	-83	-84	-81
Joint venture (income from property mgmt)	-	-	3	23	-	-	-	-	-	-
Net interest costs	-835	-885	-832	-602	-664	-702	-683	-660	-574	-541
Income from property mgmt (incl. results JV)	2,952	2,530	2,065	1,533	1,450	1,346	1,255	1,173	1,141	1,130
Transaction and restructuring costs	-	-5	-163	-	-	-	-	-	-	-
Write-down goodwill	-	-	-373	-	-	-	-	-	-	-
Changes in value, properties	5,216	4,540	4,085	1,837	344	328	-69	194	1,222	-1,027
Changes in value, derivatives	152	247	82	216	-660	429	-110	-429	291	102
Revaluation of results due to stepwise acquisition	-	-	27	-2	-	-	-	-	-	-
Current tax	-74	-96	-23	-16	-11	-6	-7	-10	-5	-10
Deferred tax	-793	-1,340	-727	-687	88	-390	404	-217	-685	-35
Net income for the period/year	7,453	5,876	4,972	2,881	1,211	1,707	1,473	711	1,964	160
Other total net income	8	-8	6	-8	8	3	-4	0	-	-
Total net income for the period/year	7,461	5,868	4,978	2,873	1,219	1,710	1,469	711	1,964	160
Balance Sheet, MSEK										
Investment properties	89,168	81,078	70,757	41,818	37,599	37,752	36,328	33,867	31,768	29,267
Joint venture	-	-	-	526	-	-	-	-	-	-
Goodwill	1,659	1,659	1,659	-	-	-	-	-	-	-
Other fixed assets	1,070	772	5,640	269	442	291	259	207	156	201
Liquid assets	243	203	257	39	47	70	44	97	12	8
Total assets	92,140	83,712	78,313	42,652	38,088	38,113	36,631	34,171	31,936	29,476
Shareholders' equity	39,749	33,736	29,234	15,768	13,649	13,127	12,065	11,203	11,082	9,692
Deferred tax liability	9,203	8,405	7,065	4,299	3,612	3,700	3,310	3,714	3,502	2,824
Other provisions	6	5	9	14	23	-	-	-	-	-
Derivatives	716	1,352	1,582	1,117	1,357	683	1,105	1,003	574	865
Long term interest-bearing liabilities	40,358	38,226	38,467	20,396	18,446	19,481	19,094	17,160	15,781	15,294
Non-interest-bearing liabilities	2,108	1,988	1,956	1,058	1,001	1,122	1,057	1,091	997	801
Total shareholders' equity and liabilities	92,140	83,712	78,313	42,652	38,088	38,113	36,631	34,171	31,936	29,476
Financial key ratios										
Net operating income margin	71%	69%	67%	67%	67%	66%	66%	66%	65%	65%
Interest rate, average	2.0%	2.4%	2.7%	3.0%	3.3%	3.7%	3.9%	4.1%	3.7%	3.7%
Interest coverage ratio	454%	386%	348%	351%	318%	292%	284%	278%	299%	309%
Return on actual net asset value	22.0%	18.3%	20.9%	20.4%	7.6%	13.2%	7.9%	6.4%	21.5%	1.6%
Return on total capital	10.6%	10.1%	11.9%	10.0%	6.5%	6.4%	5.3%	6.2%	9.8%	2.1%
Return on equity	22.6%	20.6%	20.1%	21.7%	9.5%	14.6%	13.5%	6.6%	20.9%	1.6%
Investments in properties, MSEK	5,292	6,488	31,491	3,553	2,525	1,768	2,798	2,015	1,506	1,165
Sales, MSEK	2,635	875	6,754	1,140	3,054	687	253	107	227	36
Loan to value ratio	45%	47%	50%	49%	49%	51%	52%	50%	50%	52%
Data per share (since there are no potential common stock there is no effect of dilution)										
Average number of shares, thousand	273,201	273,201	234,540	189,014	189,014	189,014	189,014	189,014	189,014	189,014
Income from property management, SEK	10.81	9.26	8.80	8.11	7.67	7.12	6.64	6.21	6.04	5.98
Income prop mgmt after tax (EPRA EPS), SEK	9.65	8.39	8.26	7.84	7.17	6.97	6.31	6.08	5.75	6.02
Earnings after tax, SEK	27.28	21.51	21.20	15.24	6.41	9.03	7.79	3.76	10.39	0.85
Outstanding number of shares, thousand	273,201	273,201	273,201	189,014	189,014	189,014	189,014	189,014	189,014	189,014
Property value, SEK	326	297	259	221	199	200	192	179	168	155
Long term net asset value (EPRA NAV), SEK	176	153	133	112	99	93	87	84	80	71
Actual net asset value (EPRA NNNV), SEK	162	138	121	100	87	84	78	75	74	63
Dividend, SEK (2018 proposed)	6.10	5.30	5.00	4.25	3.99	3.69	3.43	3.21	3.12	3.04
Dividend ratio	56%	57%	57%	52%	52%	52%	52%	52%	52%	51%
Property related key ratios										
Rental value, SEK/sq.m.	1,407	1,341	1,304	1,095	1,064	1,036	1,015	995	974	969
Economic occupancy rate	93.2%	90.9%	91.3%	90.3%	88.7%	88.4%	88.6%	89.3%	89.0%	89.8%
Property costs, SEK/sq.m.	378	364	376	316	307	307	298	300	298	300
Property value, SEK/sq.m.	20,417	18,268	16,558	12,282	11,118	10,285	9,916	9,835	9,499	9,036

Key Financial Metrics

A number of the financial measures presented by Castellum in the interim report are not defined in accordance with 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 IFRS. Unless otherwise stated, the table below presents measures, along with their reconciliation, which are not defined according to IFRS. Definitions for these measures appear on page 28.

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Average number of shares, thousand (related to key financial metrics)	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 of income from property management. Income from property management also forms the basis of the annual shareholder dividend: at least 50% of income from property management. Income from property management is calculated before 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.

	Oct-Dec 2018 MSEK SEK/share		Oct-Dec 2017 MSEK SEK/share		Jan-Dec 2018 MSEK SEK/share		Jan-Dec 2017 MSEK SEK/share	
Income before tax	2,749	10.06	3,088	11.30	8,320	30.45	7,312	26.76
Reversed:								
Transaction and restructuring costs	-	-	-	-	-	-	5	0.02
Changes in value, properties	-2,066	-7.56	-2,471	-9.04	-5,216	-19.09	-4,540	-16.62
Changes in value, derivatives	50	0.18	-43	-0.16	-152	-0.55	-247	-0.90
= Income from property management	733	2.68	574	2.10	2,952	10.81	2,530	9.26
EPRA Earnings (Income from property mgmt)								
Income from property management	733	2.68	574	2.10	2,952	10.81	2,530	9.26
Reversed; Current tax income from property management	-122	-0.44	1	0	-316	-1.16	-239	-0.87
EPRA Earnings / EPRA EPS	611	2.24	575	2.10	2,636	9.65	2,291	8.39

Net Asset Value

Net asset value is the total equity that the company manages for its owners. Based on this equity, Castellum wants to create return and growth at a low level of risk. Net asset value can be calculated both long and short term. Long-term net asset value is based on the balance sheet, with adjustments for items that will not lead to any short-term payment. In Castellum's case, these would include such things as goodwill, derivatives and deferred tax liability. Actual net asset value is equity according to the balance sheet, adjusted for the market value of the deferred tax liability.

	Dec 31, 2018 MSEK SEK/share		Dec 31, 2017 MSEK SEK/share	
Equity according to the balance sheet	39,749	145	33,736	123
Reversed:				
Derivatives according to balance sheet	716	3	1,352	5
Goodwill according to balance sheet	-1,659	-6	-1,659	-6
Deferred tax according to balance sheet	9,203	34	8,405	31
Long term net asset value (EPRA NAV)	48,009	176	41,834	153
Deduction				
Derivatives as above	-716	-3	-1,352	-5
Estimated real liability, deferred tax 7% (2017: 6%)*	-2,975	-11	-2,850	-10
Short term net asset value (EPRA NNAV)	44,318	162	37,632	138

* 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 21%, and that the properties are realized in 50 years where 33% are sold directly with a nominal tax of 20.6% and that 67% are sold indirect through company disposals where the buyers tax discount is 8%, which gives a present value of deferred tax liability of 6%.

Financial risk

Castellum's strategy is to own, develop and manage properties at low financial risk. This is expressed in a loan-to-value ratio not permanently exceeding 50% and an interest-coverage ratio of at least 200%.

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Income from property management	733	574	2,952	2,530
Reversed;				
Net interest	202	224	835	885
Income from property management excl. net interest	935	798	3,787	3,415
Interest coverage ratio	463%	356%	454%	386%

Cont. Financial Key Ratios

	Dec 31, 2018	Dec 31, 2017
Loan to value ratio		
Interest-bearing liabilities	40,358	38,226
Liquid assets	- 243	- 203
Net interest-bearing liabilities	40,115	38,023
Investment properties	89,168	81,078
Acquired properties not taken into possession	- 31	- 23
Divested properties still in Castellum's possession	164	15
Net investment properties	89,301	81,070
Loan to value ratio	45%	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.

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net investments				
Acquisitions	1,122	143	2,455	3,595
New developments, extensions and redevelopments	715	913	2,837	2,893
Total investments	1,836	1,056	5,292	6,488
Net sales prices	- 2,188	-3	- 2,635	- 875
Net investments	- 352	1,053	2,657	5,613
Proportion of the property value, %	0%	1%	3%	7%

Other key financial metrics

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net operating income margin	68%	64%	71%	69%
Interest rate level, on average	2.0%	2.4%	2.2%	2.4%
Return on long term net asset value	19.5%	31.3%	18.5%	19.6%
Return on actual net asset value	24.0%	32.1%	22.0%	18.3%
Return on total capital	13.3%	16.0%	10.6%	10.1%
Return on equity	25.7%	31.3%	22.6%	20.6%
Property value, SEK/share	326	297	326	297
Gross leasing	101	140	408	600
Net leasing	4	59	161	310

Accounting policies

Castellum complies with the IFRS standards adopted by the EU. This year-end 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 year-year report.

On January 1, 2018, IFRS 15 Revenue from Contracts with Customers came into effect. Castellum's revenue is 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 means that Castellum's revenues should be divided into two parts – Rental income and Service revenues. Consequently, there will be no impact on revenue 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 and Finland is still considered effective under the new standard. Hence, IFRS 9 has no impact on either Castellum's income statement or balance sheet.

Castellum will begin to apply IFRS 16 Leases as of January 1, 2019 and will thus not apply the standard retroactively. Recognized right of use

assets are assigned the same value as the recognized lease liability as of January 1, 2019. Castellum's assessment is that the transition to IFRS 16 will have no material impact on the Group's earnings and financial position, nor 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. Apart from site leaseholds, a smaller number of leases have been identified, such as for vehicles, construction equipment and the like. The lease liability as of January 1, 2019 regarding site leasehold agreements totals MSEK 480, in which an equivalent right of use asset is reported. Castellum will subsequently report the right of use asset at fair value, since it is deemed to constitute an investment property. As a consequence of the transition to IFRS 16, the cost for site leasehold rent as a whole will be reported as a financial cost — a difference compared to the current policy, in which this is reported as an operating cost charged to net operating income. Income from property management will remain unchanged. The reported cost for site leaseholds in 2018 totaled MSEK 23.

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.

Annual General Meeting 2019

For the AGM on March 21, 2019 the Board of Directors proposes a dividend of SEK 6.10 per share, distributed to the shareholders divided in two equal payments of SEK 3.05 per share, which is an increase by 15% compared with previous year. The first record day for distribution is proposed to be March 25, 2019, and the second record day for distribution is proposed to be September 23, 2019.

The Election Committee which consists of Johan Strandberg (Chairman), representing SEB Fonder, the lawyer Patrik Essehörn, representing Rutger Arnhult through companies, Vincent Fokke, representing Stichting Pensioenfonds ABP and Charlotte Strömberg, Chairman of the Board of Directors, proposes for the AGM;

- re-election of the present Board members Mrs. Charlotte Strömberg, Mr. Per Berggren, Mrs. Anna-Karin Hatt, Mr. Christer Jacobson, Mrs. Christina Karlsson Kazeem, Mrs. Nina Linander and Mr. Johan Skoglund, as members of the Board of Directors. Mrs. Charlotte Strömberg is proposed to be re-elected as Chairman of the Board of Directors,
- that remuneration to the Board of Directors is proposed to be the following. The Chairman of the Board of Directors: SEK 985,000 to each of the other members of the Board of Directors, SEK 410,000, member of the Remuneration Committee, including the Chairman: SEK 50,000, Chairman of the Audit and Finance Committee: SEK 150,000, to each of the other members of

the Board of Directors' Audit and Finance Committee: SEK 75,000 The proposed total remuneration to the members of the Board of Directors, including remuneration for committee work, accordingly amounts to SEK 3,895,000 (SEK 3,520,000 previous year),

- re-election of Deloitte as auditor. Deloitte has announced that the current authorised auditor in the company, Hans Warén, will be the main responsible auditor at Deloitte,
- for AGM to decide on appointing a new Election Committee for the AGM 2020 and for the Chairman of the Board of Directors to contact the four largest ownership registered or otherwise known shareholders as per the last share trading day in August 2019 and invite them each to appoint one member, and that the four members appointed constitute, together with the Chairman of the Board of Directors, the Election Committee. The Election Committee appoints a Chairman amongst its members.

Gothenburg, January 23, 2019



Henrik Saxborn
CEO Castellum AB

This Year-End Report has not been examined by the company's auditors.

Board of Directors



Charlotte Strömberg
Chairman of the Board



Per Berggren
Board member



Anna Karin Hatt
Board member



Christer Jacobson
Board member



Christina Karlsson
Kazeem
Board member



Nina Linander
Board member



Johan Skoglund
Board member

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 a.m. CET on Wednesday January 23, 2019.

The Castellum share

The Castellum share is listed on Nasdaq Stockholm Large Cap. At the end of the year the company had about 44,400 shareholders. The ten individual largest owner constellations confirmed as of December 31, 2018 are presented in the table below.

SHAREHOLDERS 12-31-2018

Shareholders	Number of shares, thousand	Percentage of voting rights and capital
Rutger Arnhult	15,209	5.6%
Stichting Pensioenfonds ABP	14,963	5.5%
BlackRock	13,677	5.0%
SEB Fonder & Liv	13,372	4.9%
PGGM Pensioenfonds	11,717	4.3%
Vanguard	9,061	3.3%
Szombatfalvy-sphere	8,804	3.2%
AMF Försäkring & Fonder	8,234	3.0%
Lannebo Fonder	7,866	2.9%
Sjätte AP-fonden	6,701	2.5%
Board and Executive Management Castellum	200	0.1%
Other shareholders registered in Sweden	61,896	22.6%
Shareholders registered abroad	101,501	37.1%
Total registered shares	273,201	100%

There is no potential common stock (eg. convertibles).

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

The Castellum share price as of December 31, 2018 was SEK 163.35 (138.40) equivalent to a market capitalization of SEK 44.6 billion (37.8), calculated on the number of outstanding shares.

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

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 176 per share (153). The share price at the end of the year was thus 93% (90%) 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 9.65 (8.39) on rolling annual basis. This results in a share price yield of 5.9% (6.1%) corresponding to a multiple of 17 (16).

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 27.28 per share (21.51), which from the share price gives a yield of 16.7% (15.5%), corresponding to a P/E of 6 (6).

Dividend yield

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

Total share yield

Over the last 12-month period the total yield on the Castellum share including dividend of SEK 5.30 was 22.3% (15.4%).

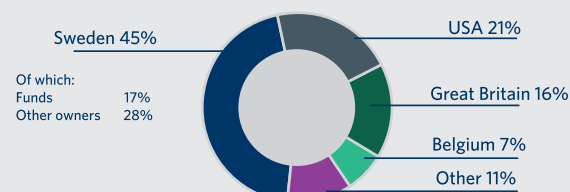
Net asset yield including long-term change in value

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 property portfolio, Castellum is able to make use of long-term value changes.

DISTRIBUTION OF SHAREHOLDERS BY COUNTRY 12-31-2018



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

	Sensitivity analysis		
	-1%-unit		+1%-unit
Income from prop.mgmt rolling 12 months	2,952	2,952	2,952
Change in property value (on average 10 years)	2,099	1,259	2,938
D:o MSEK	2.5%	1.5%	3.5%
Current tax 9%	- 268	- 268	- 268
Earnings after tax	4,783	3,943	5,622
Earnings SEK/share	17.51	14.43	20.58
Return on actual long-term net asset value	27.7%	25.3%	30.1%
Earnings/share price	10.7%	8.8%	12.6%
P/E	9	11	8

KEY EPRA METRICS

	Dec 31, 2018	Dec 31, 2017
EPRA Earnings (Income from property mgmt after tax), MSEK	2,636	2,291
EPRA Earnings (EPS), SEK/share	9.65	8.39
EPRA NAV (long term net asset value), MSEK	48,009	41,834
EPRA NAV, SEK/share	176	153
EPRA NNNNAV (net asset value), MSEK	44,318	37,632
EPRA NNNNAV, SEK/share	162	138
EPRA Vacancy rate	7%	9%
EPRA Yield	5.1%	5.3%
EPRA "Topped-up" Yield	5.2%	5.4%

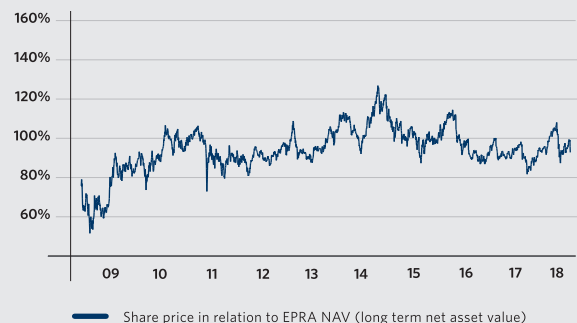
GROWTH, YIELD AND FINANCIAL RISK

	1 year	3 years average/year	10 years average/year
Growth			
Rental income SEK/share	8%	5%	4%
Income from property mgmt SEK/share	17%	9%	8%
Net income for the year after tax SEK/share	27%	20%	neg.
Dividend SEK/share	15%	13%	8%
Long term net asset value SEK/share	15%	16%	9%
Actual net asset value SEK/share	17%	17%	10%
Property portfolio SEK/share	10%	11%	8%
Change in property value	6.2%	5.7%	2.5%
Yield			
Return on actual long term net asset value	18.5%	20.1%	12.6%
Return on actual net asset value	22.0%	20.0%	12.1%
Return on total capital	10.6%	10.1%	7.1%
Total yield of the share (incl. dividend)			
Castellum	22.3%	20.3%	16.1%
Nasdaq Stockholm (SIX Return)	- 4.4%	4.7%	13.8%
Real Estate Index Sweden (EPRA)	15.3%	12.7%	18.6%
Real Estate Index Europe (EPRA)	- 7.7%	0.0%	11.9%
Real Estate Index Eurozone (EPRA)	- 8.2%	4.2%	12.2%
Real Estate Index Great Britain (EPRA)	- 13.0%	- 3.6%	8.1%
Financial risk			
Loan to value ratio	45%	48%	50%
Interest coverage ratio	464%	367%	333%

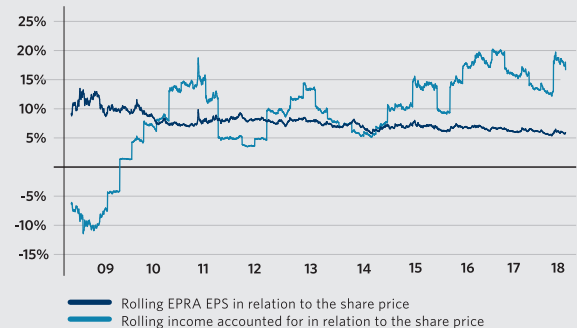
THE SHARE'S DIVIDEND YIELD



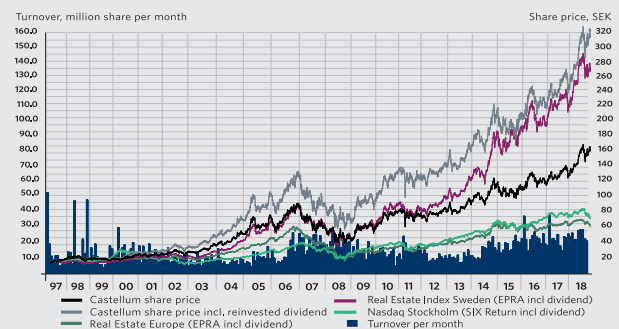
SHARE PRICE/NET ASSET VALUE



YIELD EARNINGS PER SHARE



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



Definitions

KEY SHARE RELATED METRICS

Data per share

In calculating income and cash flow per share the average number of shares has been used, whereas in calculating assets, shareholders' equity and net asset value per share the number of outstanding shares has been used. The 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.

KEY PROPERTY RELATED METRICS

Economic occupancy rate

Rental income accounted for during the period as a percentage of rental value for properties owned at the end of the period. Properties acquired/completed during the period have been restated as if they had been owned or completed during the whole year, while properties disposed of have been excluded entirely. Development projects and undeveloped land have been excluded.

Income from property management

Net income 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.

KEY FINANCIAL METRICS

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

Annual Report 2018	Week 8, 2019
Annual General Meeting 2019	21-March-19
Interim Report Jan-March 2019	24-April-19
Half-year Report Jan-June 2019	12-July-19
Interim Report Jan-Sept 2019	18-Oct-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 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 4.3 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 by GRESB 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.

Invitation to Annual General Meeting

The Annual General Meeting of shareholders in Castellum (publ) will be held on Thursday March 21, 2019 at 5 pm at Chalmers Kårhus, RunAn, at Chalmersplatsen 1 in Gothenburg. The entrance opens at 4 pm. Shareholders wishing to attend the Annual General Meeting must be registered as shareholders in the share register kept by Euroclear Sweden AB by Friday March 15, 2019 and must also have notified their attendance to the company on Friday March 15, 2019 (preferably before 4 pm).

Summons to the Annual General Meeting will be around February 18, 2019 and the summons will be available at www.castellum.com. Also Castellum's annual report and other documents which will be presented at the Annual General Meeting will be available on the website by then. The summons will include the items to be addressed at the Annual General Meeting. Shareholders who wish to attend the Annual General Meeting are already welcome to notify their attendance as described below: Notification of attendance at the Annual General Meeting can be made by filling out a notification form on www.castellum.com, by post to Castellum AB (publ), Box 2269, 403 14, Gothenburg, by phone +46 (0)31-60 74 00 or by

e-mail info@castellum.se, or. The notification must state name/business name, personal identification number/company registration number, address and telephone number. For those shareholders, who wish to be represented by proxy, the company provides a proxy form on www.castellum.com.

Shareholders with nominee registered shares must temporarily register such nominee shares in their own name in order to have the right to participate at the Annual General Meeting. Such registration must have been carried out at Euroclear Sweden AB no later than Friday March 15, 2019. Shareholders must, in good time before this date, instruct their nominees to effect such registration.

A shareholder have the right to have a matter addressed at the coming Annual General Meeting. For practical reasons the request should be received by the company no later than January 31, 2019. The request should be addressed to Castellum AB, Att: Henrik Saxborn, Box 2269, 403 14 Gothenburg, Sweden.